DANA GAS SUKUK LIMITED

(incorporated in Jersey with limited liability)

U.S.$425,040,000 Exchangeable Certificates due 2017
U.S.$425,040,000 Ordinary Certificates due 2017

Dana Gas Sukuk Limited (in its capacity as issuer and as trustee, the "**Trustee**") proposes to issue U.S.$425,040,000 exchangeable certificates (*Sukuk al-Mudarabah*) due 31 October 2017 (the "**Exchangeable Certificates**") and U.S.$425,040,000 ordinary certificates (*Sukuk al-Mudarabah*) due 31 October 2017 (the "**Ordinary Certificates**" and, together with the Exchangeable Certificates, the "**Certificates**") on or about 8 May 2013 (the "**Closing Date**").

The Certificates will be constituted by an amended and restated declaration of trust dated the Closing Date between, *inter alia*, the Trustee, Dana Gas PJSC ("**Dana Gas**" and the "**Company**") and Deutsche Trustee Company Limited as delegate (the "**Declaration of Trust**"). Pursuant to the Declaration of Trust, the Trustee will declare that it will hold the Trust Assets (as defined herein) upon trust absolutely for the holders of the Exchangeable Certificates (the "**Exchangeable Certificateholders**") and the holders of the Ordinary Certificates (the "**Ordinary Certificateholders**" and, together with the Exchangeable Certificateholders, the "**Certificateholders**") *pro rata* according to the face amount of Certificates held by each Certificateholder. The Trust Assets will include the *pro rata* share of any proceeds of enforcement of the Shared Security (as defined herein) to be granted by Dana Gas and others pursuant to the Security Documents (as defined herein). The Declaration of Trust contains certain provisions (the "**Allocation Arrangements**") that regulate, *inter alia*: (i) the giving of consents and waivers in respect of, and the making of amendments to, the Transaction Documents, the Exchangeable Conditions and/or the Ordinary Conditions (each as defined herein); (ii) the rights of Certificateholders to accelerate the Certificates following the occurrence of a Dissolution Event (as defined herein); (iii) the rights of Certificateholders to take enforcement action in respect of the Shared Security; and (iv) the manner in which proceeds of any enforcement of Shared Security will be distributed.

Periodic Distribution Amounts (as defined herein) shall be payable by the Trustee on the outstanding face amount of the relevant Certificates from (and including) the Closing Date to, but excluding, the Scheduled Redemption Date (as defined herein) on 31 January, 30 April, 31 July and 31 October in each year, commencing on 31 July 2013 (each, a "**Periodic Distribution Date**"). Periodic Distribution Amounts in respect of the Exchangeable Certificates shall be paid subject to and in accordance with the terms and conditions of the Exchangeable Certificates (the "**Exchangeable Conditions**") at a rate of 7.0 per cent. per annum and Periodic Distribution Amounts in respect of the Ordinary Certificates shall be paid subject to and in accordance with the terms and conditions of the Ordinary Certificates (the "**Ordinary Conditions**") at a rate of 9.0 per cent. per annum. In these listing particulars (the "**Listing Particulars**"), references to the "**relevant Conditions**" shall mean: (i) in matters relating to the Exchangeable Certificates, the Exchangeable Conditions; and (ii) in matters relating to the Ordinary Certificates, the Ordinary Conditions.

Unless previously redeemed or purchased and cancelled in the circumstances described in Condition 6 (*Redemption*) of the relevant Conditions, the Certificates will be redeemed at the Standard Redemption Amount (as defined herein) on 31 October 2017 (the "**Scheduled Redemption Date**").

Each Exchangeable Certificate may be redeemed at the option of the Exchangeable Certificateholder at any time during the Exercise Period (as defined herein) in accordance with, and as more particularly described in, Condition 6.1 (*Voluntary Early Redemption*) of the Exchangeable Conditions. In respect of any such voluntary early redemption, the Trustee shall have the option to redeem the relevant Exchangeable Certificates either by way of Physical Settlement (by delivery of Shares and/or cash) or by way of Cash Settlement (by delivery of cash only) subject to and in accordance with the terms of Condition 6.1 (*Voluntary Early Redemption*) of the Exchangeable Conditions. In addition, immediately prior to the Scheduled Redemption Date, the Trustee will have the option to elect to redeem all outstanding Exchangeable Certificates in respect of which a Voluntary Early Redemption Notice has not been given, provided that certain conditions are satisfied, as more particularly described in Condition 6.7 (*Discretion of the Trustee to Exercise*) of the Exchangeable Conditions.

The Exchangeable Certificates may also be redeemed at the option of the Trustee, in accordance with Condition 6.4 (*Redemption at the Option of the Trustee*) of the Exchangeable Conditions, at any time after 31 October 2013 in part in an amount not exceeding U.S.$212,520,000 during any six month period during which the Trustee is permitted to issue an Optional Partial Redemption Notice (as defined herein) at their face amount plus all accrued but unpaid Periodic Distribution Amounts if the Aggregate Value (as defined herein) exceeds U.S.$20 on 20 out of any 30 consecutive Trading Days (as defined herein) ending not earlier than the fifth day prior to the date on which the relevant notice of redemption is given by the Trustee to the Exchangeable Certificateholders. The Ordinary Certificates may be redeemed at the option of the Trustee in whole or in part at any time at the redemption prices specified in, and in accordance with the terms of, Condition 6.3 (*Redemption at the Option of the Trustee*) of the Ordinary Conditions. Upon the occurrence of certain events constituting a change of control, the holders will be entitled to elect to have their Certificates redeemed by the Trustee at a redemption price equal to 101 per cent. of the face amount thereof, plus accrued and unpaid Periodic Distribution Amounts, as more particularly described in Condition 6.5 (*Redemption for Change of Control*) of the Exchangeable Conditions or Condition 6.4 (*Redemption for Change of Control*) of the Ordinary Conditions.

The existing shares of Dana Gas (the "**Shares**") are listed on the Abu Dhabi Securities Exchange ("**ADX**") with ISIN number AED000701014. Foreign ownership restrictions may restrict the ability of Dana Gas to deliver Shares to exchanging Exchangeable Certificateholders, in which case Dana Gas will be obliged to pay an amount in cash to the holders of such Exchangeable Certificates in accordance with the terms of the Exchangeable Conditions.

This document constitutes the listing particulars in respect of the admission of the Certificates to the Official List and to trading on the Global Exchange Market of the Irish Stock Exchange. Application has been made to the Irish Stock Exchange for the approval of this document as Listing Particulars. Application has been made to the Irish Stock Exchange for the Certificates to be admitted to the Official List and trading on the Global Exchange Market which is the exchange-regulated market of the Irish Stock Exchange. There can be no assurance that any such application will be successful or that any such listing will be granted or maintained. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Trustee in connection with the Certificates and is not itself seeking admission of the Certificates to trading on the Main Securities Market or the Global Exchange Market of the Irish Stock Exchange.

The Certificates will be limited recourse obligations of the Trustee. Investing in the Certificates involves certain risks as more fully described in the section entitled "*Risk Factors*" beginning on page 29.

Delivery of the Certificates in book-entry form will be made on the Closing Date. The Certificates will be issued in the form of global certificates in registered form in minimum denominations of U.S.$45,000 (the "**Specified Denomination**") and integral multiples of U.S.$10 in excess thereof. On the Closing Date, the global certificates representing the Certificates will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear Bank S.A/N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**").

The Certificates have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "US Securities Act") or the securities laws of any other jurisdiction. The Certificates are being offered only (1) within the United States: (i) to qualified institutional buyers ("QIBs") as defined in, and in reliance on, Rule 144A under the Securities Act ("Rule 144A") that are also qualified purchasers ("QPs") as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"); and (ii) to persons who are "accredited investors" (each, an "AI") within the meaning of, and pursuant to, Regulation D under the Securities Act, that are also QPs; and (2) to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act ("Regulation S"). For further details about eligible offerees and further restrictions on resales and transfers of the Certificates, please see "Transfer Restrictions".

The date of these Listing Particulars is 8 May 2013.

These Listing Particulars have been prepared for the purpose of giving information with regard to the Trustee, Dana Gas and the Certificates. Each of Dana Gas and the Trustee, having taken all reasonable care to ensure that such is the case, confirms that the information contained in these Listing Particulars is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. Accordingly, each of Dana Gas and the Trustee accepts responsibility for the information contained in these Listing Particulars.

No person has been authorised to give any information or to make any representation regarding the Trustee and Dana Gas respectively, or the Certificates, other than as contained in these Listing Particulars or as approved for such purpose by the Trustee or Dana Gas in connection with the offering of the Certificates. Any such representation or information should not be relied upon as having been authorised by the Trustee or Dana Gas. Neither the delivery of these Listing Particulars nor the offering, sale, transfer or delivery of any Certificate shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (economic, political, financial or otherwise) of the Trustee or Dana Gas since the date of these Listing Particulars.

Neither the Certificates nor the Shares issuable upon exchange of the Exchangeable Certificates have been or will be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and, subject to certain exceptions, may not be offered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")). The Certificates are being offered to non-U.S. persons outside the United States in reliance on Regulation S (such Certificates, the "**Unrestricted Certificates**") and within the United States only: (i) to persons who are "qualified institutional buyers" ("**QIBs**") in reliance on Rule 144A under the Securities Act ("**Rule 144A**") that are also "qualified purchasers" (each a "**QP**") within the meaning of Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and the rules and regulations thereunder; or (ii) to persons who are "accredited investors" (each, an "**AI**") within the meaning of, and pursuant to, Regulation D under the Securities Act, that are also QPs (such Certificates, the "**Restricted Certificates**"). For a description of these and certain further restrictions on transfers of the Certificates, see "*Transfer Restrictions*".

The Certificates and the Shares issuable upon exchange of the Exchangeable Certificates have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "**SEC**"), any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Certificates or the accuracy or adequacy of these Listing Particulars. Any representation to the contrary is a criminal offence in the United States.

These Listing Particulars do not constitute an offer of, or an invitation to subscribe for or purchase, any Certificates. The Certificates may not be offered, sold, delivered or transferred directly or indirectly, and these Listing Particulars may not be circulated, in any jurisdiction except in accordance with the legal requirements applicable to such jurisdiction.

The distribution of these Listing Particulars and the offering, sale, transfer and delivery of Certificates in certain jurisdictions may be restricted by law. Persons into whose possession these Listing Particulars come are required by the Trustee and Dana Gas to inform themselves about and to observe any such restrictions. These Listing Particulars may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful. For a description of certain restrictions on transferability and resale of Certificates, see "*Transfer Restrictions*".

Neither these Listing Particulars nor any other information supplied in connection with the Certificates is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation by the Trustee or Dana Gas that any recipient of these Listing Particulars should purchase any of the Certificates. Each investor contemplating purchasing or subscribing for any Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee and Dana Gas.

Investors who are in any doubt about the contents of these Listing Particulars should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser.

AVAILABLE INFORMATION

Each holder of Certificates will be furnished a copy of these Listing Particulars. Each person receiving these Listing Particulars acknowledges that no person has been authorised to give any information or to make any representation concerning the Certificates offered hereby other than as contained herein and, if given or made, such other information or representation should not be relied upon as having been authorised by Dana Gas.

Neither the Trustee nor Dana Gas is required to file periodic reports under Sections 13 or 15 of the United States Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), nor is either of them exempt from such reporting pursuant to Rule 12g3-2(b) thereunder. To permit compliance with Rule 144A in connection with resale or other transfer of the Certificates or the Shares issuable upon exchange of the Exchangeable Certificates, each of the Trustee and Dana Gas has agreed in the Declaration of Trust to provide to any holder of Certificates, or any prospective purchaser of Certificates, upon request, the information required to be provided by Rule 144A(d)(4), if at the time of the request, it is not a reporting company under Section 13 or Section 15(d) of the U.S. Exchange Act, or is not exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

So long as the Certificates are admitted to listing on the Global Exchange Market of the Irish Stock Exchange, and the rules and regulations of such stock exchange so require, copies of such information will also be available for review during the normal business hours on any business day at the specified office of the Principal Paying and Exchange Agent in London.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955 ("**RSA 421-B**"), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO U.S. INVESTORS

Each holder of the Certificates will be deemed to have made the representations, warranties and acknowledgements that are described in these Listing Particulars under "*Transfer Restrictions*". The Certificates have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the issuer of any Certificate may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Certificates, see "*Transfer Restrictions*". The Certificates may not be offered to the public within any jurisdiction. By accepting delivery of these Listing Particulars, you agree not to offer, sell, resell transfer or deliver, directly or indirectly, any Certificate to the public.

NOTICE TO JERSEY RESIDENTS

A copy of these Listing Particulars has been delivered to the registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002 and he has given, and has not withdrawn, his consent to its circulation.

The Jersey Financial Services Commission (the "**Commission**") has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of the Certificates. The Commission is protected by the Borrowing (Control) (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under the law.

The investments described in these Listing Particulars do not constitute a collective investment fund for the purpose of the Collective Investment Funds (Jersey) Law 1988, as amended, on the basis that they are investment products designed for financially sophisticated investors with specialist knowledge of, and experience in investing in, such investments, who are capable of fully evaluating the risks involved in making such investments and who have an asset base sufficiently substantial as to enable them to sustain any loss that they might suffer as a result of making such investments. These investments are not regarded by the Commission as suitable investments for any other type of investor. Any individual intending to invest in any investment described in these Listing Particulars should consult his or her professional

adviser and ensure that he or she fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.

It must be distinctly understood that, in giving these consents, neither the registrar of companies nor the Commission takes any responsibility for the financial soundness of the Trustee or for the correctness of any statements made, or opinions expressed, with regard to it.

If you are in any doubt about the contents of these Listing Particulars you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

It should be remembered that the price of securities and the income from them can go down as well as up.

The Trustee has taken all reasonable care to ensure that the facts stated in these Listing Particulars are true and accurate in all material respects and that there are no other facts the omission of which would make misleading any statement in these Listing Particulars, whether of facts or of opinion. The Trustee accepts responsibility accordingly.

ENFORCING CIVIL LIABILITIES AGAINST NON-U.S. PERSONS

The Certificates are governed by English law and the Trustee has submitted to the non-exclusive jurisdiction of the courts of England to settle any disputes relating to the Certificates and the Declaration of Trust. In addition, actions in respect of the Certificates may be brought in the English courts and in any other court of competent jurisdiction.

Dana Gas is a public joint stock company incorporated under the laws of the United Arab Emirates. All of Dana Gas's directors and officers reside outside of the United States. In addition, all or substantially all of Dana Gas's assets are located outside of the United States. As a result, it may be impossible for holders of the Certificates to effect service of process within the United States on Dana Gas and its directors and officers or to enforce against any of them in the United States courts, judgments obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States or any State or territory within the United States. In addition, there is doubt as to the enforceability, in original actions in UAE courts, of liabilities predicated in whole or in part on the U.S. federal securities laws. See "*Risk Factors – Risks Relating to the Certificates – Risks Relating to Enforcement – Enforcing U.S. Judgments Against Dana Gas*".

In the absence of any bilateral treaty for the reciprocal enforcement of foreign judgments, the courts of Sharjah are unlikely to enforce a United States or English court judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the Certificates. Investors may have difficulties in enforcing any English court judgments or arbitral awards against Dana Gas in the courts of Sharjah. In addition, even if English law is accepted as the governing law, this will only be applied to the extent that it is compatible with Sharjah law and public policy. Moreover, judicial precedent in the UAE has no binding effect on subsequent decisions and there is no formal system of reporting court decisions in the UAE. These factors create greater judicial uncertainty than would be expected in certain other jurisdictions.

FORWARD-LOOKING STATEMENTS

Some statements in these Listing Particulars may be deemed to be forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. Forward-looking statements include, but are not limited to, all statements other than statements of historical facts concerning Dana Gas's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward-looking statements. When used in this document, the words "aims", "anticipates", "believes", "continue", "could", "estimates", "expects", "forecast", "guidance", "intends", "may", "plans", "potential", "predicts", "projected", "seeks", "should", "target" or "will", or the negative of such terms or other comparable terminology, generally identify forward-looking statements.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Dana Gas cautions you that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that Dana Gas's actual results of operations, including Dana Gas's financial condition and liquidity and the development of the industry in which Dana Gas operates, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in these Listing Particulars. In addition, even if Dana Gas's results of operations, including its financial condition and liquidity and the development of the industry in which Dana Gas operates, are consistent with the forward-looking statements contained in these Listing Particulars, those results or developments may not be

indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to:

- price fluctuations in hydrocarbon markets and related fluctuations in demand for such products;
- operational limitations, including equipment failures, labor disputes, technological limitations, operational hazards and processing limitations;
- the availability or cost of transportation routes and traders' fees charged for arranging transportation;
- the competiveness of the hydrocarbon exploration and production industry;
- changes in governmental regulation, including regulatory changes affecting the availability of permits, and governmental actions that may affect operations or Dana Gas's planned expansion;
- the reliance on Dana Gas's joint venture partners to comply with the obligations under the relevant licenses or the agreements pursuant to which the assets are operated and agreed work programs are completed in accordance with their terms;
- the availability of debt financing, including under Dana Gas's existing facilities;
- unfavorable changes in economic or political conditions in Egypt and/or Iraq;
- unplanned events or accidents affecting Dana Gas's operations or facilities;
- incidents or conditions affecting the export of crude oil and gas; and
- reservoir performance, drilling results and implementation of Dana Gas's oil expansion plans.

These forward-looking statements are contained in the sections of these Listing Particulars entitled "*Overview of the Offering*", "*Risk Factors*", "*Dana Gas – Business Description*", "*Dana Gas – Management's Discussion and Analysis of Financial Condition and Results of Operations*" and other sections of these Listing Particulars. Dana Gas has based these forward-looking statements on the current view of Dana Gas's management with respect to future events and financial performance. Although Dana Gas believes that the expectations, estimates and projections reflected in Dana Gas's forward-looking statements are reasonable as at the date of these Listing Particulars, if one or more of the risks or uncertainties materialise, including those which Dana Gas has identified in these Listing Particulars, or if any of Dana Gas's underlying assumptions prove to be incomplete or inaccurate, Dana Gas's actual results of operation may vary from those expected, estimated or predicted.

These forward-looking statements speak only as at the date of these Listing Particulars. Without prejudice to any requirements under applicable laws and regulations, each of Dana Gas and the Trustee expressly disclaims any obligation or undertaking to disseminate after the date of these Listing Particulars any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward-looking statement is based.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information – Dana Gas

Unless otherwise indicated, the financial information herein has been derived from the audited consolidated financial statements of Dana Gas for the years ended 31 December 2012, 31 December 2011 and 31 December 2010.

The financial statements of Dana Gas have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board, consistently applied.

Presentation of Financial Information – Trustee

Unless otherwise indicated, the financial information herein has been derived from the audited consolidated financial statements of the Trustee for the years ended 31 December 2012, 31 December 2011 and 31 December 2010.

The financial statements of the Trustee have been prepared in accordance with IFRS issued by the International Accounting Standards Board, consistently applied.

Non-IFRS Financial Measures

These Listing Particulars contain non-IFRS measures and ratios, including EBITDAX, that are not required by, or presented in accordance with, IFRS. Dana Gas uses these measures to measure operating performance in presentations to its directors and as a basis for strategic planning and forecasting. In addition Dana Gas presents these non-IFRS measures because it believes that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. Dana Gas believes that EBITDAX is useful to investors in evaluating its operating performance and its ability to incur and service its indebtedness because they:

- are widely used by investors in the oil and gas industry to measure a company's operating performance before depreciation and amortisation among other items, which can vary substantially from company to company depending upon accounting methods, book value of assets, capital structure and the method by which assets were acquired, among other factors; and
- help investors to more meaningfully evaluate and compare the results of Dana Gas's operations from period to period by removing the effect of its capital structure from its operating structure.

EBITDAX and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. They have limitations as analytical tools, and should not be considered in isolation or as a substitute for analysis of Dana Gas's operating results as reported under IFRS. These non-IFRS measures are not measurements of Dana Gas's performance or liquidity under IFRS and should not be considered as alternatives to operating profit or profit for the year or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles, or as alternatives to cash flow from operating, investing or financing activities. You should exercise caution in comparing EBITDAX as reported by Dana Gas to EBITDAX of other companies.

EBITDAX is commonly defined as earnings before interest, taxes, depreciation, depletion, and amortisation and exploration costs. Dana Gas further adjusts for investment and finance income and change in fair value of investment property.

Dana Gas presents a reconciliation of each of the non-IFRS measures to the most directly comparable measure calculated and presented in accordance with IFRS and discusses its limitations. For a reconciliation of these non-IFRS measures, see "*Selected Financial Data*".

Certain numerical figures set out in these Listing Particulars, including financial data presented in millions or thousands and percentages describing market shares, have been subject to rounding adjustments and, as a result, the totals of the data in these Listing Particulars may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "*Dana Gas – Management's Discussion and Analysis of Financial Condition and Results of Operations*" are calculated using the numerical data in Dana Gas's consolidated financial statements or the tabular presentation of other data (subject to rounding) contained in these Listing Particulars, as applicable, and not using the numerical data in the narrative description thereof.

Certain Reserves Information

Unless otherwise indicated, the reserves data presented in these Listing Particulars has been estimated, as at 31 December 2012, at Dana Gas's request by Gaffney Cline & Associates ("**GCA**"). GCA is an international oil and gas consultancy specialising in petroleum asset evaluation and economic analysis, which has prepared its estimates in accordance with resource definitions jointly set out by the Society of Petroleum Engineers, World Petroleum Council, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers in March 2007 in the "Petroleum Resources Management System" ("**PRMS**"). Thus, proved reserves presented herein may differ from reserves that might be estimated according to definitions used by other companies in the industry or the SEC.

Pursuant to the classifications and definitions provided by the PRMS, "**proved reserves**" is defined as those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations. If deterministic methods are used, the term "**reasonable certainty**" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90 per cent. probability that the quantities actually recovered will equal or exceed the estimate; "**probable reserves**" is defined as those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves; and "**possible reserves**" is defined as those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than probable reserves.

Information in these Listing Particulars that is derived or reproduced from the GCA Report has been inserted in the form and context in which it is included in the GCA Report, with the consent of GCA. GCA's principal place of business is at Bentley Hall, Blacknest, Alton, Hampshire GU34 4PU, United Kingdom. For more information on GCA, please visit the following website: *http://www.gaffney-cline.com*.

For more information on Dana Gas's reserves and resources and the reserves and resources definitions that Dana Gas uses, see "*Available Information*".

Hydrocarbon Data

General

Unless otherwise stated herein, the estimates set forth in these Listing Particulars of Dana Gas's proven, probable and possible reserves and resources are based on reports prepared for Dana Gas by GCA, in accordance with the standards established by the PRMS.

Each of the reports referenced in these Listing Particulars use the following estimates:

- crude oil in standard millions of barrels ("**MMbbl**") (a barrel being the equivalent of 42 U.S. gallons); and
- natural gas and natural gas liquids in billions of cubic feet ("**Bcf**") at standard temperature and pressure bases.

The actual number of barrels of crude oil produced, shipped or sold may vary from the barrel equivalents ("**boe**") of crude oil presented herein, as a tonne of heavier crude oil will yield fewer barrels than a tonne of lighter crude oil. Dana Gas's conversion of data from tonnes into barrels and from cubic feet into boe may differ from that data used by other companies. Dana Gas has assumed a conversion rate of 6 Bcf to 1 MMboe.

There are a number of uncertainties inherent in estimating quantities of proved, probable and possible reserves, including many factors beyond Dana Gas's control, such as commodity pricing. Therefore, the reserve information in the GCA Report each represent only estimates. Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact manner. The accuracy of any reserve estimate is a function of a number of variable factors and assumptions many of which are beyond Dana Gas's control, including the quality of available data and of engineering and geological interpretation and judgment. As a result, estimates of different engineers may vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, due to the inherent uncertainties and the necessarily limited nature of reservoir data and the inherently imprecise nature of reserves estimates, the initial reserve estimates are often different from the quantities of oil and natural gas that are ultimately recovered. The meaningfulness of such estimates depends primarily on the accuracy of the assumptions upon which they were based. Thus, investors should not place

undue reliance on the ability of the GCA Report to predict actual reserves or on comparisons of similar reports concerning companies established in other economic systems. In addition, except to the extent that Dana Gas acquires additional properties containing proved, probable and possible reserves or conduct successful exploration and development activities, or both, Dana Gas's proved, probable and possible reserves will decline as reserves are produced.

Potential investors should note that the GCA Report has not calculated estimated proved, probable and possible reserves under the standards of reserves measurement applied by the SEC (the "**SEC basis**") for any of the relevant periods reviewed in these Listing Particulars, or otherwise. The SEC basis differs from PRMS.

Industry and Other Information

In these Listing Particulars, Dana Gas relies on and refers to information regarding its business and the markets in which it operates and competes. The market data and certain economic and industry data and forecasts used in these Listing Particulars were obtained from internal surveys, market research, governmental and other publicly available information, independent industry publications and reports prepared by industry consultants including GCA. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Dana Gas believes that these industry publications, surveys and forecasts are reliable but Dana Gas has not independently verified them and cannot guarantee their accuracy or completeness. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in these Listing Particulars.

Elsewhere in these Listing Particulars, statements regarding the oil and gas industry, Dana Gas's position in the industry, its market share and the market shares of various industry participants are not based on published statistical data or information obtained from independent third parties, but are based solely on Dana Gas's experience, its internal studies and estimates, and its own investigation of market conditions. In addition, Dana Gas believes that data regarding the oil and gas industry and its market position and market share within such industry provides general guidance, but is inherently imprecise. See also "*Presentation of Financial and other Information – Certain Reserves Information*".

Dana Gas cannot assure you that any of the assumptions underlying these statements are accurate or correctly reflect its position in the industry and none of Dana Gas's internal surveys or information have been verified by any independent sources. Dana Gas does not make any representation or warranty as to the accuracy or completeness of this information. All of the information set forth in these Listing Particulars relating to the operations, financial results or market share of Dana Gas's competitors has been obtained from information made available to the public in such companies' publicly available reports and independent research, as well as from Dana Gas's experience, internal studies, estimates and investigation of market conditions. Dana Gas has not independently verified this information and cannot guarantee its accuracy.

Trademarks

Each of the trademarks, service marks and trade names that Dana Gas uses in conjunction with the operation of its business is registered and/or pending registration, as appropriate for the needs of its relevant business. Each trademark, trade name or service mark of any other company appearing in these Listing Particulars is the property of its owners.

Currency Presentation

All references in these Listing Particulars to "**U.S. dollars**", "**U.S.$**" and "**$**" refer to United States dollars being the legal currency for the time being of the United States of America, all references to "**dirham**" and "**AED**" refer to United Arab Emirates dirham being the legal currency for the time being of the United Arab Emirates, all references to "**euro**", **EUR**" and "**€**" refer to the Euro being the legal currency for the time being of the euro area, and all references to "**forint**" or "**HUF**" refer to the Hungarian forint being the legal currency for the time being of Hungary.

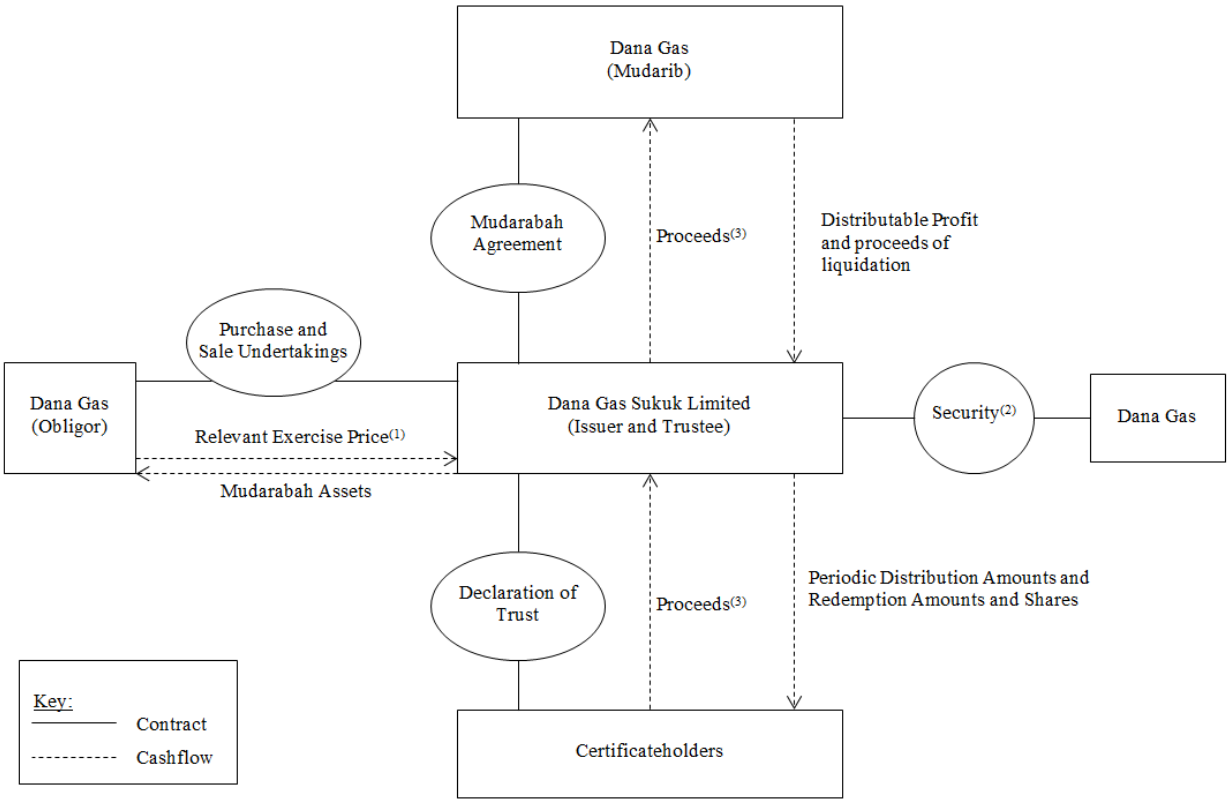
The dirham has been pegged to the U.S. dollar since 22 November 1980. The mid-point between the official buying and selling rates for the dirham is at a fixed rate of AED3.6725 = U.S.$1.00.

Definitions

Please refer to the section of these Listing Particulars entitled "*Glossary*" for a list of defined terms used in these Listing Particulars.

STRUCTURE DIAGRAM AND CASH FLOWS

The following is an overview of the structure and cash flows relating to the Certificates. This overview does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in these Listing Particulars. Potential investors should read the entire Listing Particulars, especially the risks in relation to investing in the Certificates discussed under Risk Factors.



Notes:

(1) The relevant Exercise Price shall be equal to the amount required to redeem the Certificates on the relevant Redemption Date. In the event of a voluntary early redemption by an Exchangeable Certificateholder, the relevant Exercise Price shall be payable, subject to obtaining the applicable consents and approvals, by Physical Settlement (as defined herein) or, at the option of the Trustee, by Cash Settlement (as defined herein).

(2) The Shared Security is granted over certain assets owned by Dana Gas, see "*Summary of the Transaction Documents – Shared Security*". The Shared Security secures the obligations of the Obligor under the Purchase Undertaking.

(3) References to the payment of "Proceeds" in the above diagram refer to the payment of the proceeds of the issue of the Existing Certificates (as defined below) in October 2007 in connection with their original issue. No further proceeds will be payable in connection with the issue of the Certificates. See "*Dana Gas – Business Description – Restructuring of the Existing Certificates*" for further details of the restructuring of the Existing Certificates.

Cash Flows

Set out below is a simplified description of the principal cash flows underlying the transaction. Potential investors are referred to the Exchangeable Conditions and the Ordinary Conditions (together, the "**Conditions**") and the detailed descriptions of the relevant Transaction Documents set out under "*Summary of the Transaction Documents*" for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

Description of Mudarabah

Periodic Payments by the Trustee

On 31 October 2007, pursuant to a *mudarabah* agreement (the "**Original Mudarabah Agreement**") entered into between the Trustee and Dana Gas (in its capacity as *Mudarib*, the "**Mudarib**"), the Mudarib invested U.S.$1,000,000,000 (the "**Initial Mudarabah Capital**") in certain mudarabah assets (the "**Initial Mudarabah Assets**") in accordance with an investment plan set out in the Original Mudarabah Agreement. On the Closing

Date, at the request of the Trustee, the Mudarib will transfer 14.992 per cent. of the Initial Mudarabah Assets (representing U.S.$149,920,000 of the Initial Mudarabah Capital) to Dana Gas (in its independent capacity) and the Trustee and the Mudarib will agree to amend and restate the Original Mudarabah Agreement (such amended and restated *mudarabah* agreement being the "**Mudarabah Agreement**"). Pursuant to the Mudarabah Agreement, the Mudarib will continue to manage the remaining balance of the Initial Mudarabah Assets (representing the remaining balance of the Initial Mudarabah Capital, being U.S.$850,080,000 at the Closing Date (the "**Mudarabah Capital**")) in accordance with the terms of the Mudarabah Agreement and an investment plan prepared by the Mudarib and scheduled to the Mudarabah Agreement (the "**Investment Plan**"). The Investment Plan permits certain investments to be made in a number of Sharia compliant activities, including (without limitation) certain investments in Dana Gas's business activities. The mudarabah constituted by the Mudarabah Agreement is referred to herein as the "**Mudarabah**".

The Investment Plan and the terms of the Mudarabah Agreement contemplate that the Mudarabah will generate a profit which shall be distributed one Business Day prior to each Periodic Distribution Date, and two Business Days prior to the Scheduled Redemption Date (a "**Distributable Profit Determination Date**") in accordance with the following proportions: ninety nine per cent. to the rab al-maal (as such term is defined in the Mudarabah Agreement) and one per cent. to the Mudarib.

Pursuant to the Mudarabah Agreement, the Mudarib has agreed to maintain a ledger account (the "**Reserve Account**") in its books, denominated in U.S. dollars. If on any Distributable Profit Determination Date, the amount of profit distributable to the Trustee (in its capacity as rab-al-maal) is greater than the amount required to pay the aggregate of all periodic distribution amounts due in respect of and in connection with the Certificates and the Transaction Documents (and any other amounts due in accordance with the Conditions) (the "**Periodic Required Amount**") on the immediately following Periodic Distribution Date, the Mudarib will credit any such excess amounts to the Reserve Account.

If on any Distributable Profit Determination Date, there is a shortfall between (i) the amount of profit distributable to the Trustee (in its capacity as rab-al-maal) on such date, and (ii) the Periodic Required Amount payable on the immediately following Periodic Distribution Date (a "**Shortfall**"), the Mudarib will transfer to the Transaction Account (in U.S. dollars in funds with same day value) an amount equal to the Shortfall from the Reserve Account (or such lesser amount as is then standing to the credit of the Reserve Account, having first repaid any amounts to the Reserve Account that were previously deducted by, and used for the account of, the Mudarib as described below). The Mudarib will be entitled to deduct amounts standing to the credit of the Reserve Account at any time during the term of the Mudarabah and to use such amounts for its own account, provided that such amounts shall be repaid by it if so required to fund a Shortfall. Following payment of all amounts due and payable in respect of and in connection with the Certificates and the Transaction Documents, the Mudarib shall be entitled to retain any amounts that remain standing to the credit of the Reserve Account for its own account as an incentive payment for acting as Mudarib.

Redemption Payments

Pursuant to the Mudarabah Agreement, two Business Days prior to the Scheduled Redemption Date, the Mudarib shall liquidate the Mudarabah Assets (by way of constructive or actual liquidation) and shall pay into the Transaction Account (from the proceeds of such liquidation, and if necessary, funds from the Reserve Account) a sum which, when aggregated together with the distributable profit paid into the Transaction Account on that date in respect of the final Mudarabah Return Period, is equal to the aggregate of (i) the Standard Redemption Amount (as defined in Condition 22.1 (*Definitions*) of the Exchangeable Conditions) payable in respect of the Exchangeable Certificates on the Scheduled Redemption Date in accordance with the Exchangeable Conditions; (ii) the Standard Redemption Amount (as defined in Condition 22.1 (*Definitions*) of the Ordinary Conditions) payable in respect of the Ordinary Certificates on the Scheduled Redemption Date in accordance with the Ordinary Conditions; and (iii) any other amounts payable by the Trustee in respect of the Certificates on the Scheduled Redemption Date (including, for the avoidance of doubt, all amounts payable to the Delegate and the Agents on such date) (the "**Redemption Required Amount**").

The Mudarib shall not be entitled to liquidate the Mudarabah Assets unless the proceeds of such liquidation, when aggregated together with the amounts standing to the credit of the Transaction Account and the Reserve Account, is equal to or greater than the Redemption Required Amount. If, and to the extent that the proceeds of any liquidation of the Mudarabah exceed the amount required to make the payment referred to above, the Mudarib shall be entitled to retain such excess as an incentive payment.

The Certificates may be redeemed prior to the Scheduled Redemption Date for a number of reasons including (i) redemption (in whole or in part) following a dissolution event under the Exchangeable Certificates and/or the

Ordinary Certificates, as the case may be; (ii) in the case of the Exchangeable Certificates, an Exchangeable Certificateholder voluntary early redemption, in which case the relevant amounts due on the relevant early redemption shall be payable by delivery of Shares (subject to obtaining applicable consents and approvals) and/or in cash; (iii) a Trustee early redemption (whether for tax reasons or if certain contingencies are satisfied); or (iv) following a Change of Control. In each case, the amounts payable and, in the case of the Exchangeable Certificates, Shares to be delivered by the Trustee on the relevant Redemption Date will be funded by Dana Gas purchasing all or, as the case may be, a proportion of the Trustee's rights, benefits and entitlements in and to the Mudarabah Assets and paying the relevant Exercise Price (by delivery of Shares and/or cash) to (or to the order of) the Trustee pursuant to the terms of the Purchase Undertaking or the Sale Undertaking, as the case may be. The Trust shall only be dissolved following redemption of all Certificates in full.

Subject to any requirements of any stock exchange on which the relevant Certificates may be admitted to listing or trading at the relevant time, and subject to compliance with applicable laws and regulations, the Trustee, Dana Gas and any Subsidiary of Dana Gas may at any time purchase Certificates in the open market or otherwise at any price. Any Certificates so purchased must be surrendered to the Principal Paying and Exchange Agent for cancellation. In connection with such cancellation, Dana Gas shall exercise its rights under the Sale Undertaking to oblige the Trustee to sell to Dana Gas part of its rights, benefits and entitlements in and to the Mudarabah Assets (such part being calculated by reference to the proportion that the face amount of the Certificates that are to be cancelled bears to the sum of the aggregate face amount of the Certificates outstanding at such time) in consideration for the cancellation of the purchased Certificates.

OVERVIEW OF DANA GAS

Introduction

Dana Gas is an independent gas company with established operations in the Middle East and North Africa (the "**MENA Region**") across most of the components of the natural gas industry from exploration and production, processing and transportation, to the sale and marketing of natural gas and its by-products, such as LPG, condensate and propane, as feedstock and fuel to the industrial and power sectors. For the year ended 31 December 2012, Dana Gas's revenue and EBITDAX were U.S.$636 million and U.S.$401 million, respectively. Dana Gas is listed on the ADX and, as at 25 March 2013, had a market capitalisation of approximately U.S.$830 million. Dana Gas's registered office is at P.O. Box 2011, Sharjah, United Arab Emirates.

Since its establishment in 2005, Dana Gas has expanded rapidly to become a medium-sized regional energy company. As at 31 December 2012, Dana Gas and its wholly-owned subsidiaries employed around 210 employees and 39 contractors, and the companies in which Dana Gas has a joint venture interest employed around 875 employees and 388 contractors, of which Dana Gas's net interest was 569 employees and 340 contractors. The vast majority of these employees and contractors are based in Egypt, the Kurdistan Region of Iraq and Sharjah.

Dana Gas has an issued and fully paid up share capital of 6,602,001,300 common shares of AED1.00 each. All shares are of the same class and carry equal voting rights. Only one shareholder of Dana Gas, Crescent Petroleum Company International Limited ("**Crescent**") (which owned 20.12 per cent. as at 31 December 2012), owns more than 5 per cent. of the share capital of Dana Gas. The remaining shares are held by a number of high net worth individuals, institutions and retail investors across the Gulf Cooperation Council ("**GCC**") countries and internationally. In accordance with UAE law, a minimum of 51 per cent. of the share capital of Dana Gas must be held by GCC nationals and/or legal entities controlled by GCC nationals.

Business Overview

Dana Gas has built gas businesses in Egypt, the Kurdistan Region of Iraq and the UAE. Each of these businesses is intended to be an individual profit centre, as well as to allow for the integration between upstream, midstream and downstream business segments (as explained below). Dana Gas believes that it is able to obtain more value from upstream business assets when they are combined with midstream and downstream opportunities, and *vice versa*. Dana Gas believes that this integration allows it to maximise the value extracted from its assets by participating in all aspects of the natural gas chain.

Upstream Segment

The "upstream segment", which constitutes the significant majority of Dana Gas's business in terms of revenue, primarily includes gas exploration and production and encompasses Dana Gas's activities in Egypt through its wholly-owned subsidiary Dana Gas Egypt Ltd. ("**Dana Gas Egypt**"); in the Kurdistan Region of Iraq through the activities of Dana Gas and Pearl Petroleum Company Limited ("**Pearl**"), in which Dana Gas holds a 40 per cent. shareholding; and in the UAE through its wholly-owned subsidiaries Dana Gas Sharjah Offshore Ltd. and Dana Gas Explorations FZE.

- ***Egypt***: Dana Gas engages in production of natural gas in Egypt under a production sharing regime with the Government of Egypt, through its wholly-owned subsidiary Dana Gas Egypt, which operates in three concession areas in the Nile Delta region of Egypt known as the El Manzala, West El Manzala and West El Qantara concessions, and a 50 per cent. interest in one concession area in the Upper Egypt region known as the Komombo concession. A total of 14 development leases have been granted to Dana Gas Egypt: three under the El Manzala concession; eight under the West El Manzala concession; two under the West El Qantara concession; and one under the Komombo concession.
- ***Kurdistan Region of Iraq***: Dana Gas, as joint operator and as a shareholder in Pearl, is engaged in the appraisal, development and production of petroleum and gas resources from within the Kor Mor and Chemchemal gas fields in the Kurdistan Region of Iraq, under a risk service arrangement with the KRG.
- ***United Arab Emirates***: Dana Gas is engaged in the exploration, development and production of gas and condensate in the UAE through its 100 per cent. interest in the Sharjah Western Offshore concession, under a royalty regime with the government of Sharjah. Dana Gas Explorations FZE, a wholly-owned

subsidiary of Dana Gas, is the legal holder of the concession interest, while Dana Gas Sharjah Offshore Ltd., another wholly-owned subsidiary of Dana Gas, is the unit operator of the concession. The concession covers a total area of over 1,000 sq km and includes part of the Zora gas field, which is located approximately 33 km offshore and has established gas reserves. The Zora gas field extends outside of the concession area into neighboring Ajman.

The table below sets out the details of the daily production levels of Dana Gas by geographic segment during the year ended 31 December 2012:

	Year ended 31 December 2012		
	Gas (boed)	**Condensate and oil (boed)**	**LPG (boed)**
Egypt:			
El Manzala	5,806	714	616
West El Manzala	18,259	2,791	1,650
West El Qantara	2,158	–	–
Komombo	–	243	–
EBGDCo	–	–	100[1]
Kurdistan Region of Iraq:			
Kor Mor[2]	20,732	5,630	1,121
Chemchemal	–	–	–
United Arab Emirates:			
Sharjah Western Offshore	Not yet producing	Not yet producing	Not yet producing

Note:
(1) Propane and butane (natural gas liquids).
(2) Values relate to Pearl, in which Dana Gas has a 40 per cent. shareholding.

Midstream Segment

The "midstream segment" includes the transportation and processing of natural gas and gas liquids, including liquefied natural gas ("**LNG**"), liquefied petroleum gas ("**LPG**") and condensates. This encompasses gas processing plants in El Wastani and South El Manzala in Egypt operated by Dana Gas Egypt, an LPG processing plant in Kor Mor in the Kurdistan Region of Iraq owned and operated by Pearl and its interest in a gas liquids extraction plant in the Ras Shukheir area of the Gulf of Suez region in Egypt owned and operated by Egyptian Bahraini Gas Derivative Company S.A.E. ("**EBGDCo**"), which became operational in August 2012, and gas transmission and reception facilities in the UAE owned and operated by United Gas Transmissions Company Limited ("**UGTC**").

Downstream Segment

The "downstream segment" involves the sale of gas and liquids to end-user industries, including the petrochemicals business, and captures Dana Gas's ownership of natural gas and petroleum resources by-products, which includes its gas resource ownership and merchant operations in Dubai, Sharjah and the Northern Emirates. It also incorporates Dana Gas's plans in relation to the development and promotion of gas-related petrochemical and industrial complexes ("**Gas Cities**"). Gas Cities are intended to be integrated industrial cities designed for the systematic and comprehensive utilisation of natural gas as fuel and feedstock, proposed to be developed by Gas Cities Limited, a joint venture company established by Dana Gas and Crescent. Gas Cities Limited is currently pursuing Gas Cities projects in the Kurdistan Region of Iraq, Yemen and Egypt.

Competitive Strengths

Dana Gas believes that its competitive strengths are as follows:

A strategically positioned independent gas company with strong local relationships

Dana Gas is an independent gas company with established operations in the MENA Region. Dana Gas has a track record of significant operating experience in the UAE, Egypt and the Kurdistan Region of Iraq. It has also developed strong relationships with local governmental entities, including the Government of Sharjah, the Egyptian Ministry of Petroleum and Mineral Resources and the KRG, and strategic partnerships with local and international oil and gas companies, such as the Egyptian Gas Holding Company ("**EGAS**") and the Arab Petroleum Investment Corporation ("**APICORP**") in the case of the EBGDCo joint venture in Egypt (see "*Dana Gas – Business Description – Business Segments – Egypt – Production Facilities*") and OMV

and MOL in the case of the Pearl joint venture in the Kurdistan Region of Iraq (see "*Dana Gas – Business Description – Business Segments – Kurdistan Region of Iraq*").

Dana Gas believes that its track record and relationships provide it with access to opportunities to capitalise on the growing international dependence on the gas resources in the MENA Region. In spite of numerous political and other challenges, the MENA Region is currently undergoing a significant phase of growth and expansion, the economy of the MENA Region seeing growth of 5.3 per cent. in 2012 according to the IMF's annual World Economic Outlook. This growth and expansion is combined with economic diversification and rapidly growing populations. The MENA Region has an established gas exploration and production industry, and with high oil prices widely expected to continue, and environmental considerations growing in importance, demand for natural gas is rapidly increasing. Natural gas demand in the MENA Region has more than doubled in the last decade and is expected to grow even faster going forward, with hundreds of billions of dollars of investments required in the natural gas industry across the region.

Dana Gas believes that each of these factors combine to provide it with a viable platform to grow its upstream portfolio in Egypt, Iraq, the UAE and the MENA Region generally.

Track record of efficient production and reserve growth

Dana Gas's management and technical team has demonstrated execution capability through strong production and reserve growth in Dana Gas's development leases. Dana Gas has consistently achieved an exploration success rate of over 50 per cent. in Egypt (adjusted for production volumes) and has more than doubled its reserves in Egypt since its acquisition of Centurion Energy in January 2007 by leveraging its technical, operational and financial capabilities.

In addition, Dana Gas's responsiveness and flexibility enabled it to deliver a fast-track solution tailored to the requirements of the KRG in developing the Kor Mor gas field and to lay over 180 km of pipeline in a relatively short timeframe of 18 months. The success of this development underpins the ability of Dana Gas to further appraise and develop gas fields in the Kurdistan Region of Iraq in which it operates and further grow its resource and production base.

Board and management team with strong local representation complemented by regionally based experienced personnel

The Board of Directors, International Advisory Board and major shareholders of Dana Gas, which comprise leading industry figures from across the GCC region, the wider Arab world and the West, have extensive oil and gas experience as well as strong ties to the countries in which Dana Gas operates, and extensive experience working in those countries. This combined industry and regional expertise enables Dana Gas to develop beneficial working relationships with local companies, governments, local authorities and communities, supporting its international growth. Dana Gas's current Chairman, former Chairman, Vice-Chairman and acting Chief Executive Officer have decades of combined oil and gas experience, including a long history of managing and financing oil and gas operations in the MENA Region. Additionally, Dana Gas's senior management team has extensive industry experience, including with, among others, British Petroleum, Mobil Oil, Royal Dutch Shell, Emirates General Petroleum Corporation and Kuwait Petroleum Company.

Dana Gas's management team has a strong reputation in the oil and gas industry, having expanded Dana Gas's market position and profitability since Dana Gas's establishment in 2005. This expansion has, in turn, increased Dana Gas's profile within the industry, enabling Dana Gas to recruit and retain industry veterans and experienced personnel, including strong technical and engineering teams. In addition, in all operational locations, Dana Gas benefits from full-service offices staffed primarily by locally-based employees. This local presence provides Dana Gas with direct insight into local issues, as well as allowing Dana Gas to react to operational matters promptly and effectively.

A private sector strength

Dana Gas believes that as a medium-sized private sector entity it has the flexibility to capitalise on opportunities within the countries in which it operates and to respond quickly through streamlined decision making to tailor solutions to the needs of its customers across the Natural Gas Value Chain, while having the resources available to it to complete challenging operations. Dana Gas believes that its responsiveness and flexibility in accessing and delivering a solution tailored to the specific requirements of the KRG was an important consideration in being awarded the Kurdistan Region Authorisation to develop and produce natural

gas in the Kurdistan Region of Iraq and to supply natural gas to the Erbil and Sulaymaniya power stations. Due to the lean structure of Dana Gas's management, Dana Gas was successfully able to develop the natural gas fields and to lay over 180 km of pipeline in a relatively short timeframe in order to enable gas to flow to the power stations by October 2008 (see "*Dana Gas – Business Description – Business Segments – Kurdistan Region of Iraq – Operations and Production*").

Poised to take advantage of future opportunities

Dana Gas believes that, in the MENA Region, its structure complements the strategic aspirations of the regional National Oil Companies ("**NOCs**") and International Oil Companies ("**IOCs**"). As discussed above, Dana Gas's track record and relationships, its accomplished Board of Directors and management team and diversified regional shareholding enable Dana Gas to efficiently enter new markets that IOCs and regional NOCs may, for various reasons, be reluctant or unable to enter. Dana Gas therefore believes that by developing partnerships and alliances, it can further develop a network of straegic partnerships and cooperation agreements in the Middle East, North Africa and South Asia (the "**MENASA Region**").

Strong corporate governance

Dana Gas strongly believes in the role of proper corporate governance and its importance in defining appropriate strategic objectives and business plans. In April 2006, a few months after the incorporation of Dana Gas, Dana Gas commissioned the World Bank's advisory group, the International Finance Corporation, to assess corporate governance practices within Dana Gas with a view to improving the efficiency and effectiveness of the Board of Directors of Dana Gas by strengthening the control environment and ensuring that Dana Gas's disclosure and transparency practices were consistent with international standards. To this end, Dana Gas continues to develop and apply policies in relation to environmental and social responsibilities and corporate governance.

The Board of Directors of Dana Gas is committed to ensuring long-term value growth for its shareholders and strongly believes in the role of corporate governance in the realisation of continued growth and in defining appropriate strategic objectives and the business plans furthering such growth. Dana Gas amended its articles of association in 2010 to comply with the requirements of UAE Ministerial Resolution 518-2009 relating to corporate governance standards. The Board of Directors and senior management of Dana Gas implement and follow-up corporate governance practices as a means to developing and improving the standards of transparency, internal control and professional conduct, and to enhance the confidence of shareholders and investors.

Strategy

Dana Gas's goal is to be the leading private-sector integrated natural gas company combining upstream, midstream and downstream business segments operating in the MENASA Region, with a reputation for safety and cost efficiency and to continue to increase its development portfolio across key gas-producing regions. Dana Gas intends to achieve its goal by focusing on the following core strategies:

Focus on the natural gas business in the MENA Region

Dana Gas is focused on the natural gas business, and believes that this focus provides it with a competitive advantage over energy investment companies in the MENA Region which have a less focused energy portfolio. According to the International Energy Agency's World Energy Outlook 2012, natural gas is currently the fastest growing non-renewable sector of the global energy industry. Within the MENA Region the rate of this growth is faster than the global average, growing at 6.9 per cent. during 2012, according to APICORP, a subsidiary of the Organisation of Arab Petroleum Exporting Countries. The MENA Region currently has around 88 Tcm, or 42 per cent., of the world's proven gas reserves.

Dana Gas has defined its sphere of operation as being in those countries in the MENA Region with the most immediate and significant need for investment in the natural gas industry. Dana Gas intends to focus on sustainable growth in the MENA Region across the natural gas value chain. One such opportunity in the MENA Region is reflected in Dana Gas's involvement in the development and promotion of Gas Cities, which are intended to be integrated industrial cities designed for the systematic and comprehensive utilisation of natural gas as fuel and feedstock.

Leverage development track record and continue to focus on operating efficiency

Dana Gas seeks to be the operator on the majority of its projects and will continue to do so, such that it can develop drilling programs and optimisation projects that add value through reserve and production growth and future operational synergies. In addition, Dana Gas seeks to maximise its value by leveraging its technical track record and experienced workforce. Dana Gas also believes the concentration of its interests within certain project areas provides it with the opportunity to capture economies of scale by utilising existing infrastructure and expertise in new projects. Dana Gas's management team is also focused on continuous improvement of Dana Gas's operating efficiency and has significant experience in successfully converting early-stage resource opportunities into reserves with value potential, as evidenced by Dana Gas's discovery of a number of new fields in Egypt from its exploration activities, such as the Allium and Balsam fields in the West El Manzala concession in Egypt, the discovery of which Dana Gas announced in December 2012. Dana Gas will continue to exert downward pressure on its finding and development costs and which Dana Gas anticipates, together with its low cost structure, will contribute to higher margins.

Focus on asset preservation

As a result of acquisitions and expansion in recent years, Dana Gas's operations have grown significantly, increasing its participation in the MENA Region in accordance with its previously defined strategy. Given the current unsettled economic and political environment in a number of the countries in which it operates, Dana Gas's strategy is to re-invest cash flows that arise through receivable collections into activities that will preserve and protect the value of its assets.

Focus on being a full-service provider

Dana Gas is focused on being a full-service provider along the natural gas value chain, which encompasses exploration, production, processing and marketing activities in Egypt, the Kurdistan Region of Iraq and the UAE. Dana Gas believes that this positioning and ability set it apart and differentiate it from the competition. For example IOCs operating in the region are often focused on the export of natural gas rather than domestic industrial use and NOCs in the region are often focused on specific sectors or within confined national boundaries. Dana Gas also engages in risk service contract arrangements in the upstream business segment that give it access to midstream and downstream opportunities, as is the case in the Kurdistan Region of Iraq.

Participation in partnerships and joint ventures

It is Dana Gas's strategy to continue to grow its reserve and production portfolio, as it has done previously through partnerships with local companies and accretive acquisitions. In balance with Dana Gas's established production and development platform, it has also assembled an exploration portfolio, including within its development leases in Egypt. Dana Gas intends to continue creating quality opportunities, pursuing a full-cycle exploration and production business model of re-investing a portion of internally generated revenues to deliver organic reserves development growth. The natural gas business requires large long-term investments. Strategic partnerships and alliances are an integral part of Dana Gas's business strategy. Dana Gas seeks to leverage its regional strengths by building partnerships with both NOCs as well as IOCs, in a manner that will enable it to capture opportunities and enter new markets in the MENASA Region.

In addition, over the past few years Dana Gas has gained a reputation in the regions in which it operates for its technical, operational and financial capabilities, making it an attractive partner in the exploration and development of assets. Dana Gas believes that increasing governmental promotion of local participation in the development of natural resources places it in a favorable position in key areas of operation, creating unique opportunities for growth.

Recent Developments

In February 2013, Dana Gas announced the sale of 1.675 million of its shares held in MOL, realising gross proceeds of U.S.$134 million. Following this sale, Dana Gas held a remaining interest in MOL of 1.486 million shares, representing approximately 1.4 per cent. of the share capital of MOL. The proceeds will be used by Dana Gas to fund business development and short-term obligations.

Restructuring of the Existing Certificates

In November 2012, due to certain liquidity challenges that emerged as a result of challenging external macro-economic and political circumstances in the region, including the problems of payment delays on the part of certain of Dana Gas's counterparties in countries in which Dana Gas operates (namely the KRG in the

Kurdistan Region of Iraq (see "*Dana Gas – Business Description – Business Segments – Kurdistan Region of Iraq*") and various government-owned national oil companies in Egypt (see "*Dana Gas – Business Description – Business Segments – Egypt*")), Dana Gas announced that it had defaulted on the payment of the face amount of its U.S.$1 billion Trust Certificates due on 31 October 2012 (the "**Existing Certificates**"), and the accrued profit thereon in an amount of U.S.$18.75 million. In November 2012, Dana Gas also announced that it was in ongoing discussions, with a view to refinancing the Existing Certificates, with an ad-hoc committee of the holders of the Existing Certificates (the "**Ad-hoc Committee**") comprising the holders of a majority in aggregate outstanding principal amount of the Existing Certificates.

In December 2012, Dana Gas, pursuant to the execution of a lockup and standstill agreement (the "**Lock-up and Standstill Agreement**") with the members of the Ad-hoc Committee, announced that it had reached an agreement with the members of the Ad-hoc Committee on the key commercial terms of a refinancing of the Existing Certificates. As part of the agreement reached with the members of the Ad-hoc Committee, Dana Gas agreed to seek the consent of the holders of the Existing Certificates to amend certains terms and conditions of the Existing Certificates to allow the exchange of the Existing Certificates with the Ordinary Certificates and the Exchangeable Certificates (the terms of which are described under "*Terms and Conditions of the Exchangeable Certificates*" and "*Terms and Conditions of the Ordinary Certificates*"). The Ordinary Certificates and the Exchangeable Certificates described in these Listing Particulars have been issued as part of the refinancing of the Existing Certificates and pursuant to the refinancing arrangement agreed between Dana Gas and the members of the Ad-hoc Committee in the Lock-up and Standstill Agreement.

OVERVIEW OF THE OFFERING

The following overview does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in these Listing Particulars.

Words and expressions defined in "Terms and Conditions of the Exchangeable Certificates" or in "Terms and Conditions of the Ordinary Certificates" shall have the same meanings in this overview, as the context may require.

Unless expressly stated otherwise, references herein to a Condition are to a numbered condition of the Exchangeable Conditions and/or the Ordinary Conditions as the context may require and references to the "relevant Conditions" shall mean: (i) in matters relating to the Exchangeable Certificates, the Exchangeable Conditions; and (ii) in matters relating to the Ordinary Certificates, the Ordinary Conditions.

Certificateholders should note that through a combination of the Mudarabah Agreement, the Purchase Undertaking and the Sale Undertaking, the ability of the Trustee to pay and/or deliver amounts due under the Certificates will depend on Dana Gas. See "Risk Factors".

Trustee	Dana Gas Sukuk Limited (a public company of unlimited duration and with limited liability incorporated in Jersey).
Ownership of the Trustee	The authorised share capital of the Trustee is U.S.$2 consisting of two shares with a nominal value of U.S.$1 each. All of the Trustee's shares have been issued and are held by or on behalf of Bedell Trustees Limited on trust for charitable purposes.
Administration of the Trustee	The affairs of the Trustee are managed by Bedell Trust Company Limited, a corporate services provider regulated by the Jersey Financial Services Commission (the "**Trustee Administrator**"), who will provide, *inter alia*, corporate administrative services and director services for and on behalf of the Trustee pursuant to the corporate services agreement dated 31 October 2007 between the Trustee and the Trustee Administrator, as amended by a side letter dated 5 March 2013 (the "**Corporate Services Agreement**"). The Trustee Administrator's registered office is 26 New Street, St Helier, Jersey, Channel Islands, JE2 3RA.
Dana Gas	Dana Gas PJSC, a public joint stock company incorporated under the laws of the United Arab Emirates.
Mudarib	Dana Gas (in its capacity as the mudarib of the Mudarabah).
Obligor	Dana Gas (in its capacity as obligor under the Purchase Undertaking).
Delegate	Deutsche Trustee Company Limited. Pursuant to the Declaration of Trust, the Trustee shall delegate all of its present and future, powers, trusts, authorities and discretions to the Delegate. The delegation of certain powers, trusts, authorities and discretions shall take effect immediately, without further action, and the delegation in all other cases shall become effective immediately upon the occurrence of a Potential Dissolution Event or a Dissolution Event. In particular, the Delegate shall be entitled to (and, in certain circumstances, subject to being indemnified and/or secured and/or prefunded to its satisfaction, shall be obliged to), following a Dissolution Event, take any enforcement action in the name of the Trustee against either the Obligor or the Mudarib in

	accordance with the Allocation Arrangements. The Trustee will act in accordance with the directions and instructions given to it by the Delegate in the exercise of the relevant delegated powers, following the delegation of powers becoming effective.
Principal Paying and Exchange Agent	The Trustee has appointed Deutsche Bank AG, London Branch as the principal paying and exchange agent (the "**Principal Paying and Exchange Agent**"). The principal paying and exchange agent may appoint further paying and exchange agents (together the "**Paying and Exchange Agents**") in accordance with the terms of the Agency Agreement. In acting under the Agency Agreement and in connection with the Certificates, the Paying and Exchange Agents and the Local Agent shall act solely as agents of the Trustee and, in specified circumstances, the Delegate, and do not assume any obligations towards or relationship of agency or trust for or with any Certificateholders.
Transfer Agent	The Trustee has appointed Deutsche Bank Luxembourg S.A. as transfer agent (the "**Transfer Agent**", and, together with any further or other transfer agents appointed from time to time in respect of the Certificates, the "**Transfer Agents**").
Replacement Agent	The Trustee has appointed Deutsche Bank Luxembourg S.A. as replacement agent (the "**Replacement Agent**", and, together with any further or other replacement agents appointed from time to time in respect of the Certificates, the "**Replacement Agents**").
Calculation Agent	Conv-Ex Advisors Limited.
Registrar	Deutsche Bank Luxembourg S.A.
Agents	The Principal Paying and Exchange Agent, the Transfer Agent, the Replacement Agent, the Calculation Agent and the Registrar.
Principal Security Agent	Deutsche Bank AG, Abu Dhabi Branch.
Egyptian Security Agent	Commercial International Bank (Egypt) S.A.E.
Security Agents	The Principal Security Agent and the Egyptian Security Agent
Local Agent	Bank of Sharjah PSC
Summary of the Transaction Structure and Documents	An overview of the structure of the transaction and the principal cash flows is set out under "*Structure Diagram and Cash flows*" and a description of the principal terms of the Transaction Documents is set out under "*Summary of the Transaction Documents*".
Certificates	U.S.$425,040,000 exchangeable certificates (*Sukuk al-Mudarabah*) due 31 October 2017 (the "**Exchangeable Certificates**") and U.S.$425,040,000 ordinary certificates (*Sukuk al-Mudarabah*) due 31 October 2017 (the "**Ordinary Certificates**" and together with the Exchangeable Certificates, the "**Certificates**").
Closing Date	8 May 2013.
Scheduled Redemption Date	31 October 2017.

Issue Price	The issue price of the Certificates is deemed to be 100 per cent. of the aggregate face amount of the Certificates. However, no cash proceeds will be payable by the Certificateholders in connection with the issue of the Certificates. See "*Dana Gas – Business Description – Restructuring of the Existing Certificates*" for further details of the exchange of the Existing Certificates for the Certificates and certain cash amounts.
Status	Each Certificate represents an undivided ownership interest in the Trust Assets held on trust for the holders of such Certificates pursuant to the Declaration of Trust and will rank *pari passu*, without any preference, with the other Certificates in respect of payments received by or on behalf of the Trustee in respect of the Trust Assets, including any proceeds of enforcement of the Shared Security.
Allocation Arrangements	The Declaration of Trust contains the Allocation Arrangements which regulate, among other things, (i) the giving of consents and waivers in respect of, and the making of amendments to, the Transaction Documents and the Conditions; (ii) the rights of Certificateholders to accelerate the Certificates following the occurrence of a Dissolution Event; (iii) the rights of Certificateholders to take enforcement action in respect of the Shared Security; and (iv) the manner in which proceeds of the Trust Assets and any proceeds of enforcement of the Shared Security will be distributed. See "*Summary of the Allocation Arrangements*".
Shared Security	To secure Dana Gas's obligations under the Purchase Undertaking, Dana Gas and the other persons named below will grant security (and in respect of the Egyptian Assignment Agreement (as defined below), a contractual assignment agreement) in favour of the relevant Security Agent for the benefit of the Trustee, the Delegate, the Certificateholders, the relevant Security Agent and any Receiver (such security being the "**Shared Security**"). The Shared Security shall consist of the following: (a) a first ranking pledge in respect of 100 per cent. of the registered shares in Dana LNG Ventures Ltd. (the "**Security Agreement**"); (b) a first ranking pledge in respect of the share capital of Sajaa Gas Private Limited Company held by Dana Gas (the "**SajGas Share Pledge**"); (c) a first ranking pledge in respect of the share capital of United Gas Transmissions Company Limited held by Dana Gas (the "**UGTC Share Pledge**" and, together with the SajGas Share Pledge, the "**UAE Share Pledges**"); (d) a first ranking mortgage over a plot of land in Sharjah adjacent to the Sajaa Gas facilities owned by Sajaa Gas Private Limited Company (the "**UAE Mortgage**"); (e) a first ranking pledge in respect of 66 per cent. of the share capital of Danagaz W.L.L. (the "**Bahrain Share**

	Pledge"); and (f) a conditional assignment of all present and future receivables owing to Dana Gas Egypt under certain gas sale agreements between Dana Gas Egypt and the relevant counterparty under the gas sale agreement (the "**Egyptian Assignment Agreement**"), in the case of paragraphs (a) to (e) above, in favour of the Principal Security Agent, and in the case of paragraph (f) above, in favour of the Egyptian Security Agent. Dana Gas has provided, *inter alia*, the following undertakings: (a) that it shall, and shall procure that Dana Gas Egypt will, to the extent that the Egyptian Assignment Agreement or the Bahrain Share Pledge has not been executed by the Closing Date, execute the Egyptian Assignment Agreement and the Bahrain Share Pledge as soon as practicable and in any event on or before the date falling forty-five (45) days after the Closing Date; and (b) that it shall (and shall procure that each Security Provider will) at its own expense, take all actions required to perfect the security created or intended to be created under or evidenced by the Security Documents (A) in the case of the Security Agreement, as soon as practicable and in any event on or before the date falling five (5) days after the Closing Date, and (B) in the case of each of the other Security Documents (except for the Existing Security Agreement), as soon as practicable and in any event on or before the date falling forty-five (45) days after the Closing Date. There are certain risks relating to the registration, enforcement and realisation of the Shared Security – see "*Risk Factors – Risks Relating to the Shared Security*".
Form and Delivery of the Certificates	The Certificates will be issued in registered form and will be represented by (i) interests in unrestricted global certificates without coupons attached (the "**Unrestricted Global Certificates**"), and (ii) interests in restricted global certificates, without coupons attached (the "**Restricted Global Certificates**"), which will, in each case, be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg. See "*Clearance and Settlement*". Definitive Certificates evidencing holdings of Certificates will only be issued in exchange for interests in the Global Certificates in certain limited circumstances. See "*Summary of Provisions relating to the Certificates while in Global Form*" and "*Clearance and Settlement*".
Clearance and Settlement	Holders of the Certificates will hold interests in the Global Certificates in book-entry form through each of Euroclear or Clearstream, Luxembourg. Transfers within Euroclear or Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearance

	system. See "*Clearance and Settlement*".
Denominations	The Certificates will be issued in minimum denominations of U.S.$45,000 and integral multiples of U.S.$10 in excess thereof.
Periodic Distribution Dates	31 January, 30 April, 31 July and 31 October in each year commencing on 31 July 2013.
Periodic Distributions	On each Periodic Distribution Date, Certificateholders will receive a Periodic Distribution Amount, payable in cash, from moneys received in respect of the Trust Assets. All payments of Periodic Distribution Amounts will be made subject to and in accordance with Condition 5 (*Periodic Distributions*).
Redemption	Unless previously redeemed or purchased and cancelled and subject (in the case of the Exchangeable Certificates only) to the exercise by the Trustee of its discretion pursuant to Condition 6.7 (*Discretion of the Trustee to exercise*) of the Exchangeable Conditions, the Certificates shall be redeemed in full by the Trustee on the Scheduled Redemption Date in cash for an amount equal to the Standard Redemption Amount as at such date. The Trust shall be dissolved only following such payment in full in respect of both the Exchangeable Certificates and the Ordinary Certificates.
Exchange Price and Adjustment (Exchangeable Certificates)	Upon an exchange of Exchangeable Certificates, the number of Shares to be delivered (if any) and the amount to be paid in cash to the Exercising Certificateholder will be determined in accordance with Condition 6.1(e), Condition 6.4(d), Condition 6.5(d) and Condition 6.7(e) – (h) by reference to the Nominal Exchange Price and the Effective Exchange Price. The Nominal Exchange Price is initially set at AED1.00 as under UAE law, Dana Gas may not issue Shares for less than AED1.00. The Nominal Exchange Price shall be subject to adjustment solely upon any alteration to the nominal value of the Shares as a result of a consolidation in the manner contemplated in Condition 6.17(b)(i) of the Exchangeable Conditions. The Effective Exchange Price is initially set at AED0.75. The Effective Exchange Price shall be subject to adjustment only in accordance with Condition 6.17(b) of the Exchangeable Conditions, including upon (i) an alteration to the nominal value of the Shares as a result of a consolidation or subdivision, (ii) any Dividend being paid or made on the Shares or (iii) for the Change of Control Period, the occurrence of a Change of Control.
Certificateholder Voluntary Early Redemption (Exchangeable Certificates)	Pursuant to the Exchangeable Conditions, each Exchangeable Certificateholder will have the right to elect, at any time during the Exercise Period, to have its Exchangeable Certificates redeemed early, subject always to the satisfaction of certain requirements as more particularly set out in Condition 6.1 (*Voluntary Early Redemption*) of the Exchangeable Conditions. In order to exercise such right, an Exchangeable Certificateholder (the "**Exercising Certificateholder**") is required, among other things, to give a Voluntary Early Redemption Notice to the Principal Paying and Exchange Agent during the Exercise Period (as defined

	in Condition 22 (*Definitions and Interpretation*) of the Exchangeable Conditions and fulfil certain conditions (as more particularly set out in Condition 6.1 (*Voluntary Early Redemption*) of the Exchangeable Conditions) The Exchangeable Conditions provide that Exchangeable Certificateholder voluntary early redemptions may only occur twice in each month, save that during certain periods (including, but not limited to, the six month period commencing on the day falling six months immediately preceding the Scheduled Redemption Date) voluntary early redemptions may occur weekly. Condition 6.1(b) of the Exchangeable Conditions sets out the basis for determining the date on which Voluntary Early Redemption Notices are deemed to be received for the purposes of the foregoing. Following receipt of the Voluntary Early Redemption Notice and the relevant Exchangeable Certificates the Trustee shall be deemed to have elected to redeem the relevant Exchangeable Certificates on the corresponding Voluntary Early Redemption Date by way of Physical Settlement unless the Trustee notifies the Exercising Certificateholders within three Business Days following the Notification Date that it elects to redeem the relevant Exchangeable Certificates by way of Cash Settlement. If Physical Settlement applies, subject to any applicable foreign ownership restrictions or other circumstances preventing delivery of Shares (as described in Condition 6.12 (*Disruption Event*), Condition 6.14 (*Foreign Ownership*) and Condition 6.15 (*Inability to deliver*), an Exercising Certificateholder shall be entitled to receive a number of Shares determined by reference to the Nominal Exchange Price and an amount in cash determined by reference to the Effective Exchange Price (or, in lieu of such cash, additional Shares), all as more particularly described in Condition 6.8 (*Physical Settlement*) of the Exchangeable Conditions. If Cash Settlement applies, an Exercising Certificateholder shall be entitled to receive an amount in cash as more particularly described in Condition 6.9 (*Cash Settlement*) of the Exchangeable Conditions.
Dissolution Event – Early Redemption	Following the occurrence of a Dissolution Event, the Certificates may, subject to Condition 13 (*Dissolution Events*) of the relevant Conditions and the Allocation Arrangements, be redeemed in full on the Early Redemption Date in cash at the Standard Redemption Amount. The Trust shall only be dissolved following redemption of both the Exchangeable Certificates and the Ordinary Certificates in full. See Condition 6.3 (*Dissolution Event – Early Redemption*) of the Exchangeable Conditions and Condition 6.2 (*Dissolution Event – Early Redemption*) of the Ordinary Conditions.
Redemption at the Option of the Trustee (Ordinary Certificates)	The Trustee may, at any time or times, on giving not less than 28 days nor more than 32 Business Days' notice, redeem the Ordinary Certificates in whole or in part, in cash, for an amount equal to the aggregate of: (i) the aggregate face amount outstanding of the Ordinary Certificates to be redeemed on the relevant Optional Redemption Date; (ii) an

	amount equal to the applicable Optional Redemption Premium; and (iii) all unpaid accrued Periodic Distribution Amounts and all other accrued and unpaid distribution amounts (if any) due and payable in respect of the Ordinary Certificates to be redeemed on the relevant Optional Redemption Date. The applicable Optional Redemption Premium will be calculated as a percentage of the aggregate face amount outstanding of the Ordinary Certificates to be redeemed on the relevant Optional Redemption Date, such percentage being determined by reference to the period during which redemption occurs as follows: (i) where the Optional Redemption Date falls in the period from and including the Closing Date to but excluding 31 October 2013, 9 per cent.; (ii) where the Optional Redemption Date falls in the period from and including 31 October 2013 to but excluding 31 October 2014, 5 per cent.; (iii) where the Optional Redemption Date falls in the period from and including 31 October 2014 to but excluding 31 October 2015, 3 per cent.; (iv) where the Optional Redemption Date falls in the period from and including 31 October 2015 to but excluding 31 October 2016, 2 per cent.; and (v) where the Optional Redemption Date falls within the period from and including 31 October 2016 to but excluding the Scheduled Redemption Date, 0 per cent., in the manner described in Condition 6.3 (*Redemption at the Option of the Trustee*) of the Ordinary Conditions.
Redemption at the Option of the Trustee (Exchangeable Certificates)	The Trustee may, at any time or times on or after 31 October 2013 and prior to the last day of the Exercise Period applicable to Condition 6.4 (*Redemption at the Option of the Trustee*) of the Exchangeable Conditions, on giving not less than 28 and not more than 32 Business Days' notice partially redeem the Exchangeable Certificates in the relevant Optional Partial Redemption Portion on the Optional Partial Redemption Date, provided that (i) the aggregate face amount payable by way of such partial redemption shall not exceed U.S.$212,520,000 during any six month period in which the Trustee is permitted to issue an Optional Partial Redemption Notice; and (ii) all unpaid accrued Periodic Distribution Amounts and all other accrued and unpaid distribution amounts (if any) due and payable under the Exchangeable Conditions up to but excluding the relevant Optional Partial Redemption Date are also paid on such date. Any such partial redemption shall be subject to and in accordance with Condition 6.4 (*Redemption at the Option of the Trustee*) of the Exchangeable Conditions which sets out the terms on which the Trustee is entitled to exercise such option to partially redeem, including that it may not give more than one Optional Partial Redemption Notice in any six month period and it may not deliver an Optional Partial Redemption Notice unless, on each of at least 20 Trading Days in any period of 30 consecutive Trading Days ending not earlier than five days prior to the giving of the Optional

	Partial Redemption Notice, the Aggregate Value exceeds U.S.$20 on the relevant Trading Day. In addition, if at any time the aggregate face amount of the Exchangeable Certificates outstanding is less than 10 per cent. of the aggregate face amount originally issued, the Trustee shall have the option on giving not less than 28 and not more than 32 Business Days' notice to redeem such outstanding Exchangeable Certificates in whole but not in part at the Standard Redemption Amount on the Trustee Early Redemption Date. Any such redemption shall be subject to and in accordance with Condition 6.4 (*Redemption at the Option of the Trustee*) of the Exchangeable Conditions. If the Trustee exercises its option to redeem some or all of the Exchangeable Certificates in accordance with Condition 6.4 (*Redemption at the Option of the Trustee*) of the Exchangeable Conditions, each Exchangeable Certificateholder will have the option to elect to receive Shares in respect of its relevant Optional Partial Redemption Portion or its outstanding Exchangeable Certificates, as the case may, be by delivering an Early Redemption Exchange Notice in accordance with Condition 6.1 (d) following receipt of which, the Trustee shall be deemed to have elected to repay such portions by way of Physical Settlement unless the Trustee notifies the relevant Exchangeable Certificateholder and the Principal Paying and Exchange Agent within three Business Days following the date of delivery of the relevant Early Redemption Exchange Notice that the Trustee elects to redeem by way of Cash Settlement at the Cash Settlement Amount. Upon making such an election, subject to certain exceptions, Exchangeable Certificateholders shall be entitled to a combination of cash and Shares (if Physical Settlement applies) or cash only (if Cash Settlement applies), in each case as more particularly described in Condition 6.4 (*Redemption at the Option of the Trustee*) of the Exchangeable Conditions.
Redemption for Change of Control	Upon the occurrence of a Change of Control, and subject as more particularly set out in Condition 6.5 (*Redemption for Change of Control*) of the Exchangeable Conditions and Condition 6.4 (*Redemption for Change of Control*) of the Ordinary Conditions, each Certificateholder will have the right to require the Trustee to redeem its Certificates in whole but not in part on the Change of Control Put Date at an amount equal to 101 per cent. of the aggregate face amount of the Certificates to be redeemed on such date plus all unpaid accrued Periodic Distribution Amounts and other accrued and unpaid distribution amounts (if any) due and payable under the relevant Conditions in respect of the Certificates as at the Change of Control Put Date. An Exchangeable Certificateholder shall not be permitted to serve a Voluntary Early Redemption Notice for any Exchangeable Certificates in respect of which a Change of Control Put Exercise Notice has been delivered to a Paying and Exchange Agent. However, if a Change of Control does occur, an Exchangeable Certificateholder will, during the

	relevant Change of Control Period, have the right to submit a Voluntary Early Redemption Notice and the Effective Exchange Price will be adjusted in accordance with Condition 6.17(b)(vi) during such period. The amount of cash to be paid and Shares to be delivered to Exercising Certificateholders during the Change of Control Period will be calculated in accordance with Condition 6.5(d). A "**Change of Control**" occurs when (i) an Offer in respect of the Shares (other than a Newco Scheme, being a scheme of arrangement which effects the interposition of a limited liability company between the shareholders of Dana Gas existing immediately prior to the scheme of arrangement and Dana Gas and which satisfies certain conditions, as more particularly described in Condition 22.1 (*Definitions*)) has been recommended by the board of directors of Dana Gas; (ii) an Offer (other than a Newco Scheme) in respect of the Shares has become or been declared unconditional in all respects and Dana Gas becomes aware that the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Shareholders has or will become unconditionally vested in the offeror and/or any associates(s) of the offeror; or (iii) an event occurs which has a like or similar effect. See Condition 6.5 (*Redemption for Change of Control*) of the Exchangeable Conditions and Condition 6.4 (*Redemption for Change of Control*) of the Ordinary Conditions.
Redemption for Taxation Reasons	Where either (a) the Trustee has or will become obliged to pay additional amounts pursuant to Condition 11 (*Taxation*), or (b) the Trustee has received notice from the Mudarib that it has or will become obliged to pay additional amounts pursuant to the terms of the Mudarabah Agreement to ensure that the funds available to the Trustee are sufficient to pay the relevant Periodic Distribution Amount, in either case as a result of any change in, or amendment to, the laws or regulations of the United Arab Emirates or Jersey (or any change in the application or official interpretation of such laws or regulations) becoming effective on or after the Closing Date and, in each case, such obligation cannot be avoided by the Trustee or the Mudarib, as the case may be, taking reasonable measures available to it, provided that certain conditions are satisfied, the Trustee will be entitled to redeem the Certificates in whole but not in part at an amount equal to the aggregate face amount of the Certificates that are to be redeemed on the corresponding Tax Redemption Date plus all accrued and unpaid Periodic Distribution Amounts and all other accrued and unpaid distribution amounts (if any) payable under the relevant Conditions on such date in respect of such Certificates. If the Trustee exercises its option to redeem the Exchangeable Certificates in accordance with Condition 6.6 (*Redemption for Taxation Reasons*) of the Exchangeable Conditions, each Exchangeable Certificateholder will have the right to elect that its Exchangeable Certificate(s) shall not be redeemed and that the provisions of Condition 11 (*Taxation*) shall not apply in respect of any payment of any amounts to be made in respect of such Exchangeable

	Certificate(s) which falls due after the Tax Redemption Date, such that no additional amounts shall be payable in respect thereof pursuant to Condition 11 (*Taxation*) and payment of all amounts shall be made subject to the deduction or withholding of the taxation required by the United Arab Emirates or Jersey, as the case may be. See Condition 6.6 (*Redemption for Taxation Reasons*) of the Exchangeable Conditions and Condition 6.5 (*Redemption for Taxation Reasons*) of the Ordinary Conditions.
Discretion of Trustee to exercise (Exchangeable Certificates)	The Trustee is entitled to elect, in certain circumstances as more particularly described in Condition 6.7 (*Discretion of the Trustee to exercise*) of the Exchangeable Conditions, to serve a notice (a "**Trustee Exercise Notice**") electing on behalf of all holders of Exchangeable Certificates then outstanding in respect of which a Voluntary Early Redemption Notice has not been served and which have not been duly presented for redemption by the relevant Exchangeable Certificateholder before the date of any such election by the Trustee (such Certificates, the "**Unexercised Exchangeable Certificates**") to exchange such Unexercised Exchangeable Certificates for a combination of cash and Shares determined in accordance with Condition 6.7(g) and Condition 6.7(h) on the Scheduled Redemption Date instead of payment in cash of the Standard Redemption Amount on such date. The terms of such exercise by the Trustee of its discretion to serve a Trustee Exercise Notice are set out in Condition 6.7(b) of the Exchangeable Conditions, including that (i) all consents and approvals in respect of the issue of Shares to the Trustee have been obtained and (ii) the Trustee is advised by an independent investment bank of international repute that the Relevant Share Amount (when taken together with fees, costs, commissions, charges, taxes, expenses or any other liability which may be incurred in connection with the sale of any such Shares) exceeds the Standard Redemption Amount which would otherwise be payable in respect of such Unexercised Exchangeable Certificates on the Scheduled Redemption Date. Following service of such Trustee Exercise Notice, the Unexercised Exchangeable Certificates shall be redeemed either by way of the Physical Settlement Option or (if the Obligor so elects) by way of Cash Settlement, each as more particularly described in Condition 6.7 (*Discretion of the Trustee to exercise*) of the Exchangeable Certificates. In the event that the Physical Settlement Option applies, the *pro rata* distribution of the amount of the Net Proceeds of Sale, the Top-Up Amount (if any) and the Further Cash Payment in respect of the Unexercised Exchangeable Certificates to a holder of Unexercised Exchangeable Certificates pursuant to Condition 6.7(h) shall be treated for all purposes as the full amount due from the Trustee in respect of such Unexercised Exchangeable Certificates. Accordingly, notwithstanding an election for the Physical Settlement Option to apply, Exchangeable Certificateholders shall only be entitled to receive amounts due following service of any Trustee

	Exercise Notice in cash.
Physical Settlement (Exchangeable Certificates)	If Physical Settlement applies on a Voluntary Early Redemption Date or an Optional Partial Redemption Date, the relevant Exchangeable Certificates shall be redeemed in full by, or on behalf of, the Trustee on the Voluntary Early Redemption Date or Optional Partial Redemption Date, as the case may be (i) by the issue and/or delivery to the relevant Exchangeable Certificateholder of a number of Shares calculated by reference to the Nominal Exchange Price, in accordance with Condition 6.1(e) or Condition 6.4(d) of the Exchangeable Conditions, as the case may be, and (ii) (A) by payment to the relevant Exchangeable Certificateholder of an amount in cash equal to the Differential Amount (being the difference between (a) the market value of the Shares that would have been received had the Exchangeable Certificates instead been exchanged at the Effective Exchange Price and (b) the market value of the Shares actually received on exchange at the Nominal Exchange Price) or (B) at Dana Gas's option, by the issue and/or delivery to such Exchangeable Certificateholder of the relevant number of Differential Amount Shares (being such number of Shares the market value of which is equal to the Differential Amount), in each case subject to Condition 6.12 (*Disruption Event*), Condition 6.14 (*Foreign Ownership*) and Condition 6.15 (*Inability to deliver*) of the Exchangeable Conditions all as more particularly described in Condition 6.8 (*Physical Settlement*) of the Exchangeable Conditions. In view of the requirements under the laws of the Emirate of Abu Dhabi and the applicable federal laws of the United Arab Emirates for completing various formalities required in connection with an issue of share capital, Exchangeable Certificateholders should be aware that it may take at least 20 Trading Days following the service of a Voluntary Early Redemption Notice or an Early Redemption Exchange Notice or, as the case may be, following exercise by the Trustee of its discretion pursuant to Condition 6.7 (*Discretion of the Trustee to exercise*) of the Exchangeable Conditions, for newly issued Shares to be delivered to the relevant Exchangeable Certificateholder. However, there can be no assurances that such formalities will be completed prior to the relevant Redemption Date or at all. The consequences of any inability to deliver Shares are set out in Condition 6.14 (*Foreign Ownership*) and Condition 6.15 (*Inability to deliver*) of the Exchangeable Conditions. Any such payment of cash or delivery of Shares shall be subject to and in accordance with Condition 6.8 (*Physical Settlement*) of the Exchangeable Conditions.
Cash Settlement (Exchangeable Certificates)	If the Trustee has elected that Cash Settlement shall apply on a Voluntary Early Redemption Date or an Optional Partial Redemption Date, the relevant Exchangeable Certificates shall be redeemed in full by payment of an amount equal to the Voluntary Early Redemption Amount to the Exercising Certificateholder on the Voluntary Early Redemption Date or, as the case may be, in part by payment of an amount equal to the Optional Partial Redemption Amount to the relevant Certificateholder on the Optional Partial Redemption

	Date. Any such payment of cash shall be subject to and in accordance with Condition 6.9 (*Cash Settlement*) of the Exchangeable Conditions.
Foreign Ownership (Exchangeable Certificates)	As of the date of these Listing Particulars, both UAE law and the memorandum and articles of association of Dana Gas restrict the number of Shares that may be issued to persons or entities that are Non-GCC Persons or entities that have Non-GCC Persons as shareholders. Where Shares are due to be issued to Non-GCC Certificateholders in accordance with the Exchangeable Conditions, the Trustee shall procure that the Principal Paying and Exchange Agent and the Calculation Agent are notified of (i) the proportion and number of Shares then held by Non-GCC Persons, and (ii) if all the Shares due to be issued on the relevant Settlement Date to Non-GCC Certificateholders in accordance with the Exchangeable Conditions were to be issued, whether in the opinion of the Trustee (acting in accordance with information provided to it by the Obligor), such issue would breach any applicable Foreign Ownership Restrictions. If the Trustee determines that such issue would breach the applicable Foreign Ownership Restrictions, then the Calculation Agent shall calculate (i) the number of Shares that may be issued to Non-GCC Certificateholders without breaching such restrictions and (ii) the number of such Shares which may be issued to each Non-GCC Certificateholder (such amount to be calculated on a *pro rata* basis). Any such determination shall be made in accordance with the detailed procedures set out in Condition 6.14 (*Foreign Ownership*) of the Exchangeable Conditions.
Inability to deliver (Exchangeable Certificates)	If (a) at any time when the issue to any Exchangeable Certificateholder of Shares is required, such issue would be impossible or unlawful under any applicable laws or regulations or the Trustee is otherwise prohibited or restricted by the applicable rules and regulations of the Exchange from delivering all or part of the Shares to Exchangeable Certificateholders (whether as a consequence of Foreign Ownership Restrictions, a failure to obtain the requisite consents or approvals or any other reason), or (b) the Trustee has failed, or is otherwise unable, to deliver and issue all or part of the Shares to any Exchangeable Certificateholder on the corresponding Settlement Date, the Trustee shall pay the Foreign Ownership Amount in respect of such Non-Deliverable Shares in cash no later than the relevant Settlement Date in the manner more particularly described in Condition 6.15 (*Inability to Deliver*) of the Exchangeable Conditions.
Shares	Any Shares issued and allotted or transferred and delivered to Exchangeable Certificateholders pursuant to the Exchangeable Conditions will be fully paid Shares of Dana Gas admitted to listing on the Exchange and will rank *pari passu* in all respects with fully paid Shares of Dana Gas in

	issue. See Condition 6.10 (*Shares*) of the Exchangeable Conditions.
Purchase and Cancellation of Certificates	The Trustee, Dana Gas and any Subsidiary of Dana Gas may at any time purchase any Certificates in the open market or otherwise at any price (subject to the requirements (if any) of any stock exchange on which the Certificates may be admitted to listing and trading at the relevant time and subject in each case to compliance with applicable law and regulation) and all such purchased Certificates shall be surrendered to the Principal Paying and Exchange Agent for cancellation and may not be held, re-issued or re-sold.
Compulsory Sale	If, at any time, the Trustee determines that any beneficial owner of Exchangeable Certificates, or any account for which such owner purchased Exchangeable Certificates, who is required to be a QP is not in fact such a QP, the Trustee may: (i) compel such beneficial owner to sell its Exchangeable Certificates to: (A) a person who is not a U.S. person within the meaning of Regulation S under the Securities Act; or (B) a person who is a QIB that is also a QP; or (C) a person who is an AI that is also a QP and who, in each case, is otherwise qualified to purchase such Exchangeable Certificates in a transaction exempt from registration under the Securities Act; or (ii) compel such beneficial owner to sell such Exchangeable Certificates to the Trustee or an affiliate thereof at a price equal to the lessor of: (x) the purchase price paid by the beneficial owner for such Exchangeable Certificates; (y) 100 per cent. of the face amount thereof; or (z) the fair market value thereof as determined in good faith by the board of directors of the Trustee. The Trustee has the right to refuse to register or otherwise honour the transfer of interests in such Exchangeable Certificates to a person who is not: (i) a QIB that is also a QP; or (ii) an AI that is also a QP.
The Trust Assets	Pursuant to the Declaration of Trust, the Trustee will declare a trust for the benefit of the Certificateholders over all of its rights, title, interest and benefit, present and future, in, to and under the Mudarabah Assets and each of the Transaction Documents (other than in relation to any representations given to the Trustee by the Obligor or the Mudarib pursuant to any of the Transaction Documents), all moneys, which may now be, or hereafter from time to time are, standing to the credit of the Transaction Account, all Shares, which may now be or hereafter from time to time are, held in the Custody Account in connection with the Exchangeable Certificates and all proceeds of the foregoing (together, the "**Trust Assets**").
Allocation Arrangements	The Declaration of Trust provides certain allocation arrangements (as set out in schedule 5 to the Declaration of Trust) which will regulate, among other things (i) the giving of consents and waivers in respect of, and the making of amendments to, the Transaction Documents and the Conditions, (ii) the rights of Certificateholders to accelerate the Certificates following the occurrence of a Dissolution Event, (iii) the rights of Certificateholders to take enforcement action in respect of the Shared Security, and (iv) the manner in which proceeds of the Trust Assets and of

	enforcement of the Shared Security will be distributed. See "*Summary of the Allocation Arrangements*".
Transaction Account	All payments by either the Mudarib or the Obligor to the Trustee for the Certificateholders under each Transaction Document to which it is party will be deposited into an account of the Trustee maintained for such purpose (the "**Transaction Account**"), details of which are set out in the Agency Agreement. The Principal Paying and Exchange Agent will maintain the Transaction Account on behalf of the Trustee. Distributions of moneys derived from the Trust Assets will be made to holders of the Ordinary Certificates and the Exchangeable Certificates on a *pari passu* basis from funds standing to the credit of the Transaction Account.
Custody Account	All deliveries of Shares by the Obligor to the Trustee under the Purchase Undertaking shall be made either directly to the relevant account of the relevant Exchangeable Certificateholder or to the account (or accounts) of the Trustee maintained for such purposes (the "**Custody Account**").
Limited Recourse	Each Certificate represents an undivided ownership interest in the Trust Assets. No payment and/or delivery of any amount or, in the case of the Exchangeable Certificates, issue of any Shares whatsoever shall be made in respect of the Certificates by the Trustee or the Trust or any agents thereof except to the extent that, in the case of payments, funds are available therefor from the Trust Assets and, in the case of issue and/or delivery of Shares in respect of the Exchangeable Certificates, such Shares are available therefor from the Trust Assets. Certificateholders have no recourse for the payment of any amount owing in respect of the Certificates and/or for the issue and/or delivery of any Shares due in respect of the Exchangeable Certificates against the Obligor or the Mudarib (to the extent that each fulfils all of its obligations under the relevant Transaction Documents to which it is a party), or any of the Trustee, the Delegate or the Agents or the Trust to the extent the Trust Assets have been exhausted following which all obligations of the Trustee and the Trust shall be extinguished. If, following distribution of the net proceeds of the realisation of, or enforcement with respect to, the Trust Assets, there remains a shortfall in payments and/or deliveries due under the Certificates, no Certificateholder will be able to petition for, or join any other person in instituting proceedings for, the re-organisation, liquidation, winding up or receivership of any of the Trustee, the Obligor and the Mudarib (to the extent that each fulfils all of its obligations under the relevant Transaction Documents to which it is a party), or any of the Trustee, the Trust, the Delegate, the Agents or any of their affiliates as a consequence of such shortfall or otherwise. See Condition 3.2 (*Limited Recourse*) of the relevant Conditions.
Withholding Tax	All payments in respect of the Certificates shall be made in

	full without withholding or deduction for, or on account of, any present or future taxes, levies, duties, fees, assessments or other charges of whatever nature, imposed, collected, withheld, assessed or levied by or on behalf of the United Arab Emirates or Jersey or any political subdivision or any authority thereof or therein having power to tax, and all charges, penalties or similar liabilities with respect thereto ("**Taxes**"), unless the withholding or deduction of such Taxes is required by law. In such event, the Trustee shall be required, save in the limited circumstances provided in Condition 11 (*Taxation*) of the relevant Conditions, to pay additional amounts so that the full amount which otherwise would have been due and payable under the Certificates (if no such withholding or deduction had been made or required to be made) is received by parties entitled thereto. Except in circumstances contemplated by Condition 6.6(d) of the Exchangeable Conditions, all payments to be made by the Obligor pursuant to the Purchase Undertaking or the Mudarib pursuant to the Mudarabah Agreement shall be made without withholding or deduction for, or on account of Tax unless the withholding or deduction of such Taxes is required by law. In such event the Obligor will be required, pursuant to the Purchase Undertaking or the Mudarabah Agreement, as the case may be, to pay to the Trustee additional amounts (which amounts will be applied towards payment in respect of the Certificates) so that the Trustee will receive the full amount which would otherwise be due and payable.
Listing	Applications have been made to list each of the Ordinary Certificates and the Exchangeable Certificates on the Official List of the Irish Stock Exchange and to admit them to trading on the Global Exchange Market of the Irish Stock Exchange.
Certificateholder Meetings	A summary of the provisions for convening meetings of Certificateholders to consider matters relating to their interests as such is set out in Condition 17 (*Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination*) and "*Summary of the Allocation Arrangements*".
Tax Considerations	See "*Tax Considerations*" for a description of certain U.S., UAE, Jersey and European Union tax considerations applicable to the Certificates.
Transfer Restrictions	The Certificates have not been and will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction. See "*Transfer Restrictions*" for a description of the restrictions on transferability and resale of Restricted Certificates represented by a Restricted Global Certificate.
Governing Law and Jurisdiction	The Declaration of Trust, the Agency Agreement, the Purchase Undertaking, the Sale Undertaking, the Security Agreement, the Security Agency Agreement, the Ordinary Certificates and the Exchangeable Certificates will be governed by English law and subject to the non-exclusive jurisdiction of the English Courts. The Mudarabah Agreement, the UAE Share Pledges and the UAE Mortgage will be governed by the laws of the UAE.

The courts of the UAE have non-exclusive jurisdiction to hear all disputes relating to the Mudarabah Agreement and the UAE Share Pledges, and exclusive jurisdiction to hear all disputes relating to the UAE Mortgage.

The Bahrain Share Pledge will be governed by the laws of the Kingdom of Bahrain.

The Egyptian Assignment Agreement will be governed by Egyptian law.

RISK FACTORS

The holding of Certificates may involve substantial risk and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of holding the Certificates. Before making an investment decision, prospective Certificateholders should carefully consider the risk factors relating to the Trustee, Dana Gas and Dana Gas's business and the industry and jurisdictions in which it operates and the risks relating to the Certificates, together with all other information contained in these Listing Particulars.

Each of the Trustee and Dana Gas believes that the factors described below represent the material risks of holding the Certificates, but the inability of the Trustee to pay any amounts on or in connection with any Certificate and/or the inability of Dana Gas to pay any amounts under the Transaction Documents may occur for other reasons and neither the Trustee nor Dana Gas represents that the statements below regarding the risks of holding any Certificate are exhaustive. Additional risks and uncertainties that are not currently known to the Trustee or Dana Gas, or that they currently deem immaterial, may also have a material adverse effect on the ability of the Trustee to pay any amounts on or deliver any Shares in connection with the Certificates or the ability of Dana Gas to pay any amounts under the Transaction Documents. If any or a combination of these risks actually occurs, Dana Gas's business, reputation, financial condition and/or results of operations could be adversely affected. In such case, the price of the Certificates may decline and investors could lose all or part of their investment. In these risk factors, references to the "Group" are to Dana Gas, its subsidiaries, CNGCL and Pearl, unless otherwise specified.

Risks Relating to the Trustee

Limited operating history

The Trustee has no operating history other than: (i) the issuance of the Existing Certificates in October 2007, the execution and performance of all documents relating thereto to which it was expressed to be a party and the exercise of related rights and powers and other activities incidental thereto; and (ii) the solicitation of consents from the holders of the Existing Certificates in March 2013 to, *inter alia*, certain amendments and waivers of certain terms and conditions of the Existing Certificates, which included the modification of the conditions of the Existing Certificates to insert a mandatory call feature, the exercise of which, on the satisfaction of certain conditions, authorised the Trustee to exchange the Existing Certificates for an equal aggregate amount of the Ordinary Certificates and the Exchangeable Certificates.

The Trustee has no material assets other than the Trust Assets. The Trustee's principal source of funds will be its entitlement to its share of profit and the proceeds of liquidation of the Mudarabah Assets under the Mudarabah Agreement and amounts payable by Dana Gas under the terms of the Purchase Undertaking and/or the Sale Undertaking. The Trustee is therefore subject to all the risks applicable to Dana Gas and its business.

Limited recourse

The Certificates are limited recourse obligations of the Trustee. Recourse to the Trustee is limited to the Trust Assets and proceeds of the Trust Assets are the sole source of payments on the Certificates. Upon occurrence of a Dissolution Event, the only remedy available to Certificateholders will be to require the Trustee to serve an Exercise Notice and exercise the option under the Purchase Undertaking to require Dana Gas to purchase the assets of the Mudarabah at the Exercise Price and to take steps to enforce the Shared Security if Dana Gas fails to pay amounts due following service of an Exercise Notice. Certificateholders will otherwise have no recourse to any assets of the Trustee (including its directors and corporate services provider), the Delegate, Dana Gas (in each of its respective capacities under the Transaction Documents) or the Agents or any affiliate of any of the foregoing entities in respect of any shortfall in any amounts realised from the Trust Assets (to the extent that each fulfils its obligations under the relevant Transaction Documents to which it is a party). Dana Gas is obliged to make its payments under the Transaction Documents to which it is a party directly to the Trustee, and the Trustee, as trustee for the benefit of the Certificateholders, will have direct recourse against Dana Gas to recover payment due to the Trustee from Dana Gas pursuant to the Transaction Documents to which Dana Gas is a party. There can be no assurance that the proceeds of the realisation of, or the enforcement with respect to, the Trust Assets will be sufficient to make all payments due in respect of the Certificates.

After enforcing the rights in respect of the Trust Assets (in the manner described above) and distributing the net proceeds of such Trust Assets in accordance with Clause 7.9 (*Application of Proceeds from Trust Assets*) of the

Declaration of Trust, the obligations of the Trustee in respect of the Certificates shall be satisfied and neither the Delegate nor any Certificateholder may take any further steps against the Trustee to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents. The sole right of the Trustee, the Delegate and the Certificateholders against Dana Gas shall be to enforce the obligation of Dana Gas to perform its obligations under the Transaction Documents to which it is a party, which shall (for the avoidance of doubt) include their rights to exercise the Purchase Undertaking in accordance with the provisions thereof and their right as Secured Parties to enforce the Shared Security in accordance with the Allocation Arrangements set out in the Declaration of Trust.

Risks Relating to Dana Gas

Dana Gas has recently defaulted on payment of principal and accrued periodic distribution amounts due on 31 October 2012 in respect of its U.S.$1 billion Exchangeable Trust Certificates as a result of challenges faced in collecting outstanding receivables in Egypt and the Kurdistan Region of Iraq, and there is a significant risk that Dana Gas may continue to face such challenges

In November 2012, Dana Gas announced that it had defaulted on payment of principal and accrued distribution amounts due on 31 October 2012 in respect of its U.S.$1 billion Exchangeable Trust Certificates (the "**Existing Certificates**"). This non-payment was due to payment delays in countries in which Dana Gas operates, namely the Kurdistan Region of Iraq (the only constitutionally recognised "region" in Iraq) and Egypt. If Dana Gas's liquidity situation and inability to collect all of its outstanding receivables do not improve sufficiently, Dana Gas may be unable to pay its debts (including the Certificates) in future as they fall due and Dana Gas may be forced to seek refinancing of its debts (including the Certificates).

In December 2012, Dana Gas, pursuant to the signing of a lockup and standstill agreement with an Ad-hoc Committee of Certificateholders at the time holding over 50 per cent. of the outstanding Existing Certificates, represented by BlackRock Investment Management, LLC and Ashmore Investment Management Limited, announced the terms of the refinancing of the Existing Certificates, which included a reduction of outstanding debt to U.S.$850,080,000 via cancellation of U.S.$80,000,000 of Existing Certificates already owned by Dana Gas and a cash pay-down of U.S.$69,920,000. The remaining U.S.$850,080,000 is proposed to be split into two tranches: an ordinary instrument of U.S.$425,040,000 (the "**Ordinary Certificates**") and an exchangeable instrument of U.S.$425,040,000 (the "**Exchangeable Certificates**"), each with a five-year maturity. On account of the reasons above, if Dana Gas's liquidity situation and challenges in collecting outstanding receivables do not improve sufficiently, Dana Gas may be unable to pay the Ordinary Certificates and the Exchangeable Certificates as they fall due, which may result in Dana Gas having to default in the future on payment of amounts due in respect of these Certificates.

The consent solicitation by Dana Gas in relation to the U.S.$1 billion Exchangeable Trust Certificates may not be successful

As a result of the non-payment by Dana Gas of amounts falling due under the Existing Certificates, Dana Gas is soliciting consents (the "**Consent Solicitation**") from the holders of the Existing Certificates to, *inter alia*, certain proposed amendments and waivers of certain terms and conditions of the Existing Certificates. The effectiveness of the proposed amendments and waivers is conditional upon an extraordinary resolution (the "**Extraordinary Resolution**") having been duly passed by at least 75 per cent. of Certificateholders voting at a duly convened meeting of Certificateholders or their representatives representing more than half in aggregate face amount of the Certificates then outstanding. In the event of the receipt of sufficient consents to approve the proposed amendments and waivers, the Existing Certificates shall be amended to, *inter alia*, insert a call option that will authorise the Trustee to exchange the Existing Certificates for the Ordinary Certificates and the Exchangeable Certificates.

There is no guarantee that the Consent Solicitation will be successful and the Extraordinary Resolution may not be approved by Certificateholders. If the Extraordinary Resolution is not approved, the Delegate may call for the early redemption of the Certificates and may, on behalf of the Certificateholders, instruct the Trustee to, or in the name of the Trustee, enforce the obligations of Dana Gas under the purchase undertaking entered into in connection with the Existing Certificates and enforce the security granted by Dana Gas in connection with the Existing Certificates. Such enforcement would have a material adverse effect on Dana Gas's business, results of operations and financial condition and could result in the liquidation of Dana Gas.

Dana Gas is facing challenges in collecting outstanding receivables in Egypt and the Kurdistan Region of Iraq

Ninety-nine per cent. of Dana Gas's operations and interests in terms of revenue and profits are located in Egypt and the Kurdistan Region of Iraq.

Egypt

Political turmoil in Egypt since early 2011 has severely disrupted economic activity in Egypt, adversely impacting the value of the Egyptian pound, oil and gas production and trade and foreign investment, putting significant strains on the finances of the Egyptian government. The political turmoil in Egypt has also resulted in a reduction in the number of tourists visiting Egypt, which has badly affected one of the most important sectors of Egypt's economy. In January 2013, the Egyptian Minister for Tourism announced that Egypt had seen a 32 per cent. decrease in tourism revenue in 2012 of approximately U.S.$4 billion. This fall in revenue has had a significant impact on the finances of the Egyptian government. As a result, certain Egyptian government-owned entities are finding it challenging to fulfil their contractual obligations and in a number of cases, including with respect to Dana Gas, have not been able to fulfil such obligations with foreign partners.

Dana Gas is party to various agreements with companies owned by the Egyptian government, including the Egyptian General Petroleum Corporation ("**EGPC**"), the Egyptian Gas Holding Company ("**EGAS**") and Ganoub El Wadi Holding Petroleum Company ("**Ganope**") under which payments to Dana Gas for gas delivered by Dana Gas have not been made in a timely manner or at all (see "*Dana Gas – Business Description – Business Segments – Egypt*"). Due to the effect of continuing political turmoil on the finances of the Egyptian government, EGPC, EGAS and Ganope have not fulfilled their contractual obligations under the gas sales agreements described above. As of 31 December 2012, Dana Gas was owed U.S.$236 million in outstanding receivables in respect of its operations in Egypt, up from U.S.$228 million as at 31 December 2011. In the twelve months ended 31 December 2012, Dana Gas billed EGPC, EGAS and Ganope for U.S.$171 million and collected U.S.$163 million in respect of its operations in Egypt. In the twelve months ended 31 December 2011, Dana Gas billed EGPC, EGAS and Ganope for U.S.$206 million and collected U.S.$75 million in respect of its operations in Egypt.

In order to meet its contractual obligations, during 2012, EGPC assigned certain proceeds from the sale of crude oil in favour of Dana Gas Egypt and another unrelated third party. This resulted in payment of receivables to Dana Gas in the amount of U.S.$53 million. In early 2012, EGAS agreed to pay U.S.$30 million per quarter to Dana Gas Egypt on the basis that that such amount would be re-invested in field development in Egypt. Dana Gas Egypt received the first two of these instalments from EGAS in May 2012 and September 2012, respectively. In December 2012, Dana Gas Egypt received U.S.$10 million of the U.S.$30 million instalment falling due in November 2012. Dana Gas Egypt is also due payment of an additional U.S.$30 million which fell due in January 2013. As at the date of these Listing Particulars, Dana Gas Egypt has received payments amounting to U.S.$39 million, of which U.S.$31 million was paid in Egyptian pounds. Dana Gas Egypt is currently in discussions with EGAS and EGPC for establishment of a new payment schedule for 2013.

There can be no assurance that EGPC, EGAS or Ganope will meet these or future payment obligations, that the political or economic situation in Egypt will not deteriorate further or that the Egyptian government will be successful in improving financial stability and maintaining domestic order. Dana Gas may therefore be unable to collect its outstanding receivables, or may have increased amounts of outstanding receivables, in Egypt even after the conclusion of the Consent Solicitation if it is approved. If Dana Gas continues to face these challenges, Dana Gas is likely to default on its future payment obligations (including the Certificates) as they fall due.

The Kurdistan Region of Iraq

Political relations between the Kurdistan Regional Government (the "**KRG**") and the Federal Government of Iraq have been strained during recent years, particularly, in the continued absence of federal laws relating to hydrocarbons (the "**Federal Hydrocarbon Law**") and revenue sharing, in relation to the right to manage oil and gas resources in the Kurdistan Region of Iraq and how these revenues should be distributed. The Federal Government of Iraq contends that the entire oil and gas sector in Iraq should be under its control and that revenues, under the 2005 Constitution, must be collected and distributed by the central government. The KRG, on the other hand, contends that, per the provisions of the Iraq Constitution and its enactment of the Kurdistan Region Oil & Gas Law, it has the rights and power to manage production, investment and development of oil and gas fields located in its territory, which were not in production in 2005 when the Iraq Constitution was approved by referendum, as well as to be paid directly from oil revenues by the oil and gas companies operating

in the Kurdistan Region of Iraq. The issues under dispute or outstanding between the Federal Government of Iraq and the KRG include, among other issues, the awarding of oil and gas contracts, the payment to international oil companies operating in the Kurdistan Region of Iraq, the terms of the as yet unenacted Federal Hydrocarbon Law, the validity of the Kurdistan Region Oil & Gas Law, the export of petroleum from the Kurdistan Region of Iraq and the KRG's rights and power to sign production-sharing contracts with international oil companies for oil exploration and production without reference to the Federal Government of Iraq. In particular, the Federal Government of Iraq (whose petroleum contracts are service contracts which reserve 100 per cent. of title to the state of Iraq) objects to the KRG production sharing contracts which afford petroleum contractors title to a share of produced oil and gas.

Also outstanding is the definitive delimitation of the Kurdistan Region of Iraq which is required by Article 140 of the Iraq Constitution. Since late 2012, Federal Government of Iraq troops and Kurdistan Region of Iraq *peshmerga* (the KRG forces) have been positioned in the disputed territory in the Kirkuk (Tamim) governorate and at least one clash involving fatalities has been reported.

In April 2007, Dana Gas was awarded a risk service contract called "Heads of Agreement" in relation to the Kor Mor and Chemchemal gas fields (the "**Kurdistan Region Authorisation**") and was engaged to develop, to process and to transport natural gas from the Kor Mor gas field on a fast-track basis in order to fuel domestic electrical power generation plants near Erbil and Sulaymaniya, and also to appraise and develop the Chemchemal gas field. Dana Gas, as joint operator and as a 40 per cent. shareholder in Pearl Petroleum Company Limited ("**Pearl**"), is engaged in and has interests in upstream, midstream and downstream activities in the Kurdistan Region of Iraq, including exploration, production, processing of natural gas, gas transmission and the sale of petroleum products (including gas) in the Kurdistan Region of Iraq.

Following intermittent payments since 2009 by the Federal Government of Iraq to the KRG to compensate producing petroleum companies in the Kurdistan Region of Iraq, in September 2012, the Federal Government of Iraq and the KRG announced that they had agreed to settle a portion of the dispute over oil payments after the KRG pledged to continue exports and the Federal Government of Iraq agreed to pay foreign companies working in the Kurdistan Region of Iraq. In October 2012, the Federal Government of Iraq made a payment of U.S.$540 million to the KRG. In December 2012, Dana Gas, through Pearl, received a share of payments made by the Federal Government of Iraq to the KRG; the total amount received by Pearl was U.S.$120 million, of which Dana Gas's share of 40 per cent. amounted to U.S.$48 million. From the date of commencement of operations in the Kurdistan Region of Iraq to 31 December 2012, the contractor under the Kurdistan Region Authorisation had received an amount of U.S.$641 million from the KRG, including U.S.$358 million received in 2012. As of late 2012, implementation of the September 2012 agreement between the Federal Government of Iraq and the KRG has stalled; no further payments have been made by the Federal Government of Iraq and export of Kurdistan Region of Iraq produced petroleum (including condensate produced by the Contractor at Kor Mor) through the federal infrastructure (pipelines) has been suspended. Commencing in September 2012, the KRG has commenced export into Turkey, overland in trucks, of petroleum (including condensate produced by the Contractor at Kor Mor).

The dispute between the Federal Government of Iraq and the KRG over control of oil and gas resources has resulted in Dana Gas being unable fully to collect receivables from its business operations in the Kurdistan Region of Iraq. While, to date, the contractor under the Kurdistan Region Authorisation has received significant payments from the KRG, this has not satisfied all contractually outstanding amounts due under the Kurdistan Region Authorisation, and, as at 31 December 2012, the contractor was still owed U.S.$885 million by the KRG in respect of the supply of condensates and LPG, of which Dana Gas's share of 40 per cent. amounted to U.S.$354 million.

In the twelve months ended 31 December 2012, a total amount of U.S.$644 million was invoiced to the KRG by the contractor under the Kurdistan Region Authorisation, and the contractor collected U.S.$358 million in receivables from the KRG during this period, of which Dana Gas's share of 40 per cent. amounted to U.S.$143 million. In the twelve months ended 31 December 2011, a total amount of U.S.$565 million was invoiced to the KRG by the contractor under the Kurdistan Region Authorisation, and the contractor collected U.S.$255 million in receivables from the KRG during this period, of which Dana Gas's share of 40 per cent. amounted to U.S.$102 million.

Even though the Kurdistan Region Authorisation includes no condition allowing the KRG to defer payments pending receipt of funds from the Federal Government, there can be no assurances regarding if and when further payments will be made to the KRG by the Federal Government of Iraq under this interim agreement. In addition, even if such payments are made, there is no assurance that the KRG will use this money to pay the outstanding

amounts owed by the KRG to Dana Gas under the Kurdistan Region Authorisation. If Dana Gas continues to face these challenges, Dana Gas is likely to default on its future payment obligations (including the Certificates) as they fall due.

It is understood that there is no current material progress towards the enactment of a Federal Hydrocarbon Law and that there remain fundamental differences between the KRG and the Federal Government, in particular regarding the issue of nationalised state control and the rights of Regions and producing governorates to manage petroleum resources within their jurisdictions. It is, therefore, not possible to predict the implications (if any) on Kurdistan Region of Iraq petroleum contracts (including the Kurdistan Region Authorisation) of the enactment in the future of a Federal Hydrocarbon Law, which may require a review of contract terms to conform with the provisions of such legislation.

The volatility in the prices of natural gas, crude oil and other energy sources that are outside Dana Gas's control may significantly impact Dana Gas's revenues and operations

Oil and gas are globally and regionally traded commodities and, as a result, Dana Gas is unable to control the prices it receives for its oil and gas and their by-products, which are generally sold at market prices. For example, although world oil prices have risen considerably from the lows of around U.S.$40/bbl witnessed in February 2009, returning to above U.S.$90/bbl in December 2012 (with prices ranging between around U.S.$90 and around U.S.$130/bbl throughout 2011 and 2012 and to the date of these Listing Particulars), international oil and gas prices remain volatile and have the potential to adversely affect Dana Gas's results of operations in the future. If the average price of crude oil had increased/decreased by 10 per cent. in the year ended 31 December 2012, with all other variables held constant, Dana Gas's comprehensive income for that period would have been U.S.$36 million higher/lower. In addition, because oil and gas sales are Dana Gas's primary source of revenue, and given that Dana Gas does not currently hedge its exposure to oil and gas prices, its financial results will be exposed to any adverse oil and gas price changes, including changes in current expectations regarding future supply and demand which have an impact on future prices for oil and gas. As a result, the net present value of Dana Gas's reserves and Dana Gas's projected financial performance will fluctuate according to changes in the prices for hydrocarbon for many reasons, including but not limited to:

- global and regional supply (including in particular new supply from unconventional sources such as shale, including through "fracking") and demand, and market expectations and speculation regarding future supply and demand for oil and gas;
- geopolitical uncertainty and terrorism or the threat thereof, particularly in the MENA Region;
- political, economic and military developments in oil and gas producing regions, particularly in the MENA Region;
- availability and cost of infrastructure, including pipelines, tanker ships and other transport, as well as drilling rigs and other extraction and processing equipment;
- global aggregate petroleum refining capacity;
- price, availability and market acceptance of alternative energy sources and fuels and new technologies;
- exchange rate fluctuations;
- the ability of the members of the Organisation of the Petroleum Exporting Countries and other oil-producing nations to set and maintain specified levels of oil and gas production and thereby influence market prices;
- governmental regulations and actions, including export restrictions, taxes, repatriations and nationalisations; and
- weather conditions and natural disasters.

As a result of these and other factors, it is impossible to predict future oil and gas price movements accurately. In light of the continuing volatility in oil and gas prices, Dana Gas may have difficulty implementing its strategy and its exploration, appraisal and development plans. If Dana Gas incurs fixed operating costs in excess of its average marginal cost of production, and Dana Gas is unable to change production levels or lower its operating costs in response to then-current oil and gas price levels, Dana Gas's results of operations and financial condition could be materially and adversely affected. Should oil and/or gas prices significantly decline, revenues from production would also decline and Dana Gas may be unable to reduce its exploration, appraisal and production costs in line with the lower production revenues.

Dana Gas does not currently engage in hedging activities to mitigate against fluctuations in natural gas or crude oil prices as the price of natural gas sold from its Egyptian operations is price capped, however, it may do so in the future on a case-by-case basis. Any material reduction in the price of natural gas or crude oil may have a material adverse effect on Dana Gas's business, results of operations and financial condition.

Dana Gas's projects under construction may not commence operation as scheduled or within budget

Dana Gas currently has, and may in future have, projects under construction. There are a number of construction, financing, operating and other risks associated with project development. Due to the nature of Dana Gas's projects (for example, the exploration and production of natural gas from the Sharjah Western Offshore concession (see "*Dana Gas – Business Description – Operating Segments – United Arab Emirates*")), these projects often require substantial capital expenditure during the construction phase. It can take a substantial amount of time before such projects become operational and generate revenue.

The time taken and the costs involved in completing the design and construction can be adversely affected by many factors, which may include but are not limited to the following:

- delays or refusals in obtaining all necessary building, occupancy and other required governmental permits, requisite licences, permits, approvals and authorisations;
- shortages of or defective materials and/or equipment, labour shortages and/or disputes and disputes with subcontractors;
- increases in the cost of construction materials and/or labour;
- adverse weather conditions, natural disasters, accidents and/or changes in governmental priorities;
- recoverable gas volumes and reservoir productivity being lower than expected;
- reservoir damage as a result of drilling;
- unforeseen circumstances resulting in longer drilling and completion times and delays to platform installation;
- damage to equipment (including rust, corrosion, etc.);
- unavailability of offshore support vessels;
- insufficient quality control;
- unanticipated cost overruns;
- unforeseen delays in essential project phases leading to further delays in the process;
- major safety incidents; and
- failure to receive timely input from Dana Gas's operations team in the project design and commissioning phases.

Any of these factors could give rise to delays in the completion of construction and/or lead to cost overruns. In addition, drilling, completion and operation of wells are often uncertain and may be subject to delays, curtailment or cancellation due to a variety of additional factors, including unexpected drilling conditions and pressure or irregularities in geological formations.

In addition, some projects that have gone past the construction phase may not be able to be commissioned fully due to factors outside of the control of Dana Gas. For example, Dana Gas is involved, through CNGCL, one of its joint ventures with Crescent, in the UAE Gas Project, which, if it becomes operational, will involve the purchase of imported gas in the Arabian Gulf from Crescent, for onward transportation to Sharjah, where it is intended to be processed for sales within the UAE. The supply of gas is underpinned by a long-term imported gas supply contract between Crescent and the National Iranian Oil Company ("**NIOC**"). While Dana Gas has built the required facilities, the UAE Gas Project continues to await the commencement of gas supplies. Dana Gas understands that the delay is due to delays in the commissioning of the gas supplier's transmission network. There is no guarantee that Dana Gas will not continue to face delays to the commencement of the UAE Gas Project or face delays in relation to any of its other operating segments. Such delays may lead to lost revenue which could adversely affect Dana Gas's business, results of operations and financial condition.

Further, the gas processing plant, pipelines, transmission, sweetening, sale and purchase rights owned by Dana Gas and proposed to be used for the UAE Gas Project are currently carried at a book value of approximately U.S.$1.1 billion. If the UAE Gas Project fails to become operational, Dana Gas will be required to impair the value of the gas processing plant which will adversely affect Dana Gas's results of operations and financial condition.

Projects subject to any delays or cost overruns will take longer to generate revenue and cash flow than may originally have been anticipated and may not generate the revenue and cash flow which may have been expected. In addition, any delay or failure of Dana Gas to complete projects on time, could result in the failure to meet obligations under key concession agreements. The occurrence of the above factors could have a material adverse effect on Dana Gas's business, results of operations, cash flows and financial condition.

There are numerous risks relating to the nature of Dana Gas's business and the jurisdictions in which it operates, including with respect to civil unrest, as well as economic and/or political risks

Dana Gas's business involves a high degree of risk in the jurisdictions in which it operates, which a combination of experience, knowledge and careful evaluation may not overcome. The operations of Dana Gas in Egypt and the Kurdistan Region of Iraq may expose it to potential civil unrest and political risks. In particular, continuing political instability and other developments in the MENA Region may pose a threat to the operations of certain operating subsidiaries and affiliates of Dana Gas, such as Dana Gas Egypt and Pearl, and any continuation or intensification in the level of such activity may have a material adverse effect on Dana Gas's business, results of operations and financial condition and its ability to engage in international trade (see further "*Dana Gas is facing challenges in collecting outstanding receivables in Egypt and the Kurdistan Region of Iraq*).

Exploration and development activities in such countries may require protracted negotiations with host governments, national oil companies and third parties and may be subject to economic and political considerations, such as community disturbances, expropriation, nationalisation, renegotiation, forced change or nullification of existing contracts or royalty rates, changing approval requirements, conflicting approvals and authorisations from governmental authorities, unenforceability of contractual rights, changing taxation policies or interpretations, adverse changes to laws (whether of general application or otherwise) or the interpretation thereof, conflict of laws, inflation, changing political conditions, the death or incapacitation of political leaders, local currency devaluation, currency controls and foreign governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Any of these or similar factors could have a material adverse effect on Dana Gas's business, results of operations and financial condition. In Egypt and Iraq, the state retains ownership of the minerals and consequently retains control of (and in many cases, participates in) the exploration and production of hydrocarbon resources. Accordingly, Dana Gas's operations may be materially affected by host governments through royalty payments, export taxes and regulations, surcharges, value added taxes, production bonuses and other charges to a greater extent than would be the case if its operations were largely in countries where mineral resources are not predominantly state owned.

There can be no assurance that the actions of present or future governments in these countries, or of governments of other countries in which Dana Gas may operate in the future, will not have a material adverse effect on Dana Gas's business, results of operations and financial condition (see "*– Risks Relating to the countries in which Dana Gas operates – Political and economic uncertainty in certain of the jurisdictions in which Dana Gas operates may continue*").

There are numerous risks relating to hydrocarbon operations and production which may result in personal injury or result in damage to, or destruction of, Dana Gas's assets and the environment, as well as interruption of Dana Gas's operations

The business of Dana Gas is subject to all of the health, safety, security and environment ("**HSSE**") and asset integrity risks normally associated with the exploration for, appraisal, development, production, storage, transportation and marketing of hydrocarbons. These risks include blowouts, explosions, fire, flammable liquid and gaseous leaks, any of which could cause personal injury, result in damage to, or destruction of, oil and gas wells or formations or production facilities and other property, equipment and the environment, as well as interrupt operations. In addition, the operations of Dana Gas are subject to all of the risks normally incidental to drilling of natural gas wells and the operation and development of gas properties, including encountering unexpected formations or pressures, premature declines of reservoirs, blowouts, equipment failures and other accidents, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions, pollution and other environmental risks. Dana Gas's production facilities are also subject to hazards inherent in marine operations, such as capsising, sinking, grounding, vessel collision and damage from severe storms or other severe weather conditions. The offshore drilling conducted by members of Dana Gas involves increased drilling risks of high pressures and mechanical difficulties, including stuck pipe, collapsed casing and separated cable.

Dana Gas's natural gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and invasion of water into producing formations, many of which are beyond Dana Gas's control.

In June 2012, a defective LPG road tanker belonging to a local LPG trader and offtaking LPG on behalf of and under contract with the KRG, exploded and caused a fire during filling at the loading facility of the Kor Mor LPG plant owned and operated by Pearl, Dana Gas's joint venture operating company in the Kurdistan Region of Iraq. The incident resulted in five fatalities and caused damage to the loading facility of the Kor Mor LPG plant as well as two other third-party road tankers. The total damage resulting from the incident was estimated by Dana Gas to amount to U.S.$20 million. There can be no guarantee that other major incidents resulting in fatalities, damage to Dana Gas's assets and major disruption to Dana Gas's operations would not occur in future, and if they do occur, these incidents may, as well as delaying production, subject Dana Gas to significant liabilities under environmental and safety laws and therefore have a material adverse effect on Dana Gas's business, results of operations and financial condition.

Dana Gas may be subject to exploration and development risks

Natural gas development and exploration activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Competition for limited equipment such as drilling rigs may affect the availability of such equipment to Dana Gas and may delay its development and exploration activities. In the areas in which Dana Gas operates, such as Egypt, there is significant demand for drilling rigs and other equipment. Failure by Dana Gas to secure necessary equipment could adversely affect Dana Gas's business, results of operations and financial condition. In addition, Dana Gas's operations may be curtailed, delayed or cancelled as a result of such operating risks.

Dana Gas's natural gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and invasion of water into producing formations, many of which are beyond Dana Gas's control.

Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs and expenses. In addition, drilling hazards or environmental damage could greatly increase the cost of operations. Various field operating conditions may also adversely affect production from successful wells, including delays in obtaining governmental approvals, permits, licences, authorisations or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While close well supervision and effective maintenance operations can contribute to maximising production rates over time, production delays and declines from normal field operating conditions cannot be eliminated. Any such productions, delays and declines could be expected to adversely affect Dana Gas's revenues and cash flows.

Dana Gas may be subject to operational performance risks which ultimately impact its production volumes and revenues

Dana Gas's production volumes and therefore revenues are dependent on the continued operational performance of its producing assets. Dana Gas's producing assets are subject to a number of operational risks, including reduced availability of those assets due to planned activities such as maintenance or shutdowns; availability of skilled resources; unplanned outages which may, for example, be due to equipment or human failure; lower than expected recovery rates; the performance of Dana Gas's contractors; strikes and civil unrest; extended well workovers; corrosion problems impacting the plant and pipelines; HSSE incidents caused by third-party contractors; and exposure to natural hazards, such as extreme weather events. Any such incidents could be expected to adversely affect Dana Gas's revenues and cash flows.

Business activities conducted by Dana Gas are often conducted with joint venture partners and some assets are under the day-to-day management of these partners and may therefore be subject to risks that are outside the control of Dana Gas. Any operational incidence resulting from these risks could be expected to adversely affect Dana Gas's revenues and cash flows.

Options for monetising any future natural gas discoveries in Egypt and the Kurdistan Region of Iraq are not fully developed and may not be available in the future

Dana Gas is currently only able to monetise its natural gas production in Egypt by supplying natural gas to state-owned national oil companies EGPC, EGAS and Ganope, in accordance with the terms of the concession agreements granted to Dana Gas in Egypt and various gas sales agreements entered into with those respective entities. While some of these gas sales agreements may give Dana Gas the right to elect to supply its entitlement of gas from its development leases to any other buyers of gas in Egypt, the current legislative framework in Egypt currently precludes Dana Gas from exercising this option. Due to the effect of continuing political turmoil on the finances of the Egyptian government, EGPC, EGAS and Ganope have not fulfilled their contractual obligations under the relevant concession agreements and gas sales agreements. Failure to monetise any further commercial discovery of natural gas by Dana Gas in Egypt could adversely affect Dana Gas's business, results of operations and financial condition.

There is currently a limited market for consumption of natural gas in the Kurdistan Region of Iraq other than through the supply of gas to power stations, and there are currently limitations in the infrastructure enabling companies in the Kurdistan Region of Iraq to sell or export gas due to, *inter alia*, a lack of operational pipelines and production bottlenecks. The further development of Dana Gas's assets may be hindered due to limitations in the infrastructure necessary to sell or export natural gas in or from the Kurdistan Region of Iraq. Accordingly, the opportunities to monetise any further commercial discovery of natural gas by Dana Gas may be limited. Failure to monetise any further commercial discovery of natural gas by Dana Gas in the Kurdistan Region of Iraq could adversely affect Dana Gas's business, results of operations and financial condition.

There are certain unresolved issues concerning the interpretation of the Kurdistan Region Authorisation, and any service contract or risk-reward contract which may be agreed with the KRG to replace the Kurdistan Region Authorisation may not be on the same terms as those contained in the Kurdistan Region Authorisation

As disclosed in the financial statements of Dana Gas for the financial years ending 31 December 2010, 31 December 2011 and 31 December 2012, there are certain unresolved issues concerning the interpretation of the Kurdistan Region Authorisation. These issues are the subject of an ongoing dialogue with the Kurdistan Regional Government concerning the negotiation of a replacement risk service contract as contemplated by the Kurdistan Region Authorisation.

As stated in Dana Gas's financial statements, the contractor parties (including Dana Gas) under the Kurdistan Region Authorisation have assessed the legal position with advice from their legal advisers and are fully confident of the contractor's legal rights under the Kurdistan Region Authorisation in accordance with applicable law. However, as with any such negotiation with a government concerning significant issues pertaining to natural resources, there remains a risk that the outcome of this dialogue may not be as satisfactory as Dana Gas anticipates.

The Kurdistan Region Authorisation contemplates that a replacement contract may be negotiated and agreed between the KRG and the contractor to replace the current Kurdistan Region Authorisation. If the KRG and the contractor do not agree to the terms of such replacement contract, the Kurdistan Region Authorisation provides that it will continue in full force and effect for the remainder of its term. If such a replacement contract is agreed, it may not be on the same terms as the Kurdistan Region Authorisation and, although assurances have repeatedly been given by the KRG to the contrary, and the Kurdistan Region Authorisation embodies clear contractual stabilisation provisions in favour of the contractor, there is a risk that its terms may be less favourable to the contractor than those currently contained in the Kurdistan Region Authorisation, with potential adverse effect to Dana Gas's business.

Failure to obtain governmental approvals, permits, licences or authorisations and fulfil regulatory requirements may adversely affect Dana Gas's business

There are certain risks inherent in doing business on an international basis, including, among others, regulatory requirements, legal uncertainty regarding liability, trade barriers, difficulties in staffing and managing foreign operations, different payment cycles, different accounting practices, problems in collecting accounts receivable, political instability and potentially adverse tax consequences. Any of the foregoing could adversely affect the success of Dana Gas's international operations.

Dana Gas's current operations are, and future operations will be, subject to various governmental regulations and policies and, as a result, Dana Gas has limited control over the nature and timing of development and exploration of gas properties or the manner in which operations are conducted on such properties. Changes in such regulations may have a material adverse effect on Dana Gas's business, results of operations and financial condition.

In addition, the nature of the jurisdictions in which Dana Gas operates is such that certain formalities with regard to the execution of agreements may not be satisfied, and government consents may not in all cases be formally received. Non-compliance with certain technical obligations under Dana Gas's licences, permits and/or authorisations may give rise to enforcement action by the relevant authorities, and Dana Gas may not be successful in enforcing any or all rights under its agreements or defending against claims of licence invalidity, particularly against governmental authorities. Although governmental authorities may agree to waivers and extensions, such authorities are also generally entitled to revoke Dana Gas's licences, permits and/or authorisations in such circumstances or refuse applications for further licences, extensions, permits or other approvals because of non-compliance.

Dana Gas's production sharing contracts, concessions and other agreements with governments and governmental bodies to explore and develop the properties are subject to specific requirements and obligations under both the relevant contracts and under the relevant laws. If Dana Gas fails to satisfy such requirements and obligations and there is a material breach of such contracts, such contracts could, under certain circumstances, be terminated. A change in law and regulation, or in the interpretations thereof by the government or regulatory authorities, could result in the forced amendment of, or termination of, any of Dana Gas's contracts. In addition, a change in control of any of the entities party to such contracts could result in the termination, suspension or renegotiation of such contracts or require Dana Gas to obtain approvals that may require significant expenditure of time and money. The termination of any of Dana Gas's contracts granting rights in respect of the properties could have a material adverse effect on Dana Gas's business, results of operations and financial condition.

For example, on 19 March 2012, the Chairman of the Sharjah Petroleum Council gave notice to Dana Gas that Dana Gas had failed to meet its work obligations under the Sharjah Western Offshore concession agreement and that the concession would be terminated. Following subsequent negotiations and correspondence between Dana Gas and the Sharjah Petroleum Council, the Government of Sharjah rescinded its notice of termination on 21 November 2012, in light of various agreements entered into between Dana Gas and the Governments of Sharjah and Ajman in relation to the unitisation and operation of the Sharjah Western Offshore concession. There can be no guarantee that, in relation to any of Dana Gas's concessions and/or production sharing contracts, EGPC, EGAS or Ganope (in Egypt), the KRG (in the Kurdistan Region of Iraq) or the Sharjah Government (in the UAE) may not, in future, terminate, suspend or renegotiate the terms of the relevant concessions and/or production sharing contracts, which could have a material adverse effect on Dana Gas's business, results of operations and financial condition.

The challenging financing market may continue and Dana Gas may not be able to secure financing for its exploration, development, production plans or any future acquisition plans

Depending on exploration, development, production plans, any future acquisition plans, or the need to refinance existing debt obligations, Dana Gas may require additional financing. Dana Gas is, for example, currently in discussions with a number of commercial banks in order to provide financing to be used for the development of the Sharjah Western Offshore concession (see "*Dana Gas – Business Description – Business Segments – United Arab Emirates*"). Dana Gas's exploration, appraisal and development plans include, among other things, drilling wells, building and improving infrastructure and upgrading production technology in an effort to improve access, reduce operating expenses and enhance profit margins.

The ability of Dana Gas to arrange such financing in the future will depend in part upon prevailing financing market conditions as well as the business performance of Dana Gas. Since the second half of 2007, disruptions in global capital and credit markets have resulted in historically high levels of volatility across many markets (including capital markets). Further market disruption may be caused by continued economic stagnation and certain countries in Europe, and throughout the world, experiencing debt servicing problems and other adverse economic events. Dana Gas may not be able to obtain the necessary debt or equity financing on terms that are acceptable to Dana Gas, and may default on its payment obligations in the future (including with respect to the Certificates). The inability of Dana Gas to access sufficient capital for its operations could have a material adverse effect on Dana Gas's business, results of operations and financial condition.

If Dana Gas's revenues or reserves decline, there can be no assurance that the cash generated by operations will be available or sufficient to undertake or complete future capital expenditure or for other corporate purposes and Dana Gas may be required to obtain debt or equity financing (if available), which may increase Dana Gas's debt levels above industry standards.

Due to the ongoing political turmoil and disputes in the countries in which Dana Gas operates and the need for government permissions regarding investments in Egypt and the Kurdistan Region of Iraq, Dana Gas's ability to promptly sell one or more of its assets or businesses in response to changing political, economic, financial and investment conditions is limited. Dana Gas may not be able to sell any asset for the price or on the terms set by it and there is no assurance that any price or other terms offered by a prospective purchaser would be acceptable to Dana Gas. Dana Gas is unsure of the length of time needed to find purchasers for its assets and to close sales of assets in times of political, economic, financial or investment change. If additional financing is raised by the issuance of shares from treasury of Dana Gas, control of Dana Gas may change and shareholders may suffer dilution.

Dana Gas's ability to exercise control over its subsidiaries, associates and joint ventures is, in some cases, dependent upon the consent and cooperation of other participants that are not under its control. Disagreements or terms in the agreements governing Dana Gas's subsidiaries, associates and joint ventures could adversely affect its business, financial condition, results of operations and prospects

Some of Dana Gas's operations are, or will be, conducted through jointly controlled entities and associated companies. For example, Dana Gas has a 35 per cent. shareholding in CNGCL (as defined below) and a 50 per cent. shareholding in Gas Cities Limited, with the remainder in each case held by Crescent; Dana Gas has a 40 per cent. shareholding in Pearl, with the remainder held by Crescent (40 per cent.), MOL (10 per cent.) and OMV (10 per cent.); and Dana Gas has a 26.4 per cent. indirect shareholding in EBGDCo, with the remainder held by EGAS (40 per cent.) and APICORP (20 per cent.). Cooperation and agreement among Dana Gas's joint venture partners on their existing or any future projects are important factors for the smooth operation and financial success of such projects. Dana Gas's joint venture partners may (i) have economic or business interests or goals that are inconsistent with those of Dana Gas; (ii) be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements; or (iii) experience financial or other difficulties.

Further, Dana Gas may not be able to control the decision-making process of the joint ventures without reference to the joint venture partners and, in some cases, it does not have, or may not have, a majority control of the joint venture. Although Dana Gas has not to date experienced any significant problems with their partners, no assurance can be given that disputes among the partners will not arise in the future that could adversely affect such projects.

Dana Gas is subject to risks in relation to its contracts

Dana Gas benefits from certain long term gas sales and purchase agreements, processing agreements, transporting agreements, sweetening agreements and other similar agreements. In the event that these long term contracts are terminated, revised and/or not renewed, this may have a material adverse effect on Dana Gas's business, results of operations and financial condition.

Sajaa Gas Private Limited Company ("**SajGas**") and United Gas Transmissions Company ("**UGTC**") are anticipated to be dependent upon tariff revenue from Crescent Natural Gas Corporation Limited ("**CNGCL**"). CNGCL, in turn is reliant on the supply of feed gas from Crescent Gas Corporation Limited ("**CGCL**"), a Crescent affiliate whose supply is underpinned by a long term imported gas supply contract with NIOC. While Dana Gas has built the necessary facilities for the processing and transmission of the gas, due to ongoing delays in commissioning of the gas suppliers' facilities, deliveries of gas have yet to commence. CGCL is currently engaged in arbitration proceedings against NIOC in respect of the ongoing delays under the gas supply contract.

CNGCL has therefore not been able to market and sell the gas pursuant to various long term sales agreements that it has entered into with end users since construction of these facilities was completed in 2008, and no revenue has been received by SajGas or UGTC. Further delay in the delivery of the gas to CGCL could have a material adverse effect on Dana Gas's business, results of operations and financial condition.

Concession agreements may be subject to government requisition or nationalisation, which could have an adverse effect on Dana Gas's business, financial condition and results of operations.

Dana Gas has entered into a number of production, development and exploration agreements with the governments in the countries in which it operates, for example the El Manzala, West El Manzala, West El Qantara and Komombo concession agreements in Egypt, the Kurdistan Region Authorisation in the Kurdistan Region of Iraq and the Sharjah Western Offshore concession agreement in the UAE. While the agreements entered into by Dana Gas and its subsidiaries are generally long term in nature, most provide the government granting the licence with a right for requisition of oil and/or gas production, or of the licence area itself, or such right is provided for under law. Such requisition may take place due to war, imminent expectation of war or other political emergency. Although the concession and licence agreements entered into by Dana Gas and its subsidiaries generally provide that such requisition will usually only be effected following a consultation period and the provision of an indemnity from the government for the period during which such requisition is maintained, the effectiveness of such provisions is not guaranteed and a requisition may adversely affect Dana Gas's business, results of operations and financial condition.

Dana Gas faces the possibility of future decommissioning charges that it cannot anticipate

Upon the expiry of concessions, contractors are commonly required under the terms of relevant agreements or local law to dismantle and remove equipment, cap or seal wells and generally make good production sites. Dana Gas's accounts do not make provision for all of the decommissioning charges that it may incur since either local laws or relevant concessions do not specifically provide for decommissioning charges or Dana Gas does not consider it appropriate at this time to make provision for the possibility of incurring decommissioning charges in such circumstances. There can be no assurance that Dana Gas will not in the future incur decommissioning charges since local or national governments may require decommissioning to be carried out in circumstances where there currently is no express obligation to do so, particularly in the case of future licence renewals. The costs associated with decommissioning or penalties for failure to decommission may have an adverse effect on Dana Gas's business prospects, results of operations and financial condition.

Dana Gas may be unable to obtain the services of skilled third-party contractors or service providers

Dana Gas relies on third-party contractors and service providers to carry out various operational tasks in its exploration, appraisal and development operations, including carrying out drilling activities, delivering hydrocarbons to counterparties and maintaining Dana Gas's assets and infrastructure. As a result, Dana Gas relies on such third parties performing satisfactorily and fulfilling their obligations. Any failure or delay by such third parties to fulfill such arrangements or perform such obligations, any revisions of such arrangements/obligations or any contractual disputes, or a violation of Dana Gas's various licensing obligations by a contractor working on Dana Gas's behalf, may lead to delays or curtailment of the production, transportation and delivery of Dana Gas's hydrocarbons, which could have a material adverse effect on Dana Gas's business, results of operations and financial condition. In addition, the costs of third-party contractors or other service providers may increase, in particular during periods of high prices for hydrocarbons, leading to higher expense levels which Dana Gas may be unable to match with corresponding revenue increases. Any dispute with, or failure in performance by, third-party service providers, external contractors or consultants, and associated increases in operating costs or inability on the part of Dana Gas to find adequate replacement services on a timely basis, if at all, could result in delays or curtailment of the production, transportation and delivery of Dana Gas's hydrocarbons, which in turn could have a material adverse effect on Dana Gas's business, results of operations and financial condition.

There is also a risk that third-party contractors and/or service providers may not operate in accordance with Dana Gas's health, safety or environmental standards or other policies, including anti-corruption and anti-bribery policies, and that Dana Gas could incur significant regulatory penalties or forfeit key licences, permits or authorisations as a result, which in turn could have a material adverse effect on Dana Gas's business, financial condition and results of operations.

Dana Gas operates in a highly competitive industry

The energy industry is highly competitive. There is competition within the industry in national and international markets and also with other industries in supplying energy and fuel to industrial, commercial and retail consumers. Dana Gas seeks to identify suitable investment opportunities that meet its criteria and are compatible with its growth strategy yet may not be successful in consummating these transactions on satisfactory terms due to competition from energy development companies, owner-operators, private equity investors, wealthy

individuals and other entities who are engaged in energy investment activities. If Dana Gas pays higher prices for acquiring assets, its profitability may be reduced and this may have a material adverse effect on Dana Gas's business, results of operations and financial condition.

Without the addition of reserves through exploration, acquisition or development activities, Dana Gas's reserves and production will decline over time as reserves are exploited

Dana Gas's long-term commercial success depends on its ability to appraise, develop, explore and commercially produce gas reserves. Dana Gas must continually locate and develop or acquire new reserves to replace its existing reserves that are being depleted by production. For example, during 2012, Dana Gas's production levels in its Egyptian operations fell from 42,500 boed to 32,200 boed as a result of reduced capital expenditure due to non-receipt of receivables due to Dana Gas in Egypt. Future increases in Dana Gas's reserves will depend not only on its ability to appraise, develop and explore its existing assets but also on its ability to select and acquire suitable additional assets either through awards at licensing rounds or through acquisitions.

There are many reasons why Dana Gas may not be able to find or acquire gas reserves or develop them for commercially viable production. For example, Dana Gas may be unable to negotiate commercially reasonable terms for its acquisition, appraisal, development or production activities. In addition, Dana Gas's current asset preservation strategy may result in a reduction of Dana Gas's ability to appraise, develop, explore and commercially produce gas reserves (see "*– Dana Gas's asset preservation strategy could result in other unanticipated business risks*"). Factors such as adverse weather conditions, natural disasters, equipment or services shortages, procurement delays or difficulties arising from the political, environmental and other conditions in the areas where the reserves are located or through which Dana Gas's products are transported may increase costs and make it uneconomical to develop potential reserves. Without successful exploration or acquisition activities, Dana Gas's reserves, production and revenues will decline. There is no assurance that Dana Gas will discover, acquire or develop further commercial quantities of gas.

Dana Gas has a major shareholder that has the ability to exert an influence on Dana Gas

Crescent held a 20.12 per cent. stake in Dana Gas as at 31 December 2012 and, as Dana Gas's major shareholder, has the ability to exert an influence on Dana Gas. As a result of its large shareholding, Crescent has also appointed two directors to the Board of Directors of Dana Gas, Mr. Hamid Dhiya Jafar and Mr. Majid Hamid Jafar.

In addition to being the largest single shareholder, Crescent is also the joint venture partner of Dana Gas in a number of its subsidiaries. Crescent and Dana Gas each own 40 per cent. of Pearl, which has been assigned the right to receivables in respect of operations in the Kurdistan Region of Iraq; Crescent owns 65 per cent. and Dana Gas owns 35 per cent. of CNGCL, which is intended to conduct the sale and marketing of gas received pursuant to the UAE Gas Project, if the project becomes operational; and Dana Gas and Crescent each own 50 per cent. of Gas Cities Limited, which is intended to pursue the development of Gas Cities in the MENA Region. In addition, Crescent also holds one share in each of SajGas and UGTC. Any natural gas processed and sold by Dana Gas pursuant to the UAE Gas Project, if the project becomes operational, will also be supplied to a joint-venture company of Dana Gas, CNGCL, which has signed a 25-year gas purchase and sale contract with CGCL, a Crescent affiliate, for the supply of gas underpinned by a long-term imported gas supply contract between CGCL and NIOC (see "*– Future activities of Dana Gas that are inconsistent with existing European, U.S. or other international sanctions could subject Dana Gas to sanctions that could have a material adverse effect on Dana Gas's ability to obtain goods and services in the international markets or to access the U.S. or international capital markets*").

In October 2006, Crescent and Dana Gas entered into an umbrella agreement (the "**Umbrella Agreement**") in order to promote the growth of Dana Gas, recognising that it would require time to recruit and build a team of technical and management professionals in Dana Gas, and allowing Dana Gas to take advantage of Crescent's in-house skills and experience and knowledge of petroleum business practices in the MENA Region (see "*Dana Gas – Business Description – Corporate Structure – Relationship with Crescent*"). The Umbrella Agreement provided that Crescent would provide organisational and specialised personnel support to Dana Gas at cost and that any new opportunity in the natural gas sector identified by either party should be offered up to 50 per cent. to the other party. There was also a non-compete agreement between the two parties to avoid conflicts of interest.

The provisions in the Umbrella Agreement relating to identification of opportunities, non-competition and the provision of Crescent's experience and knowledge to Dana Gas expired in October 2011. However, the

remaining provisions of the Umbrella Agreement have remained in force. In particular, Dana Gas has agreed that it shall treat Crescent as a shareholder of UGTC and SajGas in relation to any shareholder decisions made by it in exercising its shareholder rights over those companies, such as any increase or reduction in capital, listing, winding up, creation of security and loan financing. In return, Crescent has agreed that, with regards to CNGCL, it shall require the written consent of Dana Gas prior to taking any major shareholder decisions through Crescent's majority shareholding in CNGCL.

There is no assurance that the interests of Crescent and Dana Gas will be aligned in future, and any disagreement between the respective management teams of Crescent and Dana Gas may have a material adverse effect on Dana Gas's business, results of operations and financial condition.

Failure to attract, retain and develop qualified and experienced employees may impact Dana Gas's operations and reputation

If Dana Gas is unable to retain or attract experienced, capable and reliable personnel, especially senior and middle management with appropriate professional qualifications, or if Dana Gas fails to recruit skilled professional and technical staff at a pace consistent with its growth, its business, financial condition, results of operations and prospects may be materially adversely affected.

Experienced and capable personnel in the oil and gas industry remain in high demand and there is continuous competition for their talents. Dana Gas may not be able to successfully recruit, train or retain the necessary qualified personnel in the future. Dana Gas is dependent upon its executive officers and key personnel, and the success of Dana Gas's business is driven by the performance of such officers and key employees and Dana Gas's ability to retain them. The unexpected loss of the services of Dana Gas's executive officers or key personnel could have a material adverse effect on Dana Gas's business, results of operations and financial condition. For example, the position of Chief Financial Officer of Dana Gas has been vacant since October 2010 and Dana Gas has not yet found a suitable candidate for this position (see "*Dana Gas – Directors, Management and Employees*").

Dana Gas may need to offer competitive compensation and other benefits in order to attract and retain key personnel in the future. If Dana Gas cannot recruit new qualified personnel to support its growing business, this could have a material adverse effect on Dana Gas's businesses, financial condition and results of operations.

Future activities of Dana Gas that are inconsistent with existing European, U.S. or other international sanctions could subject Dana Gas to sanctions that could have a material adverse effect on Dana Gas's ability to obtain goods and services in the international markets or to access the U.S. or international capital markets

Dana Gas can be affected by sanctions regimes established by, among other authorities, the European Union, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State (including the Iran Sanctions Act of 1996 and the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010) and the U.N. Security Council (collectively, "**International Economic Sanctions**"). Sanctions can be imposed or threatened under International Economic Sanctions on companies engaging in certain types of transactions with specified countries, entities or individuals. International Economic Sanctions relating to Iran can affect companies operating in the MENA Region, and additional International Economic Sanctions targeting Iran may be imposed in the future.

Any natural gas processed and sold by Dana Gas pursuant to the UAE Gas Project, if the project becomes operational, is intended to be supplied to a joint-venture company of Dana Gas, CNGCL, which has signed a 25-year gas purchase and sale contract with CGCL, an affiliate of Crescent, for the supply of gas underpinned by a long-term imported gas supply contract between CGCL and the National Iranian Oil Company. If the project becomes operational, there is a risk that CGCL, its affiliates, and possibly Dana Gas, could be subject to sanctions or threats of sanctions under International Economic Sanctions.

Sanctions that could be imposed on Dana Gas under International Economic Sanctions could include, among others, a prohibition or limitation on Dana Gas's ability to obtain goods or services on the international market or to access the U.S. or international capital markets, which, in turn, could have a material adverse effect on Dana Gas's business, financial condition and results of operations and, therefore, Dana Gas's ability to meet its obligations under the Certificates.

Dana Gas may fail to comply with various anti-corruption and anti-bribery laws and regulations

Doing business in the jurisdictions in which Dana Gas operates brings with it inherent risks associated with fraud, bribery and corruption. In addition, the oil and gas industries have historically been shown to be often vulnerable to corrupt or unethical practices. As a result, Dana Gas is subject to various anti-corruption and anti-bribery laws and regulations which generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and/or other benefits.

Although Dana Gas has implemented formal policies and procedures designed to ensure that Dana Gas operates in compliance with applicable laws and regulations, Dana Gas does business, and may continue to do business in the future, in countries and regions where governmental corruption has been known to exist, and where Dana Gas may face, directly or indirectly, corrupt demands by officials, or the risk of unauthorised payments or offers of payments by one of its employees or consultants. Dana Gas's existing safeguards and any future improvements may prove to be ineffective in preventing such unauthorised payments, and its employees and consultants may engage in conduct for which Dana Gas might be held responsible, potentially resulting in civil and criminal penalties and reputational damage for actions taken by its employees, agents and intermediaries, or by Dana Gas's co-venturers or third-party contractors, with respect to Dana Gas's business. Any such measures, and any investigation into Dana Gas for potential violations of these laws, regulations and sanctions regimes, could also have a material adverse impact on Dana Gas's reputation and on its business, financial condition and results of operations. Furthermore, any remediation measures taken in response to such potential or alleged violations of these laws, regulations and sanctions regimes, including any necessary changes or enhancements to Dana Gas's procedures, policies and controls and potential personnel changes and/or disciplinary actions, may also materially adversely impact its business, financial condition and results of operations.

Dana Gas may not be able to integrate any future acquisitions, and any such acquisitions may fail to provide the anticipated benefits

As part of its strategy, Dana Gas may from time to time make substantial acquisitions of oil and gas interests, which may include oil and gas assets, companies or businesses in the MENASA Region. The integration of those assets, companies or businesses and their operations, technologies and employees, may expose Dana Gas to operating difficulties and expenditure associated with the retention of key employees, legal contingencies and risks related to the acquired business, and the maintenance and integration of procedures, controls and quality standards. As a result of these or other factors, Dana Gas may not be able to achieve the anticipated benefits from any acquisition or investment, and the consideration paid for an acquisition or investment may also affect Dana Gas's financial results.

Such acquisitions and investments could also divert management's time and focus from operating Dana Gas's business. The financing of acquisitions or investments in other companies may require Dana Gas to use a substantial portion of its available cash, raise debt, which would increase Dana Gas's interest expense, or to issue shares or other rights to purchase shares, which may result in dilution to existing shareholders and decrease Dana Gas's earnings per share. Moreover, acquisitions may result in write-offs and restructuring charges as well as in creation of goodwill and other intangible assets that are subject to an impairment test, which could result in future impairment charges. All of these factors could materially adversely affect Dana Gas's business, financial condition and results of operations.

Dana Gas's previous growth could result in unanticipated operational risks

As a result of acquisitions and expansion in recent years, Dana Gas's operations have grown significantly and Dana Gas's business and prospects must be considered in light of the unanticipated operational risks associated with this growth. There can be no assurance that Dana Gas will successfully manage the impact of such growth on its operational and managerial resources and control systems, and the failure to do so could have a material adverse effect on Dana Gas's business, results of operations and financial condition.

Dana Gas's ability to manage its increased scope of operations and to achieve future growth and profitability depends upon a number of factors, including its ability:

- to effectively increase the scope of its management, operational and financial systems and controls to handle the increased complexity, expanded breadth and geographic area of its operations;
- to recruit, train and retain qualified staff to manage and operate its business;
- to accurately evaluate the contractual, financial, regulatory, environmental and other obligations and liabilities associated with its international acquisitions and investments, including the appropriate

implementation of financial oversight and internal controls and the timely preparation of financial statements that are in conformity with Dana Gas's accounting policies;

- to accurately judge market dynamics, demographics, growth potential and competitive environment; and
- to maintain and obtain necessary permits, licences and approvals from governmental and regulatory authorities and agencies.

Any difficulties in addressing these issues or integrating one or more of its existing or future international operations could have a material adverse effect on Dana Gas's business, financial condition, results of operations and prospects. In addition, the value of Dana Gas's investments in associates (operating companies in which it has less than a controlling stake) could decline, requiring Dana Gas to record impairments to those assets in its financial statements.

Dana Gas's future growth strategy could result in unanticipated operational risks

There is no certainty that all, or indeed any, of the elements of Dana Gas's current strategy will develop as anticipated or that Dana Gas will become profitable. In the event that Dana Gas's operations are successful, Dana Gas's current systems, procedures and controls will need to be expanded and strengthened to support Dana Gas's future operations. There can be no assurance that Dana Gas will be able to manage effectively the expansion of its operations through organic growth or acquisitions. Any failure of Dana Gas to manage effectively its growth and development could have a material adverse effect on its business, prospects, financial condition or results of operations. As a result of acquisitions and expansion in the past few years, Dana Gas's operations have grown significantly and Dana Gas expects to continue growing in line with its business strategy of organic growth and strategic acquisitions. Dana Gas's business and prospects must be considered in light of the unanticipated operational risks associated with its growth as well as the risk that it may be unable to find suitable acquisition targets. There can be no assurance that Dana Gas will successfully manage the impact of rapid growth on its operational and managerial resources and control systems, and the failure to do so could have a material adverse effect on Dana Gas's business, results of operations and financial condition. Dana Gas has limited experience in certain jurisdictions, where it plans to expand its operations, thereby making it uncertain whether Dana Gas will be able to penetrate local markets easily. The set-up costs coupled with the delays associated with acquiring recognition in the local market can create a time lag between the initial capital outlay and the generation of a return on the capital employed, which can have an effect on servicing any debt incurred to undertake such expansion and/or acquisitions. There can be no assurance that Dana Gas will be successful in expanding into international markets.

Dana Gas's asset preservation strategy could result in other unanticipated business risks

As a result of the slowdown in the collection of receivables and the current financial environment, Dana Gas is currently pursuing a strategy which minimises cash expenditure and re-invests the cash flows that arise through receivable collections into activities that will preserve and protect the value of its assets. This strategy may result in Dana Gas missing out on the development of its current assets, future potential opportunities, including acquisition targets or new geographical entries which may have been profitable. This strategy may also make it harder for Dana Gas to retain or attract qualified staff to manage the business. The impact of the above factors may result in Dana Gas losing its competitive edge in the MENA Region due to reduction in size and inability to negotiate with suppliers and economies of scale advantages. This could further result in reputation loss for the organisation.

Natural gas and energy reserve valuations are inherently subjective and uncertain and are based on estimates; Dana Gas's total reserves may decline in the future

The oil and gas reserves data included in these Listing Particulars represent estimates only, involve subjective judgments and determinations and are based on the best available geological, technical, contractual and economic information. The estimation of underground accumulations of oil and gas is a subjective process aimed at understanding the statistical probabilities of recovery. These are not exact determinations. Estimates of the quantity of economically recoverable oil and gas reserves, rates of production, net present value of future cash flows and the timing of development expenditures depend upon several variables and assumptions, including the following: (i) historical production from the area compared with production from other comparable producing areas; (ii) interpretation of geological and geophysical data; (iii) effects of regulations adopted by governmental agencies; (iv) future percentages of international sales; (v) future oil and gas prices; (vi) capital expenditure; and (vii) future operating costs, tax on the extraction of commercial minerals, development costs and workover and remedial costs. The assumptions upon which the estimates of Dana Gas's oil and gas reserves or production profiles have been based may change over time or prove to be incorrect. Dana Gas may be unable to recover and

produce the estimated levels or quality of oil and gas set out in these Listing Particulars and if this proves to be the case, Dana Gas's business, prospects, financial condition or results of operations could be materially adversely affected.

As all reserves estimates are subjective, each of the following items may differ materially from those assumed in estimating reserves: (i) the quantities and qualities of oil and gas that are ultimately recovered; (ii) the production and operating costs and capital expenditure incurred; (iii) the amount and timing of additional exploration and future development expenditures; and (iv) future oil and gas prices.

Many of the factors, assumptions and variables used in estimating reserves are beyond Dana Gas's control and may prove to be incorrect over time. Evaluations of reserves necessarily involve multiple uncertainties. The accuracy of any reserves evaluation depends on the quality of available information and petroleum engineering and geological interpretation. Exploration drilling, interpretation and testing and production after the date of the estimates may require substantial upward or downward revisions to Dana Gas's reserves data. Moreover, different reservoir engineers may make different estimates of reserves and cash flows based on the same available data. Actual production, revenues and expenditures with respect to reserves will vary from estimates, and the variances may be material. The estimation of reserves may also change because of acquisitions and disposals, new discoveries and extensions of existing fields as well as the application of improved recovery techniques. Should Dana Gas's estimations, assumptions and determinations regarding its reserves and related matters prove to be incorrect, this could have a material adverse effect on Dana Gas's business, results of operations and financial condition.

Dana Gas's operations may subject it to foreign exchange risk exposure

While Dana Gas invoices its customers in U.S. dollars, it receives settlement of some of its revenues in foreign currencies and is therefore subject to risks relating to exchange rate fluctuations unless Dana Gas enters into foreign exchange hedging arrangements in respect of these revenues. The majority of Dana Gas's revenues are denominated in U.S. dollars while Dana Gas's operating costs may be denominated in currencies other than U.S. dollars or currencies pegged to the U.S. dollars. Dana Gas's cash flow, income statement and balance sheet are also reported in U.S. dollars and may be affected by fluctuations in exchange rates in relation to available-for-sale financial assets which are denominated in Hungarian Forint ("**HUF**"). At 31 December 2012, if the HUF had strengthened/weakened by 10 per cent. against the U.S. dollar, with all other variables held constant, total income for the year would have been U.S.$25 million higher/lower, as a result of foreign exchange gains/losses on translation of HUF denominated available-for-sale financial assets. As a result, Dana Gas may seek to enter into additional foreign currency hedging arrangements. There can be no assurance that Dana Gas will either be able to enter into such hedging arrangements or, if it does, that the terms will be as favourable as its existing hedging arrangements and this could have a material adverse effect on Dana Gas's business, results of operations and financial condition.

Dana Gas may be subject to fluctuations in the value of its equity investments

As at 31 December 2012, Dana Gas held 3 per cent. of the shareholding of MOL Hungarian Oil and Gas Public Limited Company ("**MOL**"), a publicly listed company that is listed on the Budapest Stock Exchange, received in connection with the sale of shares by Dana Gas in Pearl. In February 2013, Dana Gas announced the sale of 1.675 million of its shares held in MOL. Following this sale, Dana Gas held a remaining interest in MOL of 1.486 million shares, representing approximately 1.4 per cent. of the share capital of MOL.

Dana Gas's large shareholding in MOL exposes Dana Gas to equity securities risk. Dana Gas is exposed to equity securities price risk because of investments held by Dana Gas are classified as available-for-sale. At 31 December 2012, if the equity price of such investments had increased/decreased by 10 per cent., with all other variables held constant, Dana Gas's comprehensive income for the year would have been U.S.$25 million higher/lower. There is a risk that the value of such investments will decrease, which can occur for a number of reasons, including, but not limited to, a decline in the financial situation of MOL, a decline in the market perception of MOL, a decline in general market sentiment and a dilution of the shares. Any decline in the market value of the MOL shares would impact the comprehensive income of Dana Gas and would reduce Dana Gas's ability to raise funds from any sale of the shares.

Dana Gas may be subject to risks resulting from disputes and/or litigation

Dana Gas is subject to risks relating to legal and regulatory proceedings to which it or its subsidiaries, associates and joint ventures are currently a party or which could develop in the future (see "*Dana Gas – Business Description – Litigation and Arbitration*").

Dana Gas's involvement in litigation and regulatory proceedings may adversely affect its reputation. Furthermore, litigation and regulatory proceedings are unpredictable, and legal or regulatory proceedings in which Dana Gas is or becomes involved (or settlements thereof) may have a material adverse effect on its business, prospects, results of operations and financial condition.

Dana Gas may be subject to industrial action and strike risks

The recent tension in the MENA Region has increased demand from workers for better pay and working conditions. While Dana Gas generally believes it enjoys good labour relations with its employees, Dana Gas's operations may be affected by strikes, lock-outs or labour disruptions involving its employees and the employees of Dana Gas's contractors and joint venture partners retained to carry out Dana Gas's drilling programme and the employees of operators of transportation infrastructure needed to run Dana Gas's operations. Delays or disruptions to operations caused by any labour actions could have a material adverse impact on Dana Gas's business, prospects, financial condition or results of operations.

Increases in materials and services costs could have a material adverse effect on Dana Gas's business, results of operations and financial condition

Dana Gas relies on gas field suppliers and contractors to provide materials and services in conducting the exploration and production business of Dana Gas. The cost of gas field services and goods has increased significantly in recent years, compared to prior years, and could continue to increase. Future increases could have a material adverse effect on Dana Gas's operating income, cash flows and borrowing capacity and may require a reduction in Dana Gas's planned level of spending for exploration and development. No assurance can be given that prices for materials and services will be sustained at levels which will enable Dana Gas to operate profitably.

Inflation could increase Dana Gas's costs and decrease Dana Gas's operating margins

The economies of Egypt, Iraq and the UAE have, during certain periods in the past, experienced high rates of inflation. While Dana Gas incurs a substantial portion of its operating expenses in U.S. dollars, it has incurred a certain amount of expenses in the local currencies of the countries in which it has operations. As a result, Dana Gas tends to experience increases in certain of Dana Gas's local currency costs which are sensitive to rises in the general price levels, including salaries, energy utility costs and food and beverage consumables, in countries with high inflation rates. Dana Gas may not, however, be able to maintain the prices Dana Gas charges for Dana Gas's products and services at, or increase Dana Gas's prices to, levels sufficiently high in order to preserve Dana Gas's operating margins, due to competitive pressures, regulatory requirements or other reasons. Accordingly, high rates of inflation in countries in which Dana Gas operates could have a material adverse effect on Dana Gas's business, financial condition and results of operations.

Dana Gas could face significant liabilities under environmental and safety laws

Environmental contamination, toxicity and explosivity from leakage and associated penalties are inherent risks to the oil and gas business. Extensive national, state and local environmental laws and regulations in jurisdictions in which Dana Gas operates affect nearly all of their operations. These laws and regulations set various standards regulating certain aspects of health, safety, security and environmental quality, provide for civil and criminal penalties and other liabilities for the violation of such standards and establish in certain circumstances obligations to remediate current and former facilities and locations where operations are or were conducted. In addition, special provisions may be appropriate or required in environmentally sensitive areas of operation.

Dana Gas has adopted the environmental and safety standards with reference to applicable laws and regulations in each jurisdiction in which it operates which can have an impact on the selection of drilling sites and facility locations. Significant liability could be imposed on members of Dana Gas for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property purchased by Dana Gas, acts of sabotage or non-compliance with environmental laws or regulations. Such liability could have a material adverse effect on Dana Gas's business, results of operations and

financial condition (either because of the cost implications for Dana Gas or because of disruption to services provided at the relevant project or business). It may also result in a reduction of the value of the relevant project or business or affect the ability of Dana Gas to dispose of such project or business. Moreover, Dana Gas cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. Compliance with more stringent laws or regulations, or more vigorous enforcement policies of any regulatory authority, could in the future require material expenditures by Dana Gas for the installation and operation of systems and equipment for remedial measures, any or all of which may have a material adverse effect on Dana Gas's business, results of operations and financial condition.

In December 2012, Dana Gas commissioned Environmental Resources Management, a leading sustainability consultancy, to undertake a report of the health, safety and environmental management system of El Wastani Petroleum Corporation, Dana Gas's joint-venture operating entity in Egypt in which Dana Gas holds a 50 per cent. interest with EGPC holding the remaining 50 per cent. The report identified 20 Category 1 (Unsatisfactory) findings, many of which present immediate danger to life and health or of significant environmental damage. Failure by Dana Gas to resolve these issues in the immediate future may result in personal injury, damage to, or destruction of, production facilities and other property, equipment and the environment, as well as interruption of operations. Furthermore, Dana Gas could incur significant regulatory penalties or forfeit key licences, permits or authorisations as a result, which in turn could have a material adverse effect on Dana Gas's business, results of operations and financial condition.

The business of Dana Gas is subject to uninsured risks

Dana Gas secures insurance coverage which it believes is consistent with industry practice. During the operating phase, insurance is arranged to cover all risks of physical loss or damage to the properties, third-party liability insurance covering legal liabilities to third parties for injury or damage resulting from the operations, operator extra expense insurance (cost of control, seepage and pollution, redrilling) and other locally required insurances. However, Dana Gas does not have insurance coverage in relation to lost revenue for some of its producing assets, in the event that Dana Gas's operations and production are curtailed, delayed or cancelled as a result of various operating risks that Dana Gas may face. The inability of Dana Gas to insure lost revenue in relation to such risks could adversely affect Dana Gas's business, results of operations and financial condition.

Dana Gas and operators of properties in which it has an interest maintain insurance against some, but not all, potential risks; however, there can be no assurance that such insurance will be adequate to cover any losses or exposure for liability or that Dana Gas will be able to obtain insurance to cover such risks. There are also certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third-party (public) liability) that may not be insured or generally are not insured because they are either uninsurable or not economically insurable. The occurrence of an unfavourable event not fully covered by insurance could have a material adverse effect on Dana Gas's business, results of operations and financial condition.

Dana Gas relies on technology systems and applications which may fail

Dana Gas is reliant on certain technology systems and exploration and appraisal applications for its business. Dana Gas's systems and applications could be exposed to, amongst other things, damage or interruption from telecommunications failure, fire or natural disaster, unauthorised entry and malicious computer code, power loss, human error and acts of war or terrorism. The occurrence of any of the foregoing may also significantly disrupt Dana Gas's technology systems and applications and may lead to important geophysical and geological data being irretrievably lost or damaged. Such damage or interruption may adversely affect Dana Gas's business, financial condition and results of operations.

Risks Relating to the Countries in which Dana Gas Operates

Political and economic uncertainty in certain of the jurisdictions in which Dana Gas operates may continue

Dana Gas is incorporated in Sharjah, listed on the ADX, and has the majority of its operations and interests in the MENA Region. Accordingly, its business may be affected by the financial, economic and political developments in or affecting the UAE and the MENA Region.

Since the beginning of 2011, there has been significant political and social unrest, including violent protests in a number of countries in the MENA Region, including Egypt (see "*– Social and political instability in Egypt could*

materially adversely affect Dana Gas's ability to conduct its business effectively"). There can be no assurance that such significant political and social unrest will not escalate or that the governments of countries in the MENA Region will be successful in maintaining domestic order and stability. Any of the foregoing circumstances could have a material adverse effect on the political and economic stability of the MENA Region and there is no assurance that any political, social, economic or market conditions affecting the MENA Region generally would not impact market conditions in the UAE, Egypt, the Kurdistan Region of Iraq or other countries in which Dana Gas owns assets.

In addition to the risks faced in Egypt and the Kurdistan Region of Iraq, Dana Gas is also currently involved in the development and promotion of gas-related petrochemical and industrial complexes in Yemen. Yemen has suffered from political instability and general social and civil unrest since early 2011, resulting in hundreds of people killed and thousands injured. It is not clear if changes in political leadership in Yemen resulting from these events will create stability. Any further unrest in Yemen could affect Dana Gas's operations in Yemen and could adversely affect Dana Gas's business, results of operations and financial condition.

It is not possible to predict the occurrence of events or circumstances such as war, hostilities or political unrest, or the impact of such occurrences, and no assurance can be given that Dana Gas would be able to sustain its current profit levels if adverse financial, economic, political or other events or circumstances were to occur. A continued downturn in any of the countries in which Dana Gas operates or in the MENA Region generally or certain sections thereof could have a material adverse effect on Dana Gas's business, financial condition, results of operations and prospects. Certificateholders should also note that Dana Gas's business and financial performance could be adversely affected by political, financial, economic or related developments outside of the MENA Region, because of the inter-relationships within the global market.

Relations between the Federal Government of Iraq and the Government of the Republic of Turkey have deteriorated in the last two years, in parallel with improved relations and economic ties between Turkey and the Kurdistan Region of Iraq, which controls the entire border between Iraq and Turkey. How this situation will develop further cannot be predicted with certainty; but it is a factor which may have adverse implications on Dana Gas's interest in the Kurdistan Region Authorisation.

In addition, the implementation by the UAE Government, the Government of Sharjah, the Egyptian government, the KRG, the Federal Government of Iraq or the government of any other country in which it operates or may operate in the future, of regulations adverse to Dana Gas's interests, including changes with respect to taxation or the regulation of the energy sector, or changes to grants and licences of properties used by Dana Gas, could have a material adverse effect on Dana Gas's business, financial condition, results of operations and prospects and thereby adversely affect Dana Gas's ability to perform its obligations in respect of any Certificates.

Certificateholders should also be aware that some of these markets are subject to greater risks than more developed markets, including in some cases significant legal, economic and political risks (see "*– Developing markets are subject to greater risks than more developed markets, including significant political, social and economic risks*"). Accordingly, Certificateholders should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate.

Developing markets are subject to greater risks than more developed markets, including significant political, social and economic risks

Dana Gas conducts its business in a number of countries and regions with developing economies, many of which do not have firmly established legal and regulatory systems and some of which from time to time have experienced economic, social or political instability. For example, Dana Gas operates in both the Kurdistan Region of Iraq and Egypt, each of which has suffered from regional political instability, armed conflict and general social and civil unrest in recent years. Some of these countries are also in the process of a political transition and, as a result, are experiencing changes in their economies and their government policies that can affect Dana Gas's investments in these countries. There is also a higher risk that Dana Gas's operations in those countries could be expropriated by the relevant government or regulatory authorities, either by formal change in ownership, revocation or amendment of an operating licence or concession agreement, or by changes in regulatory or financial policies that have an equivalent effect. Governments in these jurisdictions and countries, as well as in more developed jurisdictions and countries, may be influenced by political or commercial considerations outside of Dana Gas's control, and may act arbitrarily, selectively or unlawfully, including in a manner that benefits Dana Gas's competitors.

Specific risks in the MENA Region that may have a material impact on Dana Gas's business, operating results, cash flows and financial condition include:

- an increase in inflation and the cost of living;
- political, social and economic instability;
- external acts of warfare, civil clashes and terrorist activities;
- governments' actions or interventions, including tariffs, protectionism and subsidies;
- regulatory, taxation and legal changes;
- difficulties and delays in obtaining new permits and consents for Dana Gas's operations or renewing existing ones;
- potential lack of reliability as to title to real property in certain jurisdictions where Dana Gas operates;
- cancellation of contractual rights;
- lack of infrastructure;
- expropriation of assets; and
- inability to repatriate profits and/or dividends.

Changes in investment policies or shifts in the prevailing political climate in any of the countries in which Dana Gas operates, or seeks to operate, could result in the introduction of increased government regulations with respect to, among other things:

- price controls;
- export and import controls;
- income and other taxes;
- environmental legislation;
- customs and immigration;
- foreign ownership restrictions;
- foreign exchange and currency controls; and
- labour and welfare benefit policies.

Any unexpected changes in the political, social, economic or other conditions in the MENA Region or neighbouring countries may have a material adverse effect on Dana Gas's business, financial condition and results of operations and may adversely affect Dana Gas's plans for further international expansion and investment.

It is not possible to predict the occurrence of events or circumstances such as or similar to those outlined above or the impact of such occurrences, and no assurance can be given that Dana Gas would be able to sustain its current profit levels if such events or circumstances were to occur.

Social and political instability in Egypt could materially adversely affect Dana Gas's ability to conduct its business effectively

Egypt has suffered from political instability and general social and civil unrest since early 2011. In Egypt, this led to a change in political leadership when Hosni Mubarak, the then-president of Egypt, resigned on 11 February 2011 after widespread protests against his rule, resulting in hundreds of people killed and thousands injured. The Egyptian military assumed control of Egypt, and, on 13 February 2011, the Egyptian parliament was dissolved. New parliamentary elections took place in Egypt in three stages, on 28 November 2011, 14 December 2011 and 3 January 2012, with the Muslim Brotherhood's Freedom and Justice Party winning the largest number of seats in those elections.

A presidential election was held in Egypt on 23 and 24 May 2012, with the final round of voting held on 16 and 17 June 2012. The Muslim Brotherhood's Freedom and Justice Party declared on 18 June 2012, that its candidate, Mohammed Morsi, had won Egypt's presidential election. After Morsi granted himself certain additional powers in late November 2012, including the power to legislate without judicial oversight or review of his acts, hundreds of thousands of protesters began demonstrating against him in late 2012 and early 2013. The demonstrations have resulted in violent clashes between members of the Muslim Brotherhood's Freedom and Justice Party and the anti-Morsi protesters, resulting in several deaths and hundreds of injuries.

It is not clear if changes in political leadership in Egypt or other countries in the MENA Region will create stability and it is difficult to predict the likelihood of instability in one country or territory contributing to

instability in other countries or territories within the region. The recent political instability and civil unrest in the MENA Region has caused significant disruption to the economies of affected countries and has had a destabilising effect on oil and gas prices. These effects could have a material adverse effect on Dana Gas's business, results of operations and financial condition.

The weakening economic conditions and turmoil in the financial markets in Egypt may result in an increase in the rate of unemployment or the failure of state and private enterprises to pay full salaries on time and the failure of salaries and benefits generally to keep pace with the increasing cost of living. These conditions have already led to certain labour and social unrest that may continue or escalate in the future. Such labour and social unrest may have widespread political, social and economic consequences, including restrictions on foreign involvement in the Egyptian economy, and increased tension between the Egyptian government and the Egyptian population. Any of these consequences could restrict Dana Gas's operations and lead to a loss of revenue, materially adversely affecting Dana Gas.

Terrorism and political and economic instability in Iraq and the surrounding region may have a material adverse effect on Dana Gas's business, financial condition and results of operations

Following the overthrow of the former Iraqi regime in 2003, Iraq was, and continues to be, subject to serious political and security concerns. Geopolitical instability and a poor security environment have historically been among the key risks associated with doing business in Iraq or investing in a company that is based or does substantial business in Iraq. While in recent years and months, the security situation has improved, Iraq has nonetheless remained unstable and been characterised by alternating periods of relative calm and heightened violence. In addition, Dana Gas's assets in Iraq may in the future be a target for terrorists and other non-state actors. According to international media reports and regional commentators (including the U.S. Department of Defense), an ongoing feature of Iraq's social and political landscape since 2003 has been the emergence of certain sectarian/ethnic tensions within Iraq, and a number of terrorist attacks and other instances of violence in Iraq since 2003 have had a sectarian motive. Although the Presidency Council represents Sunni, Shi'a and Kurdish groups politically, sectarian divisions exist within Iraq that are based principally on religious, ethnic, geographical, territorial and tribal differences. Notably, there are differences and tensions between Sunni and Shi'a groups, and between Kurdish and Arab groups. Further divisions exist between the individual governorates that constitute the Republic of Iraq and between governorates and the federal parliament (the Council of Representatives of Iraq). The KRG and the Council of Representatives are also divided on certain issues, such as allocation of oil revenues, the delimitation of the Kurdistan Region of Iraq required by Article 140 of the Iraq Constitution and budget and military expenditure. These sectarian and other divisions also determine the political and economic landscape of Iraq. Any shift in such divisions may adversely affect the political and economic environment in which Dana Gas operates and could have a material adverse effect on Dana Gas's business, results of operations and financial condition.

The political issues of federalism and the autonomy of regions in Iraq are matters about which there are major differences between the various political factions in Iraq and between certain of these factions and the KRG. Specifically, in the Kurdistan Region of Iraq, and notwithstanding the constitutional footing enjoyed by the Kurdistan Region of Iraq within the federal system of Iraq, the KRG and the Iraqi Government hold differing views in respect of who exercises jurisdiction over the management of oil and gas matters in the Kurdistan Region of Iraq.

As a result principally of the political and security factors discussed above, the Iraqi economy in recent decades has suffered from international isolation followed by instability in the country. Particular problems that have characterised the Iraqi economy have included currency fluctuations and devaluation, liquidity shortages, high interest rates, unemployment, corruption and systemic problems flowing from the underdeveloped nature of the banking and regulatory sectors. These factors are outside the control of Dana Gas. Economic instability and the re-occurrence of economic problems that Iraq has suffered in the past as a result of the political and security situation is outside Dana Gas's control, and could have a material and adverse effect on Dana Gas's revenues, financial condition, results of operations and continued growth.

Dana Gas is vulnerable to risks associated with its operations being concentrated in certain geographic areas

Dana Gas's operations are limited to a small number of geographic areas in the MENA Region, with the significant majority of its existing production concentrated in the Nile Delta region of Egypt and the Kurdistan Region of Iraq, with additional exploration and development projects underway in Upper Egypt and off the Sharjah coastline in the UAE. To the extent Dana Gas's operations continue to be concentrated in a small number of geographic areas, it may be exposed disproportionately to the impact of localised events or

circumstances, with a number of its concessions experiencing the same adverse conditions at the same time. Such adverse conditions could include delays or interruptions of production from wells caused by transportation capacity constraints, scarcity of equipment, facilities, personnel or services, political or social unrest, significant adverse governmental regulation, natural disasters, adverse weather conditions, wars or terrorist attacks. In addition, the effect of fluctuations in supply and demand may become more pronounced within specific geographic natural gas producing areas such as the MENA Region, which may cause some of these conditions to occur with greater frequency or magnify the effect of these conditions. The concentrated nature of Dana Gas's portfolio of concessions could result in such conditions having a relatively greater impact on Dana Gas's results of operations than they might have if Dana Gas had a more diversified portfolio of concessions and wider geographic exposure.

Dana Gas operates in locations where there are high security risks, which could result in harm to its employees and contractors or substantial costs

Some of Dana Gas's subsidiaries, associates and joint ventures operate in high-risk locations where the country or location is suffering from political, social or economic instability, or war or civil unrest. In those locations where Dana Gas has employees, assets or operations, those subsidiaries, associates and joint ventures may incur substantial costs to maintain the safety of their personnel and to protect their assets. Despite these precautions, the safety of Dana Gas's personnel in these locations may continue to be at risk.

Dana Gas's facilities could be exposed to catastrophic events, including natural disasters, terrorist attacks or war, over which Dana Gas has no control

Dana Gas may be exposed to the effects of natural or man-made disasters and other potentially catastrophic events, such as fire, earthquakes, major accidents, armed conflicts, hostilities and acts of terrorism, all of which are beyond Dana Gas's control.

The continued threat of terrorist activity and other acts of war, or hostility, have significantly increased the risk of political, economic and social instability in some of the geographic areas in which Dana Gas operates. It is possible that further acts of terrorism may occur domestically or abroad and such acts of terrorism could be directed against Dana Gas's property and personnel and have a material adverse effect on Dana Gas's business, results of operations and financial condition.

Dana Gas may also face civil liabilities or fines in the ordinary course of its business as a result of damages to third parties caused by natural and man-made disasters. These liabilities may result in Dana Gas being required to make indemnification payments in accordance with applicable laws to the extent and in the amount that such indemnification payments are not covered by Dana Gas's insurance policies.

While Dana Gas seeks to take precautions against such disasters, maintain disaster recovery strategies and purchase levels of insurance coverage that Dana Gas regards as commercially appropriate, should any damage occur and be substantial, Dana Gas could incur losses and damages not recoverable under insurance policies in force, which could have a material adverse effect on Dana Gas's business, results of operations and financial condition.

Interpretation and application of the laws and regulations of the countries in which Dana Gas operates can be uncertain and could adversely affect Dana Gas

If a dispute arises in connection with Dana Gas's operations, it may be subject to the exclusive jurisdiction of a court or arbitration tribunal outside the countries in which it operates or may not be successful in subjecting certain counterparties, especially oil ministries and national oil companies, to the jurisdiction of the UAE, Iraq, Egypt or any other jurisdictions in which Dana Gas operates.

The jurisdictions in which Dana Gas operates may have less developed legal systems than more established economies which may result in risks such as:

- effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or, in an ownership dispute, being more difficult to obtain;
- a higher degree of discretion on the part of governmental authorities;
- the lack of judicial or administrative guidance on interpreting applicable rules and regulations;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or

- relative inexperience of the judiciary and courts in such matters.

Enforcement of laws in some of the jurisdictions in which Dana Gas operates may depend on and be subject to the interpretation placed upon such laws by the relevant local authority, and such authority may adopt an interpretation of an aspect of local law which differs from the advice that has been given to Dana Gas. There can be no assurance that contracts, joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or the effectiveness and enforcement of such arrangements in these jurisdictions. In certain jurisdictions, the commitment of local businesses, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain and may be susceptible to revision or cancellation, and legal redress may be uncertain or delayed.

Legal and regulatory systems may create an uncertain environment for investment and business activities

Many countries in the MENA Region are in the process of developing institutions and legal and regulatory systems which are not yet as firmly established as in Western Europe and the U.S.A. Some countries are also in the process of transitioning to a market economy and, as a result, may experience changes in their economies and government policies (including, without limitation, policies relating to foreign ownership, repatriation of profits, property and contractual rights and planning and permit-granting regimes) that may affect Dana Gas's business.

No assurance can be given that the governments in the countries in which Dana Gas maintains operations or owns assets will not implement regulation or fiscal or monetary policies, including regulations, or new legal interpretations of existing regulations, relating to or affecting taxation, interest rates or exchange controls, or otherwise take actions which could have a material adverse effect on Dana Gas's business, financial condition, results of operations or prospects.

Risks Relating to the Certificates

Risks Relating to the Certificates – General

The Certificates may be subject to early redemption

The Exchangeable Certificates may be redeemed prior to the Scheduled Redemption Date at the option of the Trustee (a) in part at any time or times (but not more than once every six months) on or after 31 October 2013 and prior to the last day of the Exercise Period (as described in Condition 6.4 (*Redemption at the Option of the Trustee*) of the Exchangeable Conditions at an amount equal to the face amount of the Exchangeable Certificates to be redeemed together with all accrued but unpaid Periodic Distribution Amounts provided that: (i) the face amount of Exchangeable Certificates to be redeemed does not exceed U.S.$212,520,000 in any six month period; and (ii) the Aggregate Value (as defined herein) exceeds U.S.$20 on 20 out of any 30 consecutive Trading Days ending not earlier than the fifth day prior to the date on which the relevant notice of redemption is given by the Trustee to the Exchangeable Certificateholders, as more particularly described in Condition 6.4 (*Redemption at the Option of the Trustee*) of the Exchangeable Conditions, or (b) at any time at the Standard Redemption Amount if the aggregate face amount outstanding of all Exchangeable Certificateholders is less than 10 per cent. of the face amount of the Exchangeable Certificates originally issued (as more particularly described in Condition 6.4(c) of the Exchangeable Conditions).

The Ordinary Certificates may be redeemed prior to the Scheduled Redemption Date at the option of the Trustee at any time or times in whole or in part, in cash, for an amount equal to their face amount outstanding together with the applicable Optional Redemption Premium (as defined herein) and all unpaid accrued Periodic Distribution Amounts, as more particularly described in Condition 6.3 (*Redemption at the Option of the Trustee*) of the Ordinary Conditions.

The Trustee may also redeem the Exchangeable Certificates and/or the Ordinary Certificates at the Tax Redemption Amount (as defined herein) in the event of certain changes affecting taxation in the United Arab Emirates or Jersey (as more particularly described in Condition 6.6 (*Redemption for Taxation Reasons*) of the Exchangeable Conditions and Condition 6.5 (*Redemption for Taxation Reasons*) of the Ordinary Conditions, save that Exchangeable Certificateholders (but not Ordinary Certificateholders) will have the right to elect that their Exchangeable Certificates not be redeemed, in which case the tax gross up provisions set out in Condition 11 (*Taxation*) of the Exchangeable Conditions shall cease to apply to payments made in respect of such Exchangeable Certificates after such election, such that payment of all amounts shall be made subject to the deduction or withholding of the taxation required by the United Arab Emirates or Jersey, as the case may be, and no additional amounts shall be payable in respect thereof.

Any such early redemption feature is likely to limit the market value of the Certificates. During any period when the Trustee may elect to redeem the Certificates, the market value of the Certificates generally will not rise substantially above the Relevant Redemption Amount payable. The Trustee may be expected to redeem the Certificates when Dana Gas's cost of financing is lower than the profit rate (including such additional amounts as are referred to above) on the Certificates. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective profit rate as high as the profit rate on the Certificates and may only be able to do so at a significantly lower rate. Potential investors should consider re-investment risk in light of other investments available at that time.

Enforcing foreign judgments in the UAE

The payments and/or deliveries under the Certificates are dependent upon Dana Gas making payments and/or deliveries to the Trustee in the manner contemplated under the Transaction Documents. If Dana Gas fails to do so, it may be necessary to bring an action against Dana Gas to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time consuming.

Each of the Declaration of Trust, the Agency Agreement, the Purchase Undertaking, the Sale Undertaking, the Security Agency Agreement, the Security Agreement in respect of shares in Dana LNG Ventures Ltd., the Ordinary Certificates and the Exchangeable Certificates are governed by English law (the "**English Law Documents**") and Dana Gas has agreement to submit to the non-exclusive jurisdiction of the courts of England in respect of any dispute, claim, difference or controversy arising out of or in connection therewith. Any judgement awarded by an English court in respect of the English Law Documents may not be upheld.

Investors may have difficulties in enforcing any English court judgments or arbitral awards against Dana Gas in the courts of Sharjah.

Under current UAE law, and in the absence of any bilateral treaty for the reciprocal enforcement of foreign judgments, the UAE and Sharjah courts are unlikely to enforce a foreign court judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the Certificates. In the UAE, foreign law is required to be established as a question of fact and the interpretation of English law by a court in the UAE may not accord with the interpretation of an English court. In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. They will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or to any mandatory law of, or applicable in, the UAE. Accordingly, even if English law is accepted as the governing law, it will only be applied to the extent that it is compatible with Sharjah and UAE law and public policy.

The UAE is a civil law jurisdiction and judicial precedents in the UAE have no binding effect on subsequent decisions. In addition, there is no formal system of reporting court decisions in the UAE. These factors create greater judicial uncertainty than would be expected in other jurisdictions.

Future attitudes of UAE courts regarding interest cannot be predicted and there is no principle of binding precedent in the UAE courts

Although, under the laws of the UAE, contractual provisions for the charging and payment of interest are permissible and have been routinely enforced, a court applying the laws of the UAE may not enforce such a provision either to pay interest on unpaid interest amounts or to the extent that, on a given date, accrued but unpaid interest exceeded outstanding principal. The future attitude of UAE courts and the laws of the UAE regarding interest cannot be predicted.

There is no doctrine of binding precedent in the UAE courts and decisions of the UAE courts are not widely available. As a result, any experience with and knowledge of prior rulings of the UAE courts may not be a reliable basis from which to predict decisions that UAE courts may adopt in the future. The outcome of any legal disputes remains uncertain.

Option to arbitrate in Purchase Undertaking

Dana Gas has agreed that the courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Purchase Undertaking and, accordingly, any legal action or proceedings arising out of or in connection with the Purchase Undertaking may be brought in such courts. Notwithstanding the foregoing, Dana Gas has also agreed that, if the Trustee so requires, any dispute may be settled by arbitration in accordance with the Rules of the London Court of International Arbitration.

Certain doubts exist with regard to the legal enforceability and validity of an option to arbitrate in manner contained in the Purchase Undertaking, and there can be no assurance that this option to arbitrate will be upheld or enforceable in any proceedings initiated by the Trustee or the Delegate against Dana Gas in connection with the Purchase Undertaking.

Enforcing U.S. judgments against Dana Gas

Dana Gas is a public joint stock company incorporated under the laws of the UAE. All of Dana Gas's directors and officers reside outside of the United States. In addition, all or substantially all of Dana Gas's assets are located outside of the United States. As a result, it may be impossible for holders of the Certificates to effect service of process within the United States on Dana Gas and its directors and officers, or to enforce against any of them in the United States courts, judgments obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States or any State or territory within the United States. In addition, there is doubt as to the enforceability, in original actions in UAE courts, of liabilities predicated in whole or in part on the U.S. federal securities laws.

Claims for specific performance

If Dana Gas fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include: (i) obtaining an order for specific performance of Dana Gas's obligations; (ii) a claim for damages; or (iii) the enforcement of the Shared Security.

There is no assurance that a court will provide an order for specific performance, as this is generally a matter for the discretion of the relevant court. The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors, including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of such breach. No assurance is provided on the level of damages which a court may award in the event of a failure by Dana Gas to perform its obligations set out in the Transaction Documents to which it is a party.

Suitability of investment

The Certificates are complex financial instruments and may not be a suitable investment for all investors.

Each potential investor in the Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained in these Listing Particulars;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact the Certificates will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates or where the currency for principal is different from the potential investor's currency;
- understand thoroughly the terms of the Certificates and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Certificates are legal investments for it; (ii) the Certificates can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules.

Certificateholders must rely on Euroclear and Clearstream, Luxembourg procedures

The Certificates will be represented on issue by Global Certificates that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global

Certificates, investors will not be entitled to receive Certificates in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the ownership interests in the Global Certificates. While the Certificates are represented by the Global Certificates, investors will be able to trade their ownership interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

While the Certificates are represented by the Global Certificates, the Trustee will discharge its payment obligation under the Certificates by making payments through the relevant clearing systems. A holder of an ownership interest in any of the Global Certificates must rely on the procedures of the relevant clearing system and its participants to receive payments under the Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, ownership interests in the Global Certificates.

Holders of ownership interests in any of the Global Certificates will not have a direct right to vote in respect of the Certificates so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

No assurance can be given as to Sharia rules

The Sharia advisory board of Dar Al-Sharia have confirmed that the Transaction Documents are, in their view, Sharia compliant. However, there can be no assurance that the Transaction Documents or the issue and trading of the Certificates will be deemed to be Sharia compliant by any other Sharia board or Sharia scholars. None of the Trustee, Dana Gas or the Delegate makes any representation as to the Sharia compliance of the Certificates and/or any trading thereof, and potential investors are reminded that, as with any Sharia views, differences in opinion are possible. Potential investors should obtain their own independent Sharia advice as to the compliance of the Transaction Documents and the issue and trading of the Certificates with Sharia principles.

In addition, prospective investors are reminded that Dana Gas has agreed under the English Law Documents to submit to the jurisdiction of the courts of England. In such circumstances, the judge will first apply English law rather than Sharia principles in determining the obligations of the parties.

Certificates with a denomination that is not an integral multiple of the specified denomination may be illiquid and difficult to trade

As the Certificates have a denomination consisting of the specified denomination of U.S.$45,000 plus higher integral multiples of U.S.$10, it is possible that the Certificates may be traded in amounts in excess of such specified denomination that are not integral multiples of such specified denomination. In such a case a Certificateholder who, as a result of trading such amounts, holds a face amount of less than the specified denomination would need to purchase an additional amount of Certificates such that it holds an amount equal to at least the specified denomination to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

If a Certificateholder holds an amount which is less than the specified denomination in his account with the relevant clearing system at the relevant time, such Certificateholder may not receive a Definitive Certificate in respect of such holding (should Definitive Certificates be printed) and would need to purchase a face amount of Certificates such that it is holding amounts to at least a specified denomination in order to be eligible to receive a Definitive Certificate.

If Definitive Certificates are issued, holders should be aware that Definitive Certificates which have a denomination that is not an integral multiple of the specified denomination may be illiquid and difficult to trade.

Consents are required in relation to the variation of Transaction Documents and other matters

The Conditions of the Certificates contain provisions for calling meetings of Certificateholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Certificateholders, including those who did not attend and vote at the relevant meeting and those who voted in a manner contrary to the majority.

Exchange rate risks and exchange controls

The Trustee will make all payments on the Certificates in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may

significantly change (including changes due to devaluation of U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Trustee does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease: (i) the Investor's Currency-equivalent yield on the Certificates; (ii) the Investor's Currency equivalent value of the principal payable on the Certificates; and (iii) the Investor's Currency equivalent market value of the Certificates.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate as well as the availability of a specified foreign currency at the time of any payment of any amount in respect of a Certificate. As a result, investors may receive less under the Certificates than expected, or no such amounts. Even if there are no actual exchange controls, it is possible that U.S. dollars for any particular Certificate may not be available on the date for such Certificate's redemption.

The UAE has a relatively untested bankruptcy regime, which may adversely affect the ability of Certificateholders to enforce their rights against Dana Gas in the UAE

In the event of an insolvency of Dana Gas, UAE bankruptcy law may adversely affect Dana Gas's ability to perform its obligations under the Purchase Undertaking and, therefore, the Trustee's ability to make payments to Certificateholders. There is little precedent to predict how the claims on behalf of Certificateholders would be resolved in the case of an insolvency of Dana Gas. The rules and procedures generally governing bankruptcy of individuals or companies that carry out commercial activities are set out in Book Five of Federal Law No. 18 of 1993 (the "**UAE Commercial Code**"). Such rules and procedures are applicable to Dana Gas. In addition, the respective laws under which Dana Gas was incorporated also contain rules and procedures governing dissolution and winding up which are applicable with respect to Dana Gas. Certain of these procedures are supervised by the UAE courts and/or a trustee in bankruptcy, which are granted certain discretions. There can be no assurances that a UAE court would compel a bankruptcy administrator to perform any of Dana Gas's obligations under the Purchase Undertaking during an administration period.

Under the UAE Commercial Code, set-off arrangements are enforceable on an insolvency to the extent that the rights and obligations of the parties arise from one cause. Therefore, there is a risk that in relation to any provision in the Purchase Undertaking which might confer a right of set-off, a UAE court may decide that two or more separate transactions are insufficiently connected and hold that such right of set-off is ineffective against a trustee in bankruptcy, liquidator, administrator or creditor of Dana Gas while in the process of winding up, insolvency, bankruptcy, liquidation or similar process in relation to Dana Gas.

Change in law

The structure of the issue of the Certificates is based on English law, the laws of the Emirate of Sharjah and, to the extent applicable in Sharjah, the federal laws of the UAE and administrative practices in effect as at the date of these Listing Particulars. No assurance can be given as to the impact of any possible change to English law, Sharjah law, UAE law or administrative practice in such jurisdictions after the date of these Listing Particulars, nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments and/or make deliveries under the Certificates or of Dana Gas to comply with its obligations under the Transaction Documents.

No secondary market

There can be no assurances that a secondary market for the Certificates will develop, or if a secondary market does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of the Certificates. The market value of the Certificates may fluctuate. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. Consequently, any sale of Certificates by Certificateholders in any secondary market that may develop could be at a discount from the original purchase price of such Certificates and, accordingly, an investor in the Certificates must be prepared to hold the Certificates until the Certificates have been redeemed or all amounts then due have been paid in full.

Application has been made to the Irish Stock Exchange for the approval of this document as Listing Particulars. Application has been made to the Irish Stock Exchange for the Certificates to be admitted to the Official List and trading on the Global Exchange Market which is the exchange-regulated market of the Irish Stock Exchange.

There can be no assurance that any such application will be successful or that any such listing will be granted or maintained. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Trustee in connection with the Certificates and is not itself seeking admission of the Certificates to trading on the Main Securities Market or the Global Exchange Market of the Irish Stock Exchange.

EU Savings Directive

Under EC Council Directive 2003/48/EC (the "**Directive**") on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of certain payments paid by a person within its jurisdiction to an individual resident in that other Member State or to certain types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). A number of non-EU countries and territories, including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Trustee nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to the Certificates as a result of the imposition of such withholding tax. The Trustee is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

The Certificates may be issued with original issue discount for U.S. federal income tax purposes

The Certificates may be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. If the Certificates are issued with OID for U.S. federal income tax purposes, U.S. investors in such Certificates will generally be required to include amounts representing OID in their gross income as it accrues in advance of the receipt of cash payments attributable to such income using the constant yield method. See "*Taxation – U.S. Taxation*".

The U.S. Internal Revenue Service may treat the Certificates as an interest in a grantor trust for federal income tax purposes, which may result in the Trustee and U.S. investors being subject to significant penalties

The U.S. Internal Revenue Service (the "**IRS**") may seek to characterise the Certificates as interests in a grantor trust for U.S. federal income tax purposes. Under this characterisation, the Trustee and U.S. investors would be required to comply with certain information reporting requirements applicable to foreign trusts, or risk significant penalties. The Trustee does not expect that it will provide information that would allow either itself or U.S. investors to comply with these requirements if they were determined to be applicable. Should the IRS characterise the Certificates as interests in a grantor trust and should the Trustee be unable to provide the information necessary for itself and for U.S. investors to comply with the foreign trust information reporting requirements, both the Trustee and U.S. investors may be subject to significant penalties that may adversely affect the Trustee's financial position and the returns of U.S. investors from the Certificates. See "*Taxation – U.S. Taxation*".

Risks Relating to the Certificates – Exchangeable Certificates

Dana Gas will not have authorised and issued the Shares on or prior to the Closing Date

Any increase in Dana Gas's share capital to permit the issue and allotment of all Shares required to be delivered under the Exchangeable Conditions and the terms of the Purchase Undertaking requires the prior approval of the shareholders of Dana Gas (by means of a resolution passed at a duly convened extraordinary general meeting of Dana Gas) and a subsequent resolution of the Board of Directors of Dana Gas authorising a person or persons to exercise Dana Gas's discretion to issue and allot the Shares. The relevant shareholders of Dana Gas passed a number of resolutions at a duly convened Extraordinary General Meeting ("**EGM**") held on 23 April 2013, at which a representative of the the Securities and Commodities Authority (the "**SCA**") was present and in respect of which SCA had approved the holding of the meeting and the publication of the notice of meeting relating thereto. Pursuant to these resolutions, the shareholders authorised, *inter alia*, the restructuring of the Existing

Certificates, the issuance of the Certificates in accordance with the terms and conditions agreed with a majority of the 2012 Certificateholders, as set out in these Listing Particulars (see "*Terms and Conditions of the Exchangeable Certificates*" and "*Terms and Conditions of the Ordinary Certificates*") and the increase of Dana Gas's share capital to permit the issue and allotment of all Shares contemplated by the Exchangeable Conditions.

However, as at the Closing Date, no board resolutions in respect of any specific allotment of Shares required to be delivered under the Purchase Undertaking have been passed, and the requisite meetings to pass such resolutions have not been convened. Accordingly, the Trustee may not be able to satisfy its obligation to deliver Shares upon the exercise by an Exchangeable Certificateholder of its voluntary early redemption right, or in any other circumstance described in Condition 6 (*Redemption*) of the Exchangeable Conditions in which Shares are to be delivered to Certificateholders, if the resolution of the Board of Directors of Dana Gas, authorising the exercise of the discretion to issue and allot the Shares (thereby permitting the issue of the requisite number of Shares to be delivered to the Trustee under the Purchase Undertaking), is not approved by the Board of Directors of Dana Gas sufficiently in advance of the relevant date for delivery of such Shares or at all.

Shareholder approval for the issuance of Shares

Article 199 of UAE Federal Law No. 8 of 1984 concerning the Commercial Companies Law (the "**Companies Law**") requires any increase in the capital of a public joint stock company to be approved in an extraordinary general meeting of shareholders, such resolution specifying the amount of increase of share capital and the issue value of the new shares. Due to the nature of the conversion terms for the Exchangeable Certificates, Dana Gas believed that it was not possible at the date of the EGM to determine the exact amount of the increase in capital, or the issue value of the new shares, required upon the conversion of the Exchangeable Certificates.

Pursuant to the resolutions passed at the EGM, the shareholders authorised the Board of Directors of Dana Gas, *inter alia*, to (i) exchange the Exchangeable Certificates for shares in Dana Gas in accordance with the terms and conditions of the Exchangeable Certificates; (ii) increase the capital of Dana Gas to effect each exchange of Exchangeable Certificates into shares in Dana Gas; and (iii) implement the capital increase without reference to the General Assembly within five years of the date of the resolutions.

As the EGM resolutions do not specify the amount of increase in the capital of Dana Gas or the issue value of Shares (but rather delegate these tasks to the Board of Directors, as Dana Gas believed it could not be specified at that time due to the conversion mechanics), there is a risk that the SCA might refuse to approve the listing of Shares issued and allotted pursuant to the EGM, on the basis that the EGM resolution may not be in strict compliance with the Companies Law and/or may require Dana Gas to hold a further EGM to further specify the exact number of Shares to be issued and the precise issue price.

Consent of the Securities and Commodities Authority and the Ministry of Economy is required for the issue of Shares on redemption of the Exchangeable Certificates

Any increase in Dana Gas's share capital to permit the issue and allotment of all Shares required to be delivered under the terms of the Transaction Documents requires an application to be made by Dana Gas for the consent of the SCA for the listing of the Shares on the ADX. As at the Closing Date, no such consent has been given. Accordingly, the consent of SCA will be required in the event of any redemption of the Certificates where Shares are to be delivered.

There is no statutory set period within which such consents must be provided. There can be no assurance that the requisite consent of SCA will be granted prior to the date on which such Shares are due to be delivered, or at all. In such circumstances, there can be no assurance that Dana Gas will be able to deliver Shares or have sufficient available cash to pay the applicable Foreign Ownership Amount in lieu thereof.

Exchangeable Certificateholders must open accounts with the ADX as a precondition to receiving Shares

In order to receive Shares in accordance with the Exchangeable Conditions, an Exchangeable Certificateholder must have opened an account with the Clearing & Depositary System of the ADX and have obtained an investor number. This will require, among other matters, certain "know your customer" procedures to be completed. There can be no assurance as to the time that may be taken in opening such an account and obtaining such a number.

Exchangeable Certificateholders will bear the risk of fluctuation in the price of the Shares

The market price of the Exchangeable Certificates may be affected by fluctuations in the market price of the Shares. It is impossible to predict whether the price of the Shares will rise or fall. Trading prices of the Shares will be influenced by, among other matters, the financial position of Dana Gas, the results of operations and political, economic, financial and other factors of Dana Gas as well as the liquidity and volatility of shares traded on the ADX. Any decline in the price of the Shares may have an adverse effect on the market price of the Exchangeable Certificates.

Future issues or sales of Shares may affect the trading price of the Exchangeable Certificates

Any future issues of Shares by Dana Gas or disposal of Shares by any major shareholder of Dana Gas or the perception that such issues or sales may occur may significantly affect the trading price of the Exchangeable Certificates. Except as set out in the memorandum and articles of association of Dana Gas, there is no restriction on Dana Gas's ability to issue Shares, and there can be no assurance that Dana Gas will not issue Shares or that any substantial shareholder or shareholders will not dispose of, encumber or further pledge its Shares in a manner that affects the trading price of the Exchangeable Certificates.

Exchangeable Certificateholders may not receive Shares

At any time during the Exercise Period, each Exchangeable Certificateholder will have the right to elect to have its Exchangeable Certificates redeemed for Shares. However, Dana Gas may not be able to deliver Shares to the Trustee for the purposes of exchange on the due date for delivery thereof due to, amongst other things, being prohibited or restricted by the applicable rules and regulations of the ADX from delivering all or part of the Shares to Certificateholders.

In addition to the foregoing, Dana Gas may not issue Shares which would cause it to breach applicable Foreign Ownership Restrictions. An Exchangeable Certificateholder shall be required to certify in the Voluntary Early Redemption Notice served by it, among other matters, whether or not the Exchangeable Certificateholder is a GCC national or a company wholly owned by a GCC national (together, a "**GCC Person**") as well as the details of the relevant settlement account to which the Shares are to be delivered. If the Voluntary Early Redemption Notice is, in the opinion of the Principal Paying and Exchange Agent, incomplete or incorrectly completed, then (unless the Trustee determines otherwise, notwithstanding the incomplete or incorrect information) the relevant Voluntary Early Redemption Notice shall be deemed not to have been properly served and the relevant Exercising Certificateholder will be required to deliver another duly completed and signed Voluntary Early Redemption Notice to the Trustee and the Principal Paying and Exchange Agent, subject as more particularly provided in Condition 6.1 (*Voluntary Early Redemption*) of the Exchangeable Conditions to exercise its right to Voluntary Early Redemption.

Under UAE law and the memorandum and articles of association of Dana Gas, restrictions on foreign ownership of Dana Gas limit the number of shares that may be bought or held by or on behalf of persons or entities that are not GCC Persons (such persons or entities, "**Non-GCC Persons**"). In particular, ownership by Non-GCC Persons in Dana Gas is limited to 49 per cent. Accordingly, foreign Exchangeable Certificateholders are subject to restrictions prohibiting the ownership of Shares by Non-GCC Persons and therefore may be prohibited from receiving Shares on any Voluntary Early Redemption.

Therefore, notwithstanding the fact that the Trustee may have elected to redeem the Exchangeable Certificates by Physical Settlement, the Trustee may be prohibited from delivering such Shares if the effect of such delivery would be to breach the foreign ownership restriction set out above. In such cases, those Exchangeable Certificateholders who are Non-GCC persons shall receive the Foreign Ownership Amount in cash. The relevant cash amounts due are payable on the relevant Settlement Date. However, there can be no assurances that Dana Gas will have, in such circumstances, sufficient available cash available to pay the relevant cash amounts.

As at 31 December 2012, 65.5 per cent. of the Shares of Dana Gas were held by GCC Persons and Crescent.

Exchangeable Certificateholders have no shareholder rights prior to Redemption

An Exchangeable Certificateholder will not be a holder of the Shares prior to being registered as a shareholder following the Physical Settlement of a redemption of Exchangeable Certificates. No Exchangeable Certificateholder will have any voting rights, any rights to receive dividends or other distributions or any other rights with respect to the Shares until such time, if any, as it is delivered Shares and becomes registered as the holder thereof. In exercising any voting rights, the existing shareholders of Dana Gas are not obliged to take

account of the interests of the Exchangeable Certificateholders, and therefore may act in a manner that may be contrary to the interests of the Exchangeable Certificateholders.

There may be restrictions on the ability to sell Shares

In certain jurisdictions, fluctuations in a company's share price on any trading day are subject to limits imposed by the relevant stock exchange. As a result, there can be no assurance regarding the ability of Exchangeable Certificateholders to sell Shares, or their selling price at any particular time.

The ADX is less liquid than other major exchanges, which could affect the price of the Exchangeable Certificates

The trading market for the Shares is the ADX, which is less liquid than other major markets in Europe or Asia. As at 25 March 2013, 68 securities were listed on the ADX (*Source: ADX*). During the month of January 2013, the total number of trades for all securities on the ADX amounted to 37,255 with a daily average traded value of AED214 million and an aggregate value of AED4.5 billion (*Source: ADX*). As a result, holders of the Shares may face difficulties in disposing of their Shares, especially in large blocks or, as a result of the applicable foreign ownership restrictions, at all.

Fluctuation in the exchange rate between the UAE dirham and U.S. dollars may have a material adverse effect on the value of the Exchangeable Certificates

The price of the Exchangeable Certificates will be quoted in U.S. dollars. The Shares are quoted in dirham. Although the dirham has been pegged at a fixed exchange rate to the U.S. dollar since 22 November 1980, Exchangeable Certificateholders who seek to sell any Shares delivered on redemption and convert the dirham proceeds into foreign currency will be exposed to fluctuations in foreign exchange rates if the fixed rate of exchange is removed.

Also, as Dana Gas maintains its accounts and reports its results in dirham, Dana Gas's profitability would be exposed to the potential impact of any alternation to, or abolition of, this fixed rate of exchange.

Subject to certain exceptions, Voluntary Early Redemption Notices will be deemed to be duly received on two days in each month

Subject to certain exceptions as set out below, Voluntary Early Redemption Notices will be deemed not to have been duly received by the Principal Paying and Exchange Agent until (i) the fifteenth day of the relevant calendar month (or, if such day is not a Business Day, the immediately succeeding calendar day which is a Business Day) in respect of all Voluntary Early Redemption Notices delivered to the Principal Paying and Exchange Agent during the period from (and including) the first day of a calendar month to (and including) the fifteenth day of such calendar month; or (ii) the last day of the relevant calendar month (or, if such day is not a Business Day, the immediately preceding calendar day which is a Business Day) in respect of all Voluntary Early Redemption Notices delivered to the Principal Paying and Exchange Agent during the period from (and including) the sixteenth day of a calendar month to (and including) the last day of such calendar month.

The above shall not apply with respect to any Voluntary Early Redemption Notice which is delivered to the Principal Paying and Exchange Agent during (i) the six month period preceding the Scheduled Redemption Date, (ii) the period commencing on the date of any Optional Partial Redemption Notice or Trustee Early Redemption Notice and expiring on the corresponding redemption date, (iii) the period commencing on the date of the publication of any notice of redemption pursuant to Condition 6.6(a) of the Exchangeable Certificates and expiring on the corresponding Tax Redemption Date; or (iv) the Change of Control Put Option Period. During any such period, any Voluntary Early Redemption Notice delivered to the Trustee and the Principal Paying and Exchange Agent in any week shall be deemed not to have been duly received until the immediately following Thursday or, if such day is not a Business Day, the next day which is a Business Day, provided that the Notification Date is no later than the last Trading Day in the Exercise Period.

Accordingly, Certificateholders may be exposed to volatility in the price of the Shares following the delivery of a Voluntary Early Redemption Notice for a significantly longer period than would be the case in relation to other exchangeable securities comparable to the Exchangeable Certificates.

A U.S. investor may be subject to tax if the Trustee makes or fails to make certain adjustments to the Effective Exchange Price or Nominal Exchange Price of the Exchangeable Certificates even though the investor does not receive a corresponding cash distribution

The Effective Exchange Price and the Nominal Exchange Price of the Exchangeable Certificates are subject to adjustment in certain circumstances, including, in the case of the Effective Exchange Price, the payment of cash dividends. If the Effective Exchange Price is adjusted as a result of a distribution that is taxable to the ordinary shareholders, such as a cash dividend, a U.S. investor may be deemed to have received a dividend subject to U.S. federal income tax without the receipt of any cash. In addition, a failure to adjust (or to adjust adequately) the Effective Exchange Price or the Nominal Exchange Price after an event that increases a U.S. investor's proportionate interest in Dana Gas could be treated as a deemed taxable dividend to such investor. See "*Taxation – U.S. Taxation*".

The exchange of the Exchangeable Certificates with Shares may be taxable

The IRS may characterise the Exchangeable Certificates as representing a beneficial interest in an entity other than Dana Gas. In such case, the exchange of the Exchangeable Certificates with Shares may be taxable to a U.S. investor. See "*Taxation – U.S. Taxation*".

Risks Relating to the Shared Security

For the purposes of this section, capitalised terms not defined here shall have the meanings given to them in the section entitled "*Summary of the Transaction Documents – Shared Security*".

Upon a default under the Exchangeable Certificates and/or the Ordinary Certificates, the Trustee, the relevant Security Agent and/or the Delegate may not be able to realise all of the Shared Security and, if realised, the realisation proceeds of the Shared Security may not be sufficient to cover all loss suffered by the Exchangeable Certificateholders and/or the Ordinary Certificateholders by reason of the relevant default

The obligations of Dana Gas under the Purchase Undertaking are secured by the Shared Security which has been granted in favour of the relevant Security Agent for the benefit of the Secured Parties (as more particularly described under "*Summary of the Transaction Documents – Shared Security*").

The Shared Security will be subject to any and all exceptions, defects and other imperfections as may be accepted by the relevant Security Agent. The existence of any such exceptions, defects and other imperfections could adversely affect the value of the Shared Security as well as the ability of the relevant Security Agent to realise or foreclose on such Shared Security.

The value of the Shared Security at any time will depend on market and other economic conditions, including the availability of suitable buyers. By their nature, some or all of the charged assets may be illiquid and may have no readily ascertainable market value. There can be no assurance that the fair market value of the Shared Security as at the date of these Listing Particulars exceeds the face amount of the obligations secured thereby. The value of the assets charged as Shared Security for the Certificates could be impaired in the future as a result of changing economic conditions, Dana Gas's failure to implement its business strategy, competition and other future trends.

Realisation of the Shared Security by the relevant Security Agent may be subject to practical problems generally associated with the realisation of security interests in the Shared Security. For example, the relevant Security Agent may be required to obtain the consent or cooperation of a third party to obtain or enforce a security interest in a contract. There can be no assurance that the relevant Security Agent will be able to obtain any such consent or cooperation. There can also be no assurance that the consents or cooperation of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, neither Security Agent may have the ability to foreclose upon those assets and the value of the Shared Security may significantly decrease.

It may be difficult or impossible for the relevant Security Agent to enforce the Shared Security under the laws of any of the British Virgin Islands ("**BVI**"), the UAE, Egypt or Bahrain. In particular, in relation to enforcement of the UAE Mortgage, the land subject to the UAE Mortgage may only be sold to a small pool of buyers made up of Emirati nationals. Even if the relevant Security Agent is able to enforce all of its rights under the Shared Security and dispose of the secured property, the proceeds of such disposal may not be sufficient to meet all amounts payable by Dana Gas under the Purchase Undertaking. Accordingly, investors should not place undue reliance on the Shared Security. See "*Summary of the Transaction Documents – Shared Security*".

The Egyptian Assignment Agreement does not confer a security interest in the Egyptian Receivables on the Closing Date

The obligations of Dana Gas Egypt under the Egyptian Assignment Agreement are only contractual in nature and do not confer a security interest in favour of the Egyptian Security Agent on the Closing Date as the

assignment of the receivables is purported to be conditional upon the occurrence of a Dissolution Event. The conferral of a security interest in the Egyptian Receivables in favour of the Egyptian Security Agent is therefore contingent upon, among other things, the Egyptian Security Agent giving notice to the Gas Sale Counterparty that the Egyptian Assignment Agreement is enforceable, following a Dissolution Event.

Further, if no security interest in the Egyptian Receivables is conferred in favour of the Egyptian Security Agent at the point of enforcement, the Egyptian Assignment Agreement will be viewed merely as a contractual arrangement and the Egyptian Security Agent's interest in the Egyptian Receivables will likely rank *pari passu* with the other unsecured creditors of Dana Gas Egypt in the event of its insolvency.

The Egyptian Security Agent could face challenges collecting the Egyptian Receivables on enforcement of its rights under the Egyptian Assignment Agreement

If, upon the occurrence of a Dissolution Event, the Egyptian Security Agent enforces its rights under the Egyptian Assignment Agreement, the Egyptian Security Agent will have a claim against one or more Gas Sales Counterparties to the proceeds assigned under the relevent Gas Sales Agreements. There is a significant risk that the Egyptian Security Agent would face similar, if not greater, difficulties faced by Dana Gas in collecting outstanding receivables under the relevant Gas Sales Agreements (see "*– Risks relating to Dana Gas – Dana Gas has recently defaulted on payment of principal and accrued periodic distribution amounts due on 31 October 2012 in respect of its U.S.$1 billion Exchangeable Trust Certificates as a result of challenges faced in collecting outstanding receivables in Egypt and the Kurdistan Region of Iraq, and there is a significant risk that Dana Gas may continue to face such challenges*"). These difficulties may be exacerbated by the fact that the Egyptian Security Agent would have been neither party to the relevant Gas Sales Agreement nor party to previous negotiations with the Gas Sales Counterparty regarding non-payment of the deliverables.

However, there is a risk that the Gas Sales Counterparty may dispute the enforcement of the Egyptian Assignment Agreement, and could refuse to honour any contractual obligation to deliver receivables to the Egyptian Security Agent. In such a case, the Egyptian Security Agent would have a contractual claim against the government of Egypt, or a state-owned national oil company of Egypt, in the courts of Egypt. There can be no assurance of such a claim succeeding. In addition, under Article 87 of the Egyptian Civil Code, certain assets owned by public authorities are not subject to attachment if they are "allocated either in fact or by virtue of a law or a decree for purposes of public utility". Hence, the assets of the Gas Sales Counterparties that are allocated for a public utility cannot be legally attached or seized. Should the Egyptian Security Agent obtain a favourable judgement, it may prove difficult to seize assets of such entities.

The obligations of Dana Gas Egypt under the Egyptian Assignment Agreement are only contractual in nature and the assignment does not take effect until the occurence of a Dissolution Event. The Egyptian Assignment does not confer a security interest in favour of the Egyptian Security Agent on the Closing Date as the assignment of the receivables is purported to be triggered upon the occurrence of a Dissolution Event, when the Egyptian Security Agent gives notice to the relevant Gas Sale Counterparty that the Egyptian Assignment Agreement is taking effect (that is, following a Dissolution Event).

In order for the Egyptian Security Agent to enforce its rights under the Egyptian Assignment Agreement, a Dissolution Event must have occurred. One of the possible causes of a Dissolution Event resulting in acceleration under the Certificates would be the failure of Dana Gas to pay any amount payable pursuant to any Transaction Document. One likely cause of such failure by Dana Gas would be liquidity problems resulting from failure to collect all of its outstanding receivables. In such circumstances, given that the flow of receivables under the Gas Sales Agreement would have slowed down considerably, the likelihood of the Egyptian Security Agent collecting any outstanding receivables in such circumstances could be reduced significantly.

Assignment of the Egyptian Receivables is restricted by the terms of the Gas Sales Agreements

Each of the Gas Sales Agreements contains certain prohibitions on the assignment of rights and obligations thereunder without the consent of the relevant Gas Sales Counterparty. Under Article 305 of the Egyptian Civil Code, an assignment becomes valid *vis-à-vis* third parties when the debtor accepts or acknowledges the assignment of the creditor's rights and such acceptance or acknowledgement is date-certifed. Despite the best endeavours of Dana Gas to obtain these consents or acknowledgements in respect of each Gas Sales Agreement, as at the date of these Listing Particulars, such consent or acknowledgement may not have been obtained or may not be in the form requested by Dana Gas. Dana Gas has provided an undertaking that it will execute the Egyptian Assignment Agreement and take all actions required to create and perfect the security created or intended to be created under or evidenced by the Egyptian Assignment Agreement to the satisfaction of the Egyptian Security Agent on or before the date falling forty-five (45) days after the Closing Date.

There can be no assurance that such consent or acknowledgement will be forthcoming on or before the date falling forty-five (45) days after the Closing Date. If such consent or acknowledgement is not obtained, Dana Gas will not be able to execute the Egyptian Assignment Agreement as such execution would, in such case, result in a breach of the relevant Gas Sales Agreement and the Concession Agreement under which the Gas Sales Agreement was granted. A failure by Dana Gas to execute the Egyptian Assignment Agreement and to perfect the contractual claim created thereunder may result in a Dissolution Event under the Conditions.

Political instability in Egypt could materially adversely affect the ability of the Egyptian Security Agent to enforce its rights under the Egyptian Assignment Agreement

The recent political instability in Egypt and subsequent changes in leadership (see "*– Risks relating to the Countries in which Dana Gas Operates – Social and political instability in Egypt could materially adversely affect Dana Gas's ability to conduct its business effectively*") have resulted in uncertainty in the administration and organisation of the Egyptian government and various Egyptian state-owned entities, and have resulted in stagnation in the bureaucracy of these entities. The Gas Sales Counterparties are each state-owned national oil companies of Egypt. If, upon the occurrence of a Dissolution Event, the Egyptian Security Agent enforces its rights under the Egyptian Assignment Agreement, the Egyptian Security Agent will need to rely on the acceptance or acknowledgement given by such state-owned national oil companies in order to collect the Egyptian Receivables. The aforementioned uncertainty in the administration and organisation of such entities may result in the Egyptian Security Agent facing difficulties in any negotiations or arrangements which would need to be entered into for the purpose of enforcing its rights under the Egyptian Assignment Agreement.

The above-mentioned political instability has also resulted in uncertainty relating to the justice system and the civil procedure regime in Egypt, and the ability of parties to contractual arrangements to enforce their rights under such arrangements may be compromised. This instability may result in severe delays in obtaining any judgement from an Egyptian court. If the Egyptian Security Agent requires judicial remedies in respect of enforcement of its rights under the Egyptian Assignment Agreement, it will need to rely upon the Egyptian courts. There can no assurance that any such remedies could be obtained on a timely basis, if at all. Furthermore, the inclination of an Egyptian court to issue a judgment in favour of the Egyptian Security Agent against a state-owned national oil company cannot be assured, notwithstanding the merits of the proceedings brought before the court by the Egyptian Security Agent.

Availability of hard currency in Egypt

The Egyptian Banking Law and the Concession Agreements allow the free repatriation of funds of concessionholders provided that the transfer of foreign currency from Egypt be made through banks registered in Egypt. However, more recently, and given the economic situation in Egypt, there has been an increasing lack of availability of hard currency in the market and banks are not generally satisfying all hard currency demands, with priority being given to strategic goods and raw materials.

Registration of the UAE Mortgages at the Sharjah Lands Department may be delayed or may not be completed and, even if registered, may not be enforceable

Under the laws of the UAE, details of the UAE Mortgage must be registered at the Sharjah Lands Department (the Government of Sharjah's property registration authority) (the "**SLD**") for such security to take effect and to have priority over any subsequent dealings. Pursuant to the terms of the UAE Mortgage, SajGas has undertaken: (i) to register or procure the registration of the Short Form Mortgage with the SLD (in the form required by the SLD) as soon as reasonably practicable after its execution; and (ii) in any event to procure such registration by no later than the date falling 45 days after the date of the UAE Mortgage.

The SLD will register a mortgage only in favour of UAE licensed banks or persons and it is noted that the Security Agent is licensed to operate in the UAE. Further, in the absence of clear judicial or legislative guidance or clarification on the security agent arrangements contemplated by the Security Documents, there can be no assurance of the enforceability of the specific terms of the UAE Mortgage in the UAE.

The UAE Mortgage and UAE Share Pledges may not be enforced without a court order and any enforcement thereof by the Principal Security Agent would be subject to the discretion of the UAE courts

Any mortgage and pledge effected under UAE law will only be effective in relation to assets and rights which are specifically identified and existing at the time of such mortgage and pledge. In relation to the UAE Mortgage and UAE Share Pledges, future assets and rights are secured through the relevant security provider executing addenda to such mortgages and pledges that identify such assets and rights. In the case of the mortgages and pledges that are registered, such addenda would also have to be registered. If the relevant security provider has

granted to any third party a security over any such assets and rights prior to the execution and, if applicable, registration of the addenda to the mortgages or pledges (as the case may be), the security created pursuant to the addenda will be subject to such third-party security interests.

Judicial sale is the only remedy (over and above normal remedies for breach of contract) available to a mortgagee and pledgee of assets in the UAE, and it is a discretionary remedy. To the extent that the UAE Mortgage and UAE Share Pledges provide for additional remedies in the nature of step-in/cure rights, receivership, the use of powers of attorney or otherwise, these will be considered contractual provisions only and would require an order of a UAE court in order to be enforced. There can be no assurances that upon an application by the mortgagee or pledgee for enforcement of the mortgage or pledge, a UAE court will order the sale of the mortgaged or pledged assets at all or in the manner sought by the mortgagee or pledgee or allow any other additional remedies to be enforced.

Enforcement of the UAE Mortgage will be subject to ownership restrictions

The Sajaa Land is restricted to 100 per cent. Emirati ownership. In the event of enforcement of the UAE Mortgage, the Sajaa Land must remain 100 per cent. Emirati owned. Such requirement may restrict the ability of the Principal Security Agent to sell the Sajaa Land on any enforcement of the UAE Mortgage and/or may mean that the sale price which can be achieved (should a buyer be identified) is lower than the sale price which would be achievable in the absence of such a requirement.

The security created under the UAE Share Pledges may be deemed not valid or unenforceable

As part of the Shared Security, pledges will be taken over the shares of SajGas and UGTC pursuant to the UAE Share Pledges. Under UAE law, SajGas and UGTC are both companies incorporated by decree and have disapplied the provisions of the Companies Law of the UAE. There is currently no established procedure governing the registration of pledges over shares of companies incorporated by decree, neither is there an established procedure in respect of the creation of security by companies incorporated by decree.

Given the lack of statutory guidance and precedents created by way of market practice, the UAE Share Pledges must be notarised in order to evidence their time certainty. However, even by taking all such relevant steps there is no certainty that these procedures will create a security interest and grant priority over the other creditors of Dana Gas. Furthermore, there is uncertainty as to whether the notary of Sharjah is administratively able to notarise the UAE Share Pledges.

The UAE Mortgage and the UAE Share Pledges may be caught under clawback provisions under UAE law

As the UAE Mortgage will secure an existing debt, there is a possibility that it will be caught under the clawback provisions under the laws of the UAE. Alternatively, there is also a risk that the New Certificates may be seen as creating a fresh debt obligation rather than a continuation and variation of the Existing Certificates. If this is the case then the UAE Share Pledges may be caught under the clawback provisions of the UAE.

Registration of the Bahrain Share Pledge may be delayed or may not be completed

Pursuant to the terms of the Bahrain Share Pledge, Dana Gas has undertaken to (i) procure that the Bahrain Share Pledge is submitted to the Ministry of Industry of Commerce; (ii) procure that the Bahrain Share Pledge is noted in the special register of partners of the Company; (iii) provide to the Security Agent evidence of such registration; and (iv) procure that the Bahrain Share Pledge continues to be so noted. If such perfection formalities are not carried out, there is a likelihood that the shares may again be pledged or sold to another person, and that the Ministry of Industry and Commerce, Bahrain will register a subsequent sale of the shares and change the name of the owner of the shares in its register.

The Bahrain Share Pledge granted in favour of the Principal Security Agent under the laws of the Kingdom of Bahrain may not be enforced without a court order. Accordingly, any enforcement of the Bahrain Share Pledge by the Principal Security Agent would be subject to the discretion of the Bahraini courts.

Creation of a pledge over the shares of Danagaz W.L.L. is prohibited by the terms of an undertaking given by Dana Gas in relation to the EBGDCo facility with CIB

In connection with the EBGDCo Facility Agreement (see "*Dana Gas – Indebtedness – EBGDCo Facility with CIB*"), Dana Gas has given an undertaking to CIB that it will not create or permit to subsist any security interest in relation to its shareholding in Danagaz W.L.L. Despite the best endeavours of Dana Gas to obtain a waiver or discharge from CIB in relation to this undertaking, as at the date of these Listing Particulars, such waiver or discharge may not have been obtained or may not be in the form requested by Dana Gas. Dana Gas has provided an undertaking that it will execute the Bahrain Share Pledge and take all actions required to perfect the security created or intended to be created under or evidenced by the Bahrain Share Pledge to the satisfaction of the Principal Security Agent, in any event on or before the date falling forty-five (45) days after the Closing Date. There can be no assurance that such consent will be forthcoming on or before the date falling forty-five (45) days after the Closing Date. A failure by Dana Gas to execute the Bahrain Share Pledge and to perfect the security created thereunder may result in a Dissolution Event under the Conditions.

Risks Relating to the Allocation Arrangements

The ability of the Certificateholders to modify the Transaction Documents or give consents and waivers in respect thereof, or to take enforcement action following a Dissolution Event, is regulated by the provisions of the Allocation Arrangements

The Allocation Arrangements, as set out in the Declaration of Trust and as more particularly described under "*Summary of the Allocation Arrangements*", regulate, among other things, the respective rights of the holders of the Ordinary Certificates and the holders of the Exchangeable Certificates to (i) make modifications to, and give consents and waivers in respect of, the Transaction Documents, (ii) accelerate the Certificates following a Dissolution Event and (iii) take enforcement action in respect of the Shared Security.

According to the Allocation Arrangements, the Ordinary Certificateholders and the Exchangeable Certificateholders will vote separately on all matters; however, in respect of proposed modifications, waivers, authorisations or determinations relating to an Ordinary Entrenched Right and/or an Exchangeable Entrenched Right (as defined under "*Summary of the Allocation Arrangements*"), the approval of the Ordinary Certificateholders and/or the Exchangeable Certificateholders, respectively, will be required.

In addition, upon an acceleration of the Ordinary Certificates and/or the Exchangeable Certificates following the occurrence of a Dissolution Event, the Delegate is required to instruct the Security Agent to enforce the Shared Security, if so requested, by 25 per cent. in aggregate face amount outstanding of each of the Ordinary Certificates and the Exchangeable Certificates, or by the holders of 50 per cent. in aggregate face amount outstanding of either the Ordinary Certificates or the Exchangeable Certificates.

The interests of the Ordinary Certificateholders and the Exchangeable Certificateholders may not always be aligned. Accordingly, such restrictions as outlined above may limit the ability of Certificateholders to make or give certain modifications, consents or waivers relating to the Transaction Documents and may result in the Shared Security being enforced contrary to the wishes of the Ordinary Certificateholders or the Exchangeable Certificateholders (or some of them), as the case may be.

TERMS AND CONDITIONS OF THE EXCHANGEABLE CERTIFICATES

The following is the text of the Terms and Conditions of the Exchangeable Certificates which (subject to completion and amendment and save for the text in italics) will be endorsed on each Exchangeable Certificate in definitive form (if issued) and will be attached and (subject to the provisions thereof) apply to the Global Certificate in respect of the Exchangeable Certificates:

Each of the U.S.$425,040,000 exchangeable certificates (*Sukuk al-Mudarabah*) due 31 October 2017 (the "**Exchangeable Certificates**") represents an undivided ownership of the Trust Assets held on trust for the holders of such Exchangeable Certificates and the holders of the U.S.$425,040,000 ordinary certificates (*Sukuk al-Mudarabah*) due 31 October 2017 (the "**Ordinary Certificates**" and, together with the Exchangeable Certificates, the "**Certificates**") pursuant to an amended and restated declaration of trust (the "**Declaration of Trust**") dated 8 May 2013 (the "**Closing Date**") made between, among others, Dana Gas Sukuk Limited (in its capacity as issuer and as trustee, the "**Trustee**"), Dana Gas PJSC ("**Dana Gas**" or the "**Obligor**") and Deutsche Trustee Company Limited (the "**Delegate**"). The Certificates are constituted by the Declaration of Trust.

Payments and any delivery relating to the Exchangeable Certificates will be made in accordance with an amended and restated paying, calculation and exchange agency agreement dated the Closing Date (as amended or supplemented from time to time, the "**Agency Agreement**") made between, among others, the Trustee, the Delegate, Deutsche Bank AG, London Branch as principal paying and exchange agent (in such capacity, the "**Principal Paying and Exchange Agent**" and, together with any further or other paying and exchange agents appointed from time to time in respect of the Certificates, the "**Paying and Exchange Agents**"), Bank of Sharjah PSC as local agent (in such capacity, the "**Local Agent**" and, together with any further or other local agents appointed from time to time in respect of the Certificates, the "**Local Agents**"), Deutsche Bank Luxembourg S.A. as transfer agent (in such capacity, the "**Transfer Agent**" and, together with any further or other transfer agents appointed from time to time in respect of the Certificates, the "**Transfer Agents**"), and as replacement agent (in such capacity, the "**Replacement Agent**" and, together with any further or other replacement agents appointed from time to time in respect of the Certificates, the "**Replacement Agents**"), Conv-Ex Advisors Limited as calculation agent (in such capacity, the "**Calculation Agent**") and Deutsche Bank Luxembourg S.A. as registrar (in such capacity, the "**Registrar**"). References to the Delegate, the Principal Paying and Exchange Agent, the Paying and Exchange Agents, the Local Agents, the Transfer Agents, the Replacement Agents, the Calculation Agent and the Registrar shall include any successor thereto in each case in such capacity.

Save as provided in Condition 6.7 (*Discretion of the Trustee to exercise*) and Condition 14.1 (*Enforcement and Exercise of Rights*), in circumstances where the Trustee has discretion to act it will only act upon the instructions given by or on behalf of the Certificateholders in carrying out the activities of the Trust. To facilitate the giving of such instructions by the Certificateholders, it is a term of the Certificates that Deutsche Trustee Company Limited (or any successor thereto) is appointed as Delegate pursuant to the Declaration of Trust to act as agent for the Certificateholders and be entitled to provide instructions to the Trustee on their behalf and the Certificateholders hereby authorise the Delegate to so act. Subject to Condition 14.4 (*Enforcement and Exercise of Rights*), the Certificateholders will have no direct recourse against the Trustee, and, in relation to the Trustee and the Obligor, Certificateholders may only act through the Delegate and shall not be entitled to instruct the Trustee directly. To the extent not already received from the Trustee or the Obligor, the Delegate shall be entitled to receive its properly incurred fees, costs, charges and expenses for acting as agent for the Certificateholders in addition to the payment or satisfaction of any Liability incurred (or expected to be properly incurred) by the Delegate in the distribution of the Trust Assets ahead of any distributions to Certificateholders. By subscribing for or purchasing interests in the Certificates, the Certificateholders irrevocably appoint the Delegate to act as their agent on the terms set out in the Declaration of Trust.

Pursuant to an amended and restated security agency agreement (the "**Security Agency Agreement**") dated the Closing Date and made between, among others, the Trustee, Deutsche Bank AG, Abu Dhabi Branch as principal security agent (the "**Principal Security Agent**") and Commercial International Bank (Egypt) S.A.E as Egyptian security agent (the "**Egyptian Security Agent**" and together with the Principal Security Agent, the "**Security Agents**" and each a "**Security Agent**"), the Security Agents shall hold the benefit of the security constituted by the Security Documents for the benefit of the Trustee, and such rights of the Trustee shall constitute part of the Trust Assets held on behalf of the Certificateholders.

The Declaration of Trust includes therein a number of provisions regulating (among other things) the respective rights of the holders of the Exchangeable Certificates and the holders of the Ordinary Certificates in respect of (i) enforcement of the security constituted by the Security Documents; (ii) amendments and waivers in respect of the subject matter of the Transaction Documents; and (iii) voting by the holders of the Exchangeable Certificates and/or the holders of the Ordinary Certificates in respect of the subject matter of the Transaction Documents.

Such provisions are referred to in these Conditions as the "**Allocation Arrangements**". The terms of the Allocation Arrangements prevail over anything in these Conditions to the contrary. If there is any inconsistency between the terms of the Allocation Arrangements and these Conditions, these Conditions will be construed as if they have been amended to conform to the terms of the Allocation Arrangements.

The statements in these terms and conditions (the "**Conditions**") include summaries of the detailed provisions of the Declaration of Trust (including the Allocation Arrangements), the Agency Agreement, the Mudarabah Agreement, the Purchase Undertaking, the Sale Undertaking, the Security Agency Agreement and the Security Documents. Unless given a defined meaning elsewhere in these Conditions or the context requires otherwise, capitalised terms used in these Conditions shall have the meanings given in Condition 22 (*Definitions and Interpretation*). In addition, (and unless the context requires otherwise) words and expressions defined and rules of construction and interpretation set out in the Declaration of Trust shall, unless defined herein or unless the context otherwise requires, have the same meanings herein. Copies of the Transaction Documents are available for inspection and collection by Certificateholders during normal business hours at the specified offices of the Paying and Exchange Agents. The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Declaration of Trust and the Agency Agreement applicable to them.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee to apply the Consideration (as defined below) in respect of its Certificates as the Trustee's contribution to the capital of the Mudarabah under the Mudarabah Agreement, and to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Declaration of Trust and these Conditions.

Exchangeable Certificateholders, by acquiring and holding Exchangeable Certificates, will be deemed to agree between themselves, with the Ordinary Certificateholders and with the Trustee that the profit received by the Trustee from the Trust Assets shall not be distributed equally between all Certificateholders, but instead shall be distributed between the Certificateholders in such proportions as may be necessary to ensure that the Ordinary Certificateholders receive a Periodic Distribution Amount of 9 per cent. per annum and the Exchangeable Certificateholders receive a Periodic Distribution Amount of 7 per cent. per annum, in each case subject to and calculated in accordance with these Conditions or the terms and conditions of the Ordinary Certificates, as the case may be, and the Allocation Arrangements.

These Conditions set out the terms and conditions applicable to the Exchangeable Certificates.

1. Form, Denomination, Title and Description

1.1 *Form and Denomination*

The Exchangeable Certificates are issued in registered form in principal amounts of U.S.$45,000 and integral multiples of U.S.$10 in excess thereof. A certificate will be issued to each Exchangeable Certificateholder in respect of its registered holding of Exchangeable Certificates. Each certificate will be numbered serially with an identifying number which will be recorded on the relevant certificate and in the register (the "**Register**") of Exchangeable Certificateholders which the Trustee will cause to be kept by the Registrar.

Upon issue, the Exchangeable Certificates will be represented by an Unrestricted Global Certificate and a Restricted Global Certificate, each deposited with a common depositary for, and registered in the name of a nominee of the common depositary for, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme. The Conditions are modified by certain provisions contained in the Global Certificates. Except in the limited circumstances described in the Global Certificates, owners of interests in Exchangeable Certificates represented by the Global Certificates will not be entitled to receive definitive certificates in respect of their individual holdings of Exchangeable Certificates. The Exchangeable Certificates are not issuable in bearer form.

1.2 *Title*

The Trustee will cause the Registrar to maintain the Register in respect of the Exchangeable Certificates in accordance with the provisions of the Agency Agreement. Title to the Exchangeable Certificates passes only by registration in the register of Exchangeable Certificateholders kept by the Registrar. The registered holder of any Exchangeable Certificate will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the certificate issued in respect of it) and no person will be liable for so treating the holder of any Exchangeable Certificate. In these Conditions, "**Exchangeable Certificateholder**" and (in relation to an Exchangeable Certificate) "**holder**",

and "**Certificateholder**" and (in relation to a Certificate) "**holder**" each has the definition given to it in the Declaration of Trust.

2 Transfers of Exchangeable Certificates and Issue of Exchangeable Certificates

2.1 *Transfers*

Subject to Conditions 2.4 (*Transfers after Transfer Record Date*), 2.5 (*Regulations*) and 6.21 (*Compulsory Sale*), and to the limitations as to transfer set out in Condition 1.2 (*Title*) and the terms of the Agency Agreement, an Exchangeable Certificate may be transferred by depositing the certificate issued in respect of that Exchangeable Certificate, with the form of transfer duly completed and signed, at the specified office of any of the Transfer Agents.

Transfers of interests in the Exchangeable Certificates represented by the Global Certificates will be effected in accordance with the rules of the relevant clearing systems. See "Transfer Restrictions".

2.2 *Delivery of New Exchangeable Certificates*

Each new certificate to be issued upon transfer of Exchangeable Certificates will, within five business days of receipt by the relevant Transfer Agent of the duly completed form of transfer at the offices of the Transfer Agent, be mailed by uninsured mail at the risk of the holder entitled to the Exchangeable Certificate to the address specified in the form of transfer.

Where some but not all of the principal amount of the Exchangeable Certificates in respect of which a certificate is issued is to be transferred, a new certificate in respect of the principal amount of the Exchangeable Certificates not so transferred will, within five business days of receipt by the relevant Transfer Agent of the original certificate, be mailed by uninsured mail at the risk of the holder of the principal amount of the Exchangeable Certificates not so transferred to the address of such holder appearing on the register of Exchangeable Certificateholders or as specified in the form of transfer.

Whilst the Exchangeable Certificates are represented by the Global Certificates, except in the limited circumstances described in such Global Certificates, owners of interests in the Exchangeable Certificates will not be entitled to receive physical delivery of certificates representing their Exchangeable Certificates.

For the purposes of this Condition, "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the Transfer Agent with whom a certificate is deposited in connection with a transfer is located.

2.3 *Formalities Free of Charge*

Registration of transfers of Exchangeable Certificates will be effected without charge by or on behalf of the Trustee or any Transfer Agent but upon payment (or the giving of such indemnity as the Trustee or any Transfer Agent may reasonably require) by the transferee in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 *Transfers after Transfer Record Date*

No Exchangeable Certificateholder may require the transfer of an Exchangeable Certificate to be registered (a) during the period of fifteen days ending on (and including) any of a Trustee Early Redemption Date, the Tax Redemption Date and the Early Redemption Date, (b) after either a Voluntary Early Redemption Notice has been delivered with respect to such Exchangeable Certificate or a Trustee Exercise Notice has been delivered with respect to the Unexercised Exchangeable Certificates, (c) after a Change of Control Put Exercise Notice has been deposited in respect of such Exchangeable Certificate, or (d) during the period of fifteen days ending on (and including) any Periodic Distribution Date or, as the case may be, the Scheduled Redemption Date.

2.5 *Regulations*

All transfers of Exchangeable Certificates and entries on the Register will be made subject to the detailed regulations concerning transfer of Certificates scheduled to the Agency Agreement. The regulations may be changed by the Trustee from time to time with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Exchangeable Certificateholder who requests in writing a copy of the regulations.

3 Status, Security and Limited Recourse

3.1 *Status and Security*

Each Exchangeable Certificate represents an undivided ownership interest in the Trust Assets and ranks *pari passu*, without any preference, with the other Exchangeable Certificates. The Exchangeable Certificates also rank *pari passu*, without any preference, with the Ordinary Certificates in respect of payments received by or on behalf of the Trustee in respect of the Trust Assets, including any proceeds of enforcement of the Shared Security (as defined below).

The obligations of Dana Gas under the Purchase Undertaking are, or in the case of (e) and (f) below, within forty-five (45) days of the Closing Date will be, secured (or supported, in the case of (e) below) by the following:

(a) a charge over the registered shares of Dana LNG Ventures Ltd. held by Dana Gas;

(b) a pledge over the shares of Sajaa Gas Private Limited Company held by Dana Gas;

(c) a pledge over the shares of United Gas Transmissions Company held by Dana Gas;

(d) a registered mortgage over land in Sharjah owned by Sajaa Gas Private Limited Company;

(e) a conditional assignment of receivables under various gas sales agreements by Dana Gas Egypt Ltd.; and

(f) a pledge over the shares of Danagaz W.L.L held by Dana Gas,

all as more particularly described in the Declaration of Trust and the Security Documents. All such security (and contractual assignment agreement in the case of (e)) above will be granted in favour of the relevant Security Agent to hold the same as security agent for and on behalf of the Trustee (all such security or contractual assignment agreement being collectively referred to in these Conditions as the "**Shared Security**").

The Obligor has undertaken in the Purchase Undertaking to execute, and to procure that Dana Gas Egypt Ltd. executes, to the extent that the conditional assignment of receivables referred to in (e) above or the pledge over the shares of Danagaz W.L.L referred to in (f) above has not been executed by the Closing Date, such conditional assignment of receivables and share pledge as soon as practicable and in any event on or before the date falling forty-five (45) days after the Closing Date. In addition, the Obligor has agreed to take all actions, or procure that all actions are taken, that are required to perfect the security created or intended to be created under or evidenced by the Security Documents in the case of the charge over the registered shares of Dana LNG Ventures Ltd. referred to in (a) above, as soon as practicable and in any event on or before the date falling five (5) days after the Closing Date, and (B) in the case of each of the security (or contractual assignment agreement in the case of (e) above) arrangements described in (b) to (f) above, as soon as practicable and in any event on or before the date falling forty-five (45) days after the Closing Date.

The Obligor has undertaken in the Purchase Undertaking to deliver a certificate or certificates by no later than 45 days following the Closing Date confirming compliance with the security perfection requirements set out therein in respect of the Shared Security, together with supporting documentary evidence in respect thereof. The Trustee shall promptly notify the Exchangeable Certificateholders in accordance with Condition 16 (*Notices*) of receipt (or non-receipt, as the case may be) of such compliance confirmation certificate or certificates, and shall make such compliance confirmation certificate or certificates and supporting documentary evidence available for inspection and collection by Exchangeable Certificateholders.

3.2 *Limited Recourse*

Notwithstanding anything to the contrary contained herein or in any other Transaction Document, no payment and/or delivery of any amount or issue of any Shares whatsoever shall be made in respect of the Exchangeable Certificates by the Trustee, the Delegate or the Trust or any agents thereof except to the extent that, in the case of payments, funds are available therefor from the Trust Assets and, in the case of issue and/or delivery of Shares, such Shares are available therefor from the Trust Assets.

The Exchangeable Certificates do not represent an interest in any of the Trustee, the Obligor, the Mudarib, the Delegate, the Agents or any of their respective affiliates. Exchangeable Certificateholders by subscribing for or acquiring the Exchangeable Certificates acknowledge that no recourse may be had for the payment of any amount owing and/or for the issue and/or delivery of any Shares due in respect of the

Exchangeable Certificates against any of the Obligor or the Mudarib (to the extent that each fulfils all of its obligations under the relevant Transaction Documents to which it is a party), or any of the Trustee, the Delegate or the Agents or the Trust to the extent the Trust Assets have been exhausted following which all obligations of the Trustee and the Trust shall be extinguished.

No recourse under any obligation, covenant or agreement contained in these Conditions shall be had against any shareholder, member, officer, agent or director of the Trustee, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise. The obligations of the Trustee under these Conditions are corporate or limited liability obligations of the Trustee and no personal liability shall attach to or be incurred by the shareholders, members, officers, agents or directors of the Trustee save in the case of their wilful default, fraud or gross negligence.

The net proceeds of the realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments and/or deliveries due in respect of the Exchangeable Certificates. If, following distribution of such proceeds, there remains a shortfall in payments and/or deliveries due under the Exchangeable Certificates, no Exchangeable Certificateholder will have any claim against any of the Issuer, the Obligor or the Mudarib (to the extent that each fulfils all of its obligations under the relevant Transaction Documents to which it is a party), or against the Trustee, the Trust, the Delegate, the Agents or any of their affiliates or recourse to any of their assets in respect of such shortfall and any unsatisfied claims of Exchangeable Certificateholders shall be extinguished. In addition, no Exchangeable Certificateholder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of the Obligor and the Mudarib (to the extent that each fulfils all of its obligations under the relevant Transaction Documents to which it is a party), or any of the Trustee, the Trust, the Delegate, the Agents or any of their affiliates as a consequence of such shortfall or otherwise.

4 Trust

4.1 *Summary of the Trust*

The Trustee will act as trustee for and on behalf of the Certificateholders pursuant to the Declaration of Trust.

On 31 October 2007, pursuant to a mudarabah agreement (the "**Original Mudarabah Agreement**") entered into between the Trustee and Dana Gas (in its capacity as *Mudarib*, the "**Mudarib**"), the Mudarib invested U.S.$1,000,000,000 (the "**Initial Mudarabah Capital**") in certain mudarabah assets (the "**Initial Mudarabah Assets**") in accordance with an investment plan set out in the Original Mudarabah Agreement. On the Closing Date, at the request of the Trustee, the Mudarib will transfer 14.992 per cent. of the Initial Mudarabah Assets (representing U.S.$149,920,000 of the Initial Mudarabah Capital) to Dana Gas PJSC (in its independent capacity) and the Trustee and the Mudarib will agree to amend and restate the Original Mudarabah Agreement (such amended and restated *mudarabah* agreement being the "**Mudarabah Agreement**"). Pursuant to the Mudarabah Agreement, the Mudarib will continue to manage the remaining balance of the Initial Mudarabah Assets (representing the remaining balance of the Initial Mudarabah Capital, being U.S.$850,080,000 at the Closing Date (the "**Mudarabah Capital**")) in accordance with the terms of the Mudarabah Agreement and an investment plan prepared by the Mudarib and scheduled to the Mudarabah Agreement (the "**Investment Plan**"). The Investment Plan permits certain investments to be made in a number of Sharia compliant activities, including (without limitation) certain investments in Dana Gas's business activities. The mudarabah constituted by the Mudarabah Agreement is referred to in these Conditions as the "**Mudarabah**".

The Investment Plan and the terms of the Mudarabah Agreement contemplate that the Mudarabah will generate a profit which shall be distributed one Business Day prior to each Periodic Distribution Date (a "**Distributable Profit Determination Date**") in accordance with the following proportions: ninety nine per cent. to the rab al-maal (as such term is defined in the Mudarabah Agreement) and one per cent. to the Mudarib. Pursuant to the Mudarabah Agreement, the Mudarib has agreed to maintain a ledger account (the "**Reserve Account**") in its books, denominated in U.S. dollars. If on any Distributable Profit Determination Date, the amount of profit distributable to the Trustee (in its capacity as rab-al-maal) is greater than the amount required to pay the aggregate of all periodic distribution amounts due in respect of the Certificates (and any other amounts in respect of or in connection with the Certificates due in accordance with these Conditions and the Ordinary Conditions and the Transaction Documents) (the "**Periodic Required Amount**") on the immediately following Periodic Distribution Date, the Mudarib will credit any such excess amounts to the Reserve Account. If on any Distributable Profit Determination Date, there is a shortfall between the (i) the amount of profit distributable to the Trustee (in its capacity as rab-al-maal) on such date, and (ii) the Periodic Required Amount payable on the immediately following Periodic

Distribution Date (a "**Shortfall**"), the Mudarib will transfer to the Transaction Account (in U.S. dollars in funds with same day value) an amount equal to the Shortfall from the Reserve Account (or such lesser amount as is then standing to the credit of the Reserve Account, having first repaid any amounts to the Reserve Account that were previously deducted by, and used for the account of, the Mudarib as described below). The Mudarib will be entitled to deduct amounts standing to the credit of the Reserve Account at any time during the term of the Mudarabah and to use such amounts for its own account, provided that such amounts shall be repaid by it if so required to fund a Shortfall. Following payment of all amounts due and payable in respect of and in connection with the Certificates and the Transaction Documents, the Mudarib shall be entitled to retain any amounts that remain standing to the credit of the Reserve Account for its own account as an incentive payment for acting as Mudarib.

See "Summary of Principal Transaction Documents" appearing elsewhere in these Listing Particulars for further information in respect of the Mudarabah Agreement and the other Transaction Documents.

Pursuant to the Declaration of Trust, the Trustee will declare a trust (the "**Trust**") for the benefit of the Certificateholders over all of its rights, title, interest and benefit, present and future, in, to and under the Mudarabah Assets and each of the Transaction Documents (other than in relation to any representations given to the Trustee by the Obligor or the Mudarib pursuant to any of the Transaction Documents), all moneys which may now be, or hereafter from time to time are, standing to the credit of the Transaction Account, all Shares which may now be, or hereafter from time to time are, held in the Custody Account in connection with the Exchangeable Certificates and all proceeds of the foregoing (together, the "**Trust Assets**"). All payments by either the Mudarib or the Obligor to the Trustee for the Certificateholders under each Transaction Document to which it is party will be deposited into an account of the Trustee maintained for such purpose, details of which are set out in the Agency Agreement (the "**Transaction Account**"). All deliveries of Shares by the Obligor to the Trustee under the Purchase Undertaking shall be made either directly to the relevant account of the relevant Exchangeable Certificateholder or to the account (or accounts) of the Trustee maintained for such purposes (the "**Custody Account**").

The Mudarabah Agreement, the Purchase Undertaking, the Sale Undertaking, the Security Documents, the Declaration of Trust, the Agency Agreement, the Certificates, the Security Agency Agreement and any other agreements and documents designated as such by the Trustee and the Obligor are collectively referred to as the "**Transaction Documents**".

4.2 ***Application of Proceeds from Trust Assets***

Pursuant to the Declaration of Trust, the Trustee holds the Trust Assets for and on behalf of the Certificateholders. On each Periodic Distribution Date, or on a date specified in accordance with those Certificates for the redemption of all or part of the Certificates (each a "**Redemption Date**"), the Trustee shall apply, or procure the application by the Principal Paying and Exchange Agent on its behalf of, the moneys standing to the credit of the Transaction Account in the following order of priority:

(i) *first*, only if such payment is due on a Periodic Distribution Date or a Redemption Date on which all of the Exchangeable Certificates and/or the Ordinary Certificates are to be redeemed in full, to pay the Delegate and the Security Agents (or any appointee of the Delegate or the Security Agents (an "**Appointee**")) an amount equal to any sum payable to it on account of its properly incurred fees, costs, charges and expenses and to pay or provide for the payment or satisfaction of any Liability incurred (or expected to be properly incurred) by the Delegate, the Security Agents or any of their respective Appointees pursuant to the Declaration of Trust, the Security Agency Agreement or in connection with any of the other Transaction Documents, these Conditions or the Ordinary Conditions;

(ii) *second*, only if such payment is due on a Periodic Distribution Date, to the Principal Paying and Exchange Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid in respect of the Exchangeable Certificates and the Ordinary Certificates;

(iii) *third*, to the Principal Paying and Exchange Agent for application in or towards payment *pari passu* and rateably of (a) in respect of the Exchangeable Certificates (x) only if such payment is due on a Voluntary Early Redemption Date (or, as the case may be, such other date on which such payment falls due in accordance with these Conditions), the Voluntary Early Redemption Amount, the Differential Amount, any Relevant Amounts, any Additional Cash Amounts and the Foreign Ownership Amount (if any), in each case due to an Exercising Certificateholder; and (y) only if such payment is due on the Scheduled Redemption Date, any Trustee Early Redemption Date, the Change of Control Put Date, the Tax Redemption Date, any Optional Partial Redemption Date or the Early

Redemption Date, the Relevant Redemption Amounts specified in these Conditions; and (b) in respect of the Ordinary Certificates, only if such payment is due on the Scheduled Redemption Date, the Change of Control Put Date, the Tax Redemption Date, any Optional Redemption Date or the Early Redemption Date (in each case as defined in the Ordinary Conditions), the Relevant Redemption Amounts specified in the Ordinary Conditions; and

(iv) *fourth*, only if such payment is due on the Scheduled Redemption Date (and no Certificate remains outstanding), in payment of the surplus (if any) to the Trustee.

4.3 ***Late Payment Amounts Received***

If the Trustee receive(s) any Late Payment Amount, then the Trustee will in each case notify each Certificateholder of the aggregate amount so received and shall donate such late payment amounts to The Red Crescent Society.

5 Periodic Distributions

5.1 ***Periodic Distribution Amounts and Periodic Distribution Dates***

A Periodic Distribution Amount, representing a defined share of the profit in respect of the Trust Assets derived from payments made to the Trustee (as rab al-maal) under the Mudarabah Agreement, will accrue and, subject to the Allocation Arrangements, be payable on the Exchangeable Certificates and be distributed by the Trustee in accordance with these Conditions.

Subject to Condition 3.2 (*Limited Recourse*), Condition 4.2 (*Application of Proceeds from Trust Assets*), Condition 10 (*Dissolution of Trust*) below and the Allocation Arrangements, the distribution payable in respect of the Exchangeable Certificates for any Return Accumulation Period shall be the Periodic Distribution Amount and will be made by the Trustee in respect of the Exchangeable Certificates in arrear on each Periodic Distribution Date in accordance with Condition 9 (*Payment*).

The Periodic Distribution Amount payable on any Periodic Distribution Date shall be distributed to each Exchangeable Certificateholder *pro rata* (in an amount calculated by multiplying the Periodic Distribution Amount by a fraction of which the numerator is the principal amount of the relevant Exchangeable Certificateholder's Exchangeable Certificates and the denominator is the Aggregate Face Amount on the relevant Periodic Distribution Date, and rounding the resultant figure to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards).

If a distribution is required to be paid in respect of an Exchangeable Certificate on any other date, the amount of such distribution shall be calculated by the Calculation Agent by applying the Rate to the principal amount of such Exchangeable Certificate, multiplying the product by the Day Count Fraction and rounding the resultant figure to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards.

5.2 ***Notifications etc.***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 by the Calculation Agent on behalf of the Trustee will (in the absence of manifest error) be binding on the Trustee, the Delegate, the Agents and the Exchangeable Certificateholders. No liability to the Trustee, the Delegate, the Obligor, the Agents or the Exchangeable Certificateholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

5.3 ***Cessation of Accrual***

Subject as provided in Condition 6.8(c) and Condition 6.9(b), no further amounts will accrue or be payable on any Exchangeable Certificate from and including its due date for redemption unless upon due presentation payment in respect of the Exchangeable Certificate is improperly withheld or refused, or, following any election by the Trustee to exercise Physical Settlement, the Trustee fails duly to perform its obligation to deliver the Shares (and/or pay any Foreign Ownership Amount) in accordance with Condition 6 (*Redemption*), in which event distribution amounts will continue to accrue on such Exchangeable Certificate at the Rate and as provided herein (both before and after judgment) until whichever is the earlier of (a) the day on which all sums and/or Shares due in respect of such Exchangeable Certificate up to that day are received by or on behalf of the relevant Exchangeable Certificateholder, and (b) the day seven days after the Trustee or the Principal Paying and Exchange Agent has notified Exchangeable Certificateholders of receipt of all sums due in respect of all the Exchangeable Certificates up to that seventh day (except to the extent that there is failure in the subsequent payment and/or delivery to the relevant Exchangeable Certificateholders under these Conditions).

6 Redemption

6.1 *Voluntary Early Redemption*

(a) At any time during the Exercise Period, each Exchangeable Certificateholder will have the right to elect to have its Exchangeable Certificates redeemed early on a Voluntary Early Redemption Date subject always to:

(i) satisfaction of the requirements set out in Condition 6.1(c);

(ii) the relevant Notification Date (as defined in Condition 6.1(c)) falling during the Exercise Period;

(iii) the minimum principal amount of Exchangeable Certificates that may be redeemed early at any time not being less than U.S.$45,000, or such lesser principal amount of an Exchangeable Certificate from time to time following a reduction thereof pursuant to Condition 6.4 (*Redemption at the Option of the Trustee*) as corresponds to the principal amount of an Exchangeable Certificate having a denomination on the Closing Date of U.S.$45,000; and

(iv) such Exchangeable Certificateholder not having served a Change of Control Put Exercise Notice in respect of the Exchangeable Certificates it wishes to redeem early pursuant to this Condition 6.1.

In order to exercise such right, an Exchangeable Certificateholder (the "**Exercising Certificateholder**") shall deliver a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying and Exchange Agent (the "**Voluntary Early Redemption Notice**") to the Principal Paying and Exchange Agent.

The relevant Exchangeable Certificates shall be redeemed by the Trustee on the Voluntary Early Redemption Date. The "**Voluntary Early Redemption Date**" shall be the day falling 25 Trading Days following the Notification Date or, if such day is not a Business Day, the immediately succeeding calendar day which is a Business Day.

(b)

(i) Subject to Condition 6.1(b)(ii), each Voluntary Early Redemption Notice shall be deemed not to have been duly received by the Principal Paying and Exchange Agent until:

(1) the fifteenth day of the relevant calendar month (or, if such day is not a Business Day, the immediately succeeding calendar day which is a Business Day) in respect of all Voluntary Early Redemption Notices delivered to the Principal Paying and Exchange Agent during the period from (and including) the first day of a calendar month to (and including) the fifteenth day of such calendar month; or

(2) the last day of the relevant calendar month (or, if such day is not a Business Day, the immediately preceding calendar day which is a Business Day) in respect of all Voluntary Early Redemption Notices delivered to the Principal Paying and Exchange Agent during the period from (and including) the sixteenth day of a calendar month to (and including) the last day of such calendar month.

(ii) Condition 6.1(b)(i) above shall not apply with respect to any Voluntary Early Redemption Notice which is delivered to the Principal Paying and Exchange Agent during:

(1) the six month period commencing on the day falling six months immediately preceding the Scheduled Redemption Date;

(2) the period commencing on the date of any Optional Partial Redemption Notice or Trustee Early Redemption Notice (whether in respect of a redemption in whole or part) and expiring on the corresponding Redemption Date;

(3) the period commencing on the date of the publication of any notice of redemption pursuant to Condition 6.6(a) and expiring on the corresponding Tax Redemption Date; or

(4) the Change of Control Put Option Period.

During any such period (and subject to the immediately succeeding sentence), any Voluntary Early Redemption Notice delivered to the Principal Paying and Exchange Agent in any week

shall be deemed not to have been duly received until the immediately following Thursday or, if such day is not a Business Day, the next day which is a Business Day, provided always that the Notification Date is no later than the last Trading Day in the Exercise Period.

(iii) For the purposes of Condition 6.1(b)(i) and (ii), a Voluntary Early Redemption Notice will be deemed to be duly delivered to the Principal Paying and Exchange Agent on the business day on which it is deposited at the specified office of any Paying and Exchange Agent.

For the purposes of this Condition 6.1(b)(iii), "**business day**" means a day, other than a Saturday or a Sunday, on which commercial banks are open in the city where the Paying and Exchange Agent's specified office is located.

(c) As further preconditions to such voluntary early redemption, the Exercising Certificateholder shall be required to:

(i) deliver the relevant Exchangeable Certificate or Exchangeable Certificates that it wishes to redeem on the Voluntary Early Redemption Date (the "**Relevant Exchangeable Certificates**") to the specified office of any Paying and Exchange Agent by no later than the date on which the corresponding Voluntary Early Redemption Notice is served on the Trustee and the Principal Paying and Exchange Agent; and

(ii) confirm in the Voluntary Early Redemption Notice that it shall pay directly to the relevant authorities any applicable Exchange Expenses arising in connection with any issue and/or delivery of Shares to it on the corresponding Voluntary Early Redemption Date.

The later of the date on which the Voluntary Early Redemption Notice shall be deemed to be received by the Principal Paying and Exchange Agent and the date on which the preconditions set out above are satisfied shall be the "**Notification Date**".

(d) Following receipt of the Voluntary Early Redemption Notice and the Relevant Exchangeable Certificates, the Trustee shall be deemed to have elected to redeem the Relevant Exchangeable Certificates on the relevant Voluntary Early Redemption Date by way of Physical Settlement unless the Trustee notifies the relevant Exercising Certificateholder and the Principal Paying and Exchange Agent within three Business Days following the Notification Date that the Trustee elects to redeem the Relevant Exchangeable Certificates on the corresponding Voluntary Early Redemption Date by way of Cash Settlement.

(e) An Exercising Certificateholder shall be entitled to receive, on the relevant Voluntary Early Redemption Date, in respect of its Relevant Exchangeable Certificates, the following:

(i) if Physical Settlement applies, (x) (subject to Condition 6.12 (*Disruption Event*), Condition 6.14 (*Foreign Ownership*) and Condition 6.15 (*Inability to deliver*)) delivery of a number of Shares (calculated by the Calculation Agent) equal to the aggregate principal amount of such Relevant Exchangeable Certificates, divided by the Nominal Exchange Price (converted into U.S. dollars at the Fixed Exchange Rate); and (y) an amount in cash equal to the Differential Amount (or, at the option of Dana Gas, in lieu of such Differential Amount, the relevant number of Differential Amount Shares in respect thereof), all as more particularly described in Condition 6.8 (*Physical Settlement*); or

(ii) if Cash Settlement applies, an amount in cash as more particularly described in Condition 6.9 (*Cash Settlement*).

(f) The Trustee shall pay or procure payment of (i) all stamp, issue, registration or other similar taxes and duties (if any) arising in any Relevant Jurisdiction on the issue of Shares on exchange of the Relevant Exchangeable Certificates and/or their transfer and delivery to or to the order of the relevant Exercising Certificateholder, (ii) any fees, costs or other expenses of obtaining a listing for such Shares on the Exchange and (iii) all charges of the Paying and Exchange Agents, Calculation Agent and Local Agent in connection therewith as provided in the Agency Agreement. Subject thereto, the Exercising Certificateholder shall pay to the relevant authorities any other stamp, issue, registration or other similar taxes and duties (if any) ("**Exchange Expenses**") arising on exchange which may be payable:

(i) in the country in which the specified office of the Paying and Exchange Agent (which has received service of the corresponding Voluntary Early Redemption Notice) is located (if not a Relevant Jurisdiction); and

(ii) in any jurisdiction other than a Relevant Jurisdiction,

as a result of the issue of Shares upon exchange to or to the order of the relevant Exercising Certificateholder. For the avoidance of doubt, none of the Trustee or the Agents shall be responsible for determining whether such Exchange Expenses are payable by an Exercising Certificateholder or the amount thereof and none of them shall be responsible for any failure by the relevant Exercising Certificateholder to pay such amount, and no Agent shall be responsible for procuring payment of such Exchange Expenses.

In the case of the exercise by the Trustee of its rights pursuant to Condition 6.7 (*Discretion of the Trustee to exercise*), the Trustee shall pay to the relevant authorities any Exchange Expenses and any such amounts shall be deducted from the Net Proceeds of Sale referred to in Condition 6.7 (*Discretion of the Trustee to exercise*).

(g) Upon exercising its right to voluntary early redemption, the Exercising Certificateholder shall be required to represent and agree in the Voluntary Early Redemption Notice that at the time of execution and deposit of such Voluntary Early Redemption Notice it or the person who has the beneficial interest in that relevant Exchangeable Certificate is an Eligible Recipient. No Shares will be issued to an Exercising Certificateholder unless the Exercising Certificateholder satisfies the foregoing conditions.

6.2 ***Scheduled Redemption***

Unless previously redeemed or purchased and cancelled, subject to the Allocation Arrangements, the Exchangeable Certificates shall be redeemed in full by the Trustee on the Scheduled Redemption Date in cash for an amount equal to the Standard Redemption Amount as of such date. The Trust shall only be dissolved following such payment in full and following all payments having been made on the Ordinary Certificates as required by the Ordinary Conditions.

The Standard Redemption Amount shall be distributed on the Scheduled Redemption Date *pro rata* amongst the Exchangeable Certificates. The Calculation Agent will calculate the amount payable in respect of any Exchangeable Certificate by multiplying the Standard Redemption Amount by a fraction of which the numerator is the principal amount of the relevant Exchangeable Certificate and the denominator is the Aggregate Face Amount on the Scheduled Redemption Date and rounding the resultant figure to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards.

6.3 ***Dissolution Event - Early Redemption***

Following the occurrence of a Dissolution Event, the Exchangeable Certificates may, subject to Condition 13 (*Dissolution Events*) and the Allocation Arrangements, be redeemed in full on the Early Redemption Date in cash at an amount equal to the Standard Redemption Amount as of such date. The Trust shall only be dissolved following such payment in full and following all payments having been made on the Ordinary Certificates as required by the Ordinary Conditions.

The Standard Redemption Amount shall be distributed on any Early Redemption Date *pro rata* amongst the Exchangeable Certificates. The Calculation Agent will calculate the amount payable in respect of any Exchangeable Certificate by multiplying the Standard Redemption Amount by a fraction of which the numerator is the principal amount of the relevant Exchangeable Certificate and the denominator is the Aggregate Face Amount on the Early Redemption Date and rounding the resultant figure to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards.

6.4 ***Redemption at the Option of the Trustee***

(a) At any time or times on or after 31 October 2013 and prior to the last day of the Exercise Period applicable to this Condition 6.4 and subject as set out below, on giving not less than 28 and not more than 32 Business Days' notice (which notice shall be irrevocable) (an "**Optional Partial Redemption Notice**") to the Principal Paying and Exchange Agent (with a copy to the Delegate and the Registrar) and to the Exchangeable Certificateholders in accordance with Condition 16 (*Notices*), the Trustee may partially redeem the Exchangeable Certificates in the relevant Optional Partial Redemption Portion on the date(s) (each an "**Optional Partial Redemption Date**") specified in the relevant Optional Partial Redemption Notice provided that:

(i) the aggregate principal amount payable by way of such partial redemption of the Exchangeable Certificates shall not exceed U.S.$212,520,000 during any six month period in which the Trustee is permitted to issue an Optional Partial Redemption Notice; and

(ii) all unpaid accrued Periodic Distribution Amounts and all other accrued and unpaid distribution amounts (if any) due and payable under these Conditions in respect of such

Exchangeable Certificates to but excluding the relevant Optional Partial Redemption Date are also paid on such Optional Partial Redemption Date.

While the Exchangeable Certificates remain in global form, represented by the Global Certificates, any such Optional Partial Redemption Notice given pursuant to this Condition 6.4(a) shall be deemed to have been given to the Exchangeable Certificateholders on the Business Day after the day on which such notice is delivered to the relevant clearing systems.

(b) The Trustee may not deliver an Optional Partial Redemption Notice unless, on each of at least 20 Trading Days in any period of 30 consecutive Trading Days ending not earlier than five days prior to the giving of the relevant Optional Partial Redemption Notice, the Aggregate Value exceeds U.S.$20 on the relevant Trading Day.

In addition, the Trustee may not give more than one Optional Partial Redemption Notice in any six month period.

On an Optional Partial Redemption Date, the principal amount of each Exchangeable Certificateholder's Exchangeable Certificates will be reduced by the relevant Optional Partial Redemption Portion and Exchangeable Certificateholders will have no further rights in respect of such Optional Partial Redemption Portion.

While the Exchangeable Certificates remain in global form, represented by the Global Certificates, the partial redemption pursuant to Condition 6.4 will be effected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, as the case may be, and will be reflected in the records of Euroclear and Clearstream, Luxembourg, as the case may be, by using the pool factor to reduce the nominal amount of each Exchangeable Certificate held in such accounts.

Any Optional Partial Redemption Notice shall be irrevocable and shall specify (i) the relevant Optional Partial Redemption Date, (ii) the aggregate principal amount of Exchangeable Certificates being redeemed, (iii) the Effective Exchange Price, the Nominal Exchange Price, the Aggregate Face Amount and the Closing Price of the Shares as derived from the Relevant Stock Exchange, in each case as at the latest practicable date prior to the publication of the Optional Partial Redemption Notice and (iv) the last day on which an Early Redemption Exchange Notice may be delivered in respect of the principal amount of the Exchangeable Certificates being redeemed on the relevant Optional Partial Redemption Date.

(c) If at any time the Aggregate Face Amount is less than 10 per cent. of the aggregate principal amount originally issued, the Trustee shall have the option to redeem such outstanding Exchangeable Certificates in whole, but not in part, at the Standard Redemption Amount on the Trustee Early Redemption Date. The Trustee will give at least 28 Business Days' but not more than 32 Business Days' prior notice (which notice shall be irrevocable) (the "**Trustee Early Redemption Notice**") to the Exchangeable Certificateholders, the Principal Paying and Exchange Agent and the Delegate of such redemption.

(d) Exchangeable Certificateholders who wish to receive Shares in respect of (A) the Optional Partial Redemption Portion payable pursuant to Condition 6.4(a) rather than repayment of the relevant Optional Partial Redemption Portion together with all unpaid accrued Periodic Distribution Amounts and all other accrued and unpaid distribution amounts (if any) in respect thereof, or (B) the Exchangeable Certificates to be redeemed pursuant to Condition 6.4(c) rather than repayment of the relevant portion of the Standard Redemption Amount payable pursuant to Condition 6.4(c), must deliver to the Principal Paying and Exchange Agent a duly completed and signed notice, in the form for the time being current, obtainable from the specified office of any Paying and Exchange Agent (an "**Early Redemption Exchange Notice**") in respect of the relevant Optional Partial Redemption Portion or the Exchangeable Certificates to be redeemed pursuant to Condition 6.4(c), as the case may be, no later than 25 Trading Days prior to the relevant Optional Partial Redemption Date or Trustee Early Redemption Date, as the case may be. Any Early Redemption Exchange Notice must relate to all and not some only of the relevant Exchangeable Certificateholder's Optional Partial Redemption Portion or Exchangeable Certificates to be redeemed pursuant to Condition 6.4(c), as the case may be. Exchangeable Certificateholders who do not submit such an Early Redemption Exchange Notice will receive repayment of the Optional Partial Redemption Portion together with all unpaid accrued Periodic Distribution Amounts and all other accrued and unpaid distribution amounts (if any) due and payable under these Conditions in respect thereof from the date of the last preceding Periodic Distribution Date, or the relevant portion of the Standard Redemption Amount, as the case may be.

Following receipt of an Early Redemption Exchange Notice, the Trustee shall be deemed to have elected to redeem (A) the relevant Optional Partial Redemption Portion on the relevant Optional Partial Redemption Date or, as the case may be, (B) the Exchangeable Certificates to be redeemed pursuant to Condition 6.4(c) on the Trustee Early Redemption Date, in each case by way of Physical Settlement unless the Trustee notifies the relevant Exchangeable Certificateholder and the Principal Paying and Exchange Agent within three Business Days following the date of delivery of the relevant Early Redemption Exchange Notice that the Trustee elects to redeem by way of Cash Settlement at the relevant Cash Settlement Amount.

In such circumstances, an Exchangeable Certificateholder shall be entitled to receive, on the relevant Optional Partial Redemption Date or Trustee Early Redemption Date (as applicable), in respect of the relevant Optional Partial Redemption Portion or the relevant Exchangeable Certificates to be redeemed pursuant to Condition 6.4(c) (as applicable), the following:

(i) if Physical Settlement applies, (x) (subject to Condition 6.12 (*Disruption Event*), Condition 6.14 (*Foreign Ownership*) and Condition 6.15 (*Inability to deliver*)) delivery by or on behalf of the Trustee of a number of Shares calculated by dividing the relevant Optional Partial Redemption Portion or the principal amount outstanding of the Exchangeable Certificates to be redeemed on the Trustee Early Redemption Date (as applicable), by the Nominal Exchange Price (converted into U.S. dollars at the Fixed Exchange Rate); and (y) an amount in cash equal to the Differential Amount (or, at the option of Dana Gas, in lieu of such Differential Amount, the relevant number of Differential Amount Shares in respect thereof), all as more particularly described in Condition 6.8 (*Physical Settlement*); or

(ii) if Cash Settlement applies, an amount in cash as more particularly described in Condition 6.9 (*Cash Settlement*).

Exchangeable Certificateholders will have a limited period (in accordance with Condition 6.4) in which to give an Early Redemption Exchange Notice to receive Shares in respect of the Optional Partial Redemption Portion or in respect of the Exchangeable Certificates to be redeemed pursuant to Condition 6.4(c), as the case may be, and/or the relevant cash amount referred to above, and accordingly prompt action will be required by Exchangeable Certificateholders.

(e) The Standard Redemption Amount payable on the Trustee Early Redemption Date arising pursuant to Condition 6.4(c) shall be distributed *pro rata* amongst the Exchangeable Certificates in respect of which an Early Redemption Exchange Notice has not been delivered pursuant to Condition 6.4(d). The Calculation Agent will calculate the amount payable in respect of any Exchangeable Certificate by multiplying the Standard Redemption Amount by a fraction of which the numerator is the principal amount of the relevant Exchangeable Certificate and the denominator is the Aggregate Face Amount on the Trustee Early Redemption Date and rounding the resultant figure to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards.

6.5 ***Redemption for Change of Control***

(a) Upon the occurrence of a Change of Control, the holder of each Exchangeable Certificate will have the right (the "**Change of Control Put Right**") at such Exchangeable Certificateholder's option, to require the Trustee to redeem in whole but not in part such Exchangeable Certificateholder's Exchangeable Certificates on the Change of Control Put Date at the Change of Control Standard Redemption Amount. To exercise such right, the holder of the relevant Exchangeable Certificate must complete, sign and deposit at the specified office of any Paying and Exchange Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying and Exchange Agent (the "**Change of Control Put Exercise Notice**") together with the Exchangeable Certificates to be redeemed by not later than 60 Business Days following a Change of Control, or, if later, 60 Business Days following the date upon which notice thereof is given to Exchangeable Certificateholders by the Trustee in accordance with Condition 16 (*Notices*) (the "**Change of Control Put Option Period**"). The "**Change of Control Put Date**" shall be the third Business Day immediately following the last day of the Change of Control Put Option Period.

(b) The Change of Control Standard Redemption Amount payable on any Change of Control Put Date shall be distributed *pro rata* amongst the Exchangeable Certificates to be redeemed on the Change of Control Put Date. The Calculation Agent will calculate the amount payable in respect of any Exchangeable Certificate by multiplying the Change of Control Standard Redemption Amount by a fraction of which the numerator is the principal amount of the relevant Exchangeable Certificate and

the denominator is the aggregate principal amount of Exchangeable Certificates to be redeemed on the Change of Control Put Date and rounding the resultant figure to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards.

(c) A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Trustee shall redeem the Exchangeable Certificates which form the subject of the Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date. For the avoidance of doubt, an Exchangeable Certificateholder shall not be permitted to serve a Voluntary Early Redemption Notice in respect of any Exchangeable Certificates that are subject to a Change of Control Put Exercise Notice.

(d) If a Change of Control occurs, notwithstanding anything to the contrary contained herein, the Exchangeable Certificateholders will, during the relevant Change of Control Period, have the right to submit a Voluntary Early Redemption Notice in respect of any Exchangeable Certificates that are not subject to a Change of Control Put Exercise Notice and the provisions of Condition 6.1 (*Voluntary Early Redemption*) shall apply *mutatis mutandis* in respect thereof, save that for the purposes of calculating such Exchangeable Certificateholder's entitlement pursuant to Condition 6.1(e) and during the relevant Change of Control Period only:

(i) (if Physical Settlement applies) the relevant Differential Amount shall be calculated as set out in the definition thereof in Condition 22 (*Definitions and Interpretation*) but with "Change of Control Exchange Price" substituted for "Effective Exchange Price" in paragraph (a) thereof; and

(ii) (if Cash Settlement applies) the relevant Voluntary Early Redemption Amount shall be calculated as set out in the definition thereof in Condition 22 (*Definitions and Interpretation*) but with "Change of Control Exchange Price" substituted for "Effective Exchange Price" therein.

(e) The Delegate and the Paying and Exchange Agents shall be entitled to assume, until they receive actual notice to the contrary, that no Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and will not be responsible or liable to Exchangeable Certificateholders for any loss arising from any failure by it to do so.

(f) Not later than four Business Days after becoming aware of a Change of Control, the Trustee shall procure that notice regarding the Change of Control shall be delivered to the Trustee, the Principal Paying and Exchange Agent, the Delegate and the Exchangeable Certificateholders (in accordance with Condition 16 (*Notices*)) stating:

(i) the Change of Control Put Date;

(ii) the date of such Change of Control and, briefly, the events causing such Change of Control;

(iii) the then current Effective Exchange Price and Nominal Exchange Price;

(iv) the date by which any Change of Control Put Exercise Notice must be given;

(v) the procedures described in these Conditions that Exchangeable Certificateholders must follow and the requirements described in these Conditions that Exchangeable Certificateholders must satisfy in order to exercise the Change of Control Put Right;

(vi) the names and specified offices of all Paying and Exchange Agents; and

(vii) that a Change of Control Put Exercise Notice, once validly given, may not be withdrawn.

6.6 ***Redemption for Taxation Reasons***

(a) At any time the Trustee may, having given not less than 28 nor more than 32 Business Days' notice to the Exchangeable Certificateholders (which notice shall be irrevocable) redeem all, and not some only (subject to Condition 6.6(d)), of the Exchangeable Certificates at the Tax Redemption Amount on the date fixed for redemption ("**Tax Redemption Date**")

(i) if (1) the Trustee has or will become obliged to pay additional amounts pursuant to Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or

amendment becomes effective on or after the Closing Date, and (2) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or

(ii) if (1) the Trustee has received notice from the Mudarib that it has or will become obliged to pay additional amounts pursuant to the terms of the Mudarabah Agreement to ensure that the funds available to the Trustee are sufficient to pay the relevant Periodic Distribution Amount as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Closing Date, and (2) such obligation cannot be avoided by the Mudarib taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which, in the case of Condition 6.6(a)(i), the Trustee would be obliged to pay such additional amounts were a payment in respect of the Exchangeable Certificates then due and, in the case of Condition 6.6(a)(ii), the Mudarib would be obliged to pay such additional amounts were a payment to the Trustee under the Mudarabah Agreement then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Trustee shall deliver to the Delegate (x) a certificate signed by two directors of the Trustee (in the case of Condition 6.6(a)(i)), or the Mudarib (in the case of Condition 6.6(a)(ii)), stating that the obligation(s) referred to in (i) or (ii) above cannot be avoided by the Trustee or, as the case may be, the Mudarib (having taken reasonable measures available to it) and (y) an opinion of independent legal or tax advisors of recognised international standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective) and the Delegate shall (without any investigation required of it) accept such certificate and opinion as sufficient evidence thereof without liability to any person in which event it shall be conclusive and binding on the Exchangeable Certificateholders.

(b) Upon the Tax Redemption Date, the Trustee shall redeem the Exchangeable Certificates at the Tax Redemption Amount.

(c) The Tax Redemption Amount payable on the Tax Redemption Date shall be distributed *pro rata* amongst the Exchangeable Certificates to be redeemed on the Tax Redemption Date. The Calculation Agent will calculate the amount payable in respect of any Exchangeable Certificate by multiplying the Tax Redemption Amount by a fraction of which the numerator is the principal amount of the relevant Exchangeable Certificate and the denominator is the aggregate principal amount of Exchangeable Certificates to be redeemed on the Tax Redemption Date and rounding the resultant figure to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards.

(d) If the Trustee gives a notice of redemption pursuant to this Condition 6.6, each Exchangeable Certificateholder will have the right to elect that its Exchangeable Certificate(s) shall not be redeemed and that the provisions of Condition 11 (*Taxation*) shall not apply in respect of any payment of any amounts to be made in respect of such Exchangeable Certificate(s) which falls due after the relevant Tax Redemption Date, whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 11 (*Taxation*) and payment of all amounts shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by the Relevant Jurisdiction or any authority thereof or therein having power to tax. To exercise such right, the holder of the relevant Exchangeable Certificate must complete, sign and deposit at the specified office of any Paying and Exchange Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying and Exchange Agent together with the certificate evidencing the Exchangeable Certificates on or before the day falling eight Business Days prior to the Tax Redemption Date.

6.7 ***Discretion of the Trustee to exercise***

(a) Trustee's discretion

The Declaration of Trust provides that the Trustee may exercise its discretion, in accordance with Condition 6.7(b), within the period commencing on the date falling 24 Trading Days immediately prior to the Scheduled Redemption Date and ending at the close of business (in London) on the third Business Day following the Relevant Share Amount Date, to elect by notice in writing (which notice shall be irrevocable) (such notice, a "**Trustee Exercise Notice**") served on the Obligor, the Delegate and the Principal Paying and Exchange Agent to require the redemption (in accordance with this Condition 6.7) of all Exchangeable Certificates then outstanding in respect of which the relevant

Exchangeable Certificateholders have not exercised their rights of redemption pursuant to Condition 6.1 (*Voluntary Early Redemption*) and which have not been duly presented for redemption by the relevant Exchangeable Certificateholder before the date of any such election by the Trustee (such Exchangeable Certificates, the "**Unexercised Exchangeable Certificates**").

Following service of such Trustee Exercise Notice, the Trustee shall serve an exercise notice on the Obligor under the Purchase Undertaking no later than three Business Days prior to the Scheduled Redemption Date requiring the Obligor to purchase all of the Trustee's rights, benefits and entitlements in and to the corresponding proportion of the Mudarabah Assets at the Relevant Exercise Price and the Unexercised Exchangeable Certificates shall be redeemed in accordance with this Condition 6.7.

(b) Exercise of Trustee's discretion

The Trustee may only exercise its discretion to serve a Trustee Exercise Notice if:

(i) it is satisfied that all necessary consents and approvals (if any) in respect of the issue of Shares to the Trustee (in an amount equal to the number of Shares calculated in accordance with Condition 6.7(f)) on the Scheduled Redemption Date either have been obtained or will be obtained prior to the Scheduled Redemption Date; and

(ii) the Trustee is advised by an independent investment bank of international repute appointed by the Trustee (with the prior written consent of the Delegate) at the expense of the Obligor that the aggregate of (x) the Relevant Share Amount (when taken together with fees, costs, commissions, charges, taxes, expenses or any other liability which may be incurred in connection with the sale of such Shares) and (y) the Further Cash Payment exceeds the Standard Redemption Amount which would otherwise be payable in respect of such Unexercised Exchangeable Certificates on the Scheduled Redemption Date.

The Trustee shall procure that, promptly following service of any Trustee Exercise Notice, the Principal Paying and Exchange Agent shall notify all Exchangeable Certificateholders of the Trustee's exercise of its option for redemption under this Condition 6.7.

None of the Trustee, the Delegate, the Principal Paying and Exchange Agent or any affiliate of such parties shall be liable for any loss suffered by any holder of Unexercised Exchangeable Certificates as a consequence of any of (i) the exercise of the Trustee's discretion under this Condition 6.7, or (ii) any service of a Trustee Exercise Notice, or (iii) the redemption of the Unexercised Exchangeable Certificates in accordance with this Condition 6.7.

Exchangeable Certificateholders are only entitled to receive amounts due under this Condition 6.7 (Discretion of the Trustee to exercise) in cash notwithstanding the election by the Obligor of the Physical Settlement option.

(c) Delivery of Trustee Exercise Notice

The Trustee Exercise Notice will be deemed to be received by the Obligor, the Delegate and the Principal Paying and Exchange Agent on the Business Day on which it is deposited at the specified office of the Principal Paying and Exchange Agent, provided that such Trustee Exercise Notice is deposited before 14.00 hours (London time) on a Business Day. If the Trustee Exercise Notice is deposited after 14.00 hours (London time) on such Business Day, the Trustee Exercise Notice will be deemed to be received on the Business Day immediately succeeding the deposit date.

The date on which the Trustee Exercise Notice shall be deemed to be received by the Obligor, the Delegate and the Principal Paying and Exchange Agent shall be the "**Trustee Notification Date**".

(d) Delivery of Unexercised Exchangeable Certificates

As a further condition to such redemption, the Trustee shall be required to deliver the relevant Unexercised Exchangeable Certificates in its possession (if any) to the specified office of any Paying and Exchange Agent by no later than three Business Days following the Relevant Share Amount Date.

(e) Cash Settlement Option and Physical Settlement Option

Following service of a Trustee Exercise Notice, the Unexercised Exchangeable Certificates shall be redeemed by way of the Physical Settlement Option in accordance with the provisions of Condition 6.7(h) (the "**Physical Settlement Option**") unless the Obligor serves a cash settlement notice on the

Trustee and the Principal Paying and Exchange Agent within three Business Days following the Trustee Notification Date pursuant to the terms of the Agency Agreement, in which case the Unexercised Exchangeable Certificates shall be redeemed on the Scheduled Redemption Date by way of Cash Settlement in accordance with the provisions of Condition 6.7(g).

The Trustee shall, no later than four Business Days following the Trustee Notification Date, notify each relevant Exchangeable Certificateholder of any such election to redeem the Unexercised Exchangeable Certificates by way of Cash Settlement.

(f) Shares

If the Physical Settlement Option applies on the Scheduled Redemption Date pursuant to Condition 6.7(e) above, the Trustee shall be entitled to receive on the Scheduled Redemption Date, in respect of any Unexercised Exchangeable Certificates, the following:

(i) (subject to Condition 6.12 (*Disruption Event*), Condition 6.14 (*Foreign Ownership*) and Condition 6.15 (*Inability to deliver*)) delivery of a number of Shares equal to the aggregate principal amount of such Unexercised Exchangeable Certificates, divided by the Nominal Exchange Price (converted into U.S. dollars at the Fixed Exchange Rate); and

(ii) payment to it of an amount in U.S. dollars equal to the Further Cash Payment.

All Shares to be issued on the Scheduled Redemption Date in respect of the Unexercised Exchangeable Certificates will be deemed to be registered as of the Scheduled Redemption Date in the name of the Trustee (or its nominee) on behalf of the relevant holders of the Unexercised Exchangeable Certificates.

(g) Cash Settlement

If Cash Settlement applies on the Scheduled Redemption Date pursuant to Condition 6.7(e) above, the Unexercised Exchangeable Certificates shall be redeemed in full by payment of an amount (in U.S. dollars) to the relevant Exchangeable Certificateholders on the Scheduled Redemption Date equal to the aggregate of:

(i) the Redemption Reference Price (as calculated on the date falling three Business Days prior to the Scheduled Redemption Date) multiplied by the number of Shares that would have been issued if the Physical Settlement Option had applied (the number of Shares being calculated in accordance with Condition 6.7(f), save that for the purposes of this Condition 6.7(g) only, the reference to the "Nominal Exchange Price" in Condition 6.7(f) shall be replaced with reference to the "Effective Exchange Price" and ignoring for these purposes the fact that Shares may not, under applicable law as at the Closing Date, be issued at a price less than the Nominal Exchange Price) (the "**Cash Settlement Amount**"); and

(ii) the Top-Up Amount (if any).

The Cash Settlement Amount together with the Top-Up Amount (if any) shall be distributed by the Trustee rateably to the holders of such Unexercised Exchangeable Certificates against due surrender of the Unexercised Exchangeable Certificates.

The *pro rata* distribution of the Cash Settlement Amount and the Top-Up Amount (if any) to a holder of Unexercised Exchangeable Certificates pursuant to this Condition 6.7(g) shall be treated for all purposes as the full amount due from the Trustee in respect of the Unexercised Exchangeable Certificates.

(h) Physical Settlement Option

If pursuant to Condition 6.7(e) above the Physical Settlement Option applies on the Scheduled Redemption Date, the Unexercised Exchangeable Certificates shall, subject to Condition 6.12 (*Disruption Event*), Condition 6.14 (*Foreign Ownership*) and Condition 6.15 (*Inability to deliver*), be redeemed in full by:

(i) the issue and/or delivery to the Trustee on the Scheduled Redemption Date of the number of Shares specified by Condition 6.7(f);

(ii) the payment to the Trustee of an amount equal to the Further Cash Payment; and

(iii) the distribution by the Trustee (against due surrender of the Unexercised Exchangeable Certificates) of the Net Proceeds of Sale and the Top-Up Amount (if any) and the Further

Cash Payment rateably on the 20th Business Day following the Scheduled Redemption Date to the holders of such Unexercised Exchangeable Certificates.

The pro rata distribution of the amount of the Net Proceeds of Sale, the Top-Up Amount (if any) and the Further Cash Payment in respect of the Unexercised Exchangeable Certificates to a holder of Unexercised Exchangeable Certificates pursuant to this Condition 6.7(h) shall be treated for all purposes as the full amount due from the Trustee in respect of the Unexercised Exchangeable Certificates.

(i) Net Proceeds of Sale

The Trustee shall use its reasonable endeavours to sell or procure the sale of all of the Shares issued and/or delivered to it pursuant to this Condition 6.7 within 20 Business Days following the Scheduled Redemption Date. The Trustee shall appoint the Local Agent to act as its agent in order to procure the sale of such Shares as are delivered to the Trustee pursuant to this Condition 6.7, and to convert any Net Proceeds of Sale into U.S. dollars at the Relevant Rate.

Subject to the Trustee obtaining any necessary consents and to the deduction by the Trustee of any amount which it determines to be payable in respect of its liability to taxation arising solely as a result of such sale (or conversion into U.S. dollars) and the payment of any capital, stamp, registration or other similar taxes and duties (if any) and any costs incurred either by the Trustee (or its agents) in connection with the allotment and sale thereof, the net proceeds of sale (the "**Net Proceeds of Sale**") in respect of such Unexercised Exchangeable Certificates shall, if not in U.S. dollars, be converted into U.S. dollars at the Relevant Rate. If the Trustee has been unable to sell (or procure the sale of) any or all relevant Shares within the 20 Business Day period following the Scheduled Redemption Date (whether as a result of a Market Disruption Event or otherwise), the Net Proceeds of Sale shall be deemed to be zero in respect of such Shares, and, subject to payment in full by the Obligor of the Top-Up Amount, the Trustee shall consult (in good faith) with the Obligor as to whether the Trustee should (a) deliver such Shares to the Obligor so that the Obligor may hold such Shares in treasury or (b) sell such Shares, in which case the Trustee shall account to the Obligor for the Net Proceeds of Sale (if any) of the Shares (subject always, in each such case, to applicable laws at such time).

None of the Trustee, the Delegate or any Agent shall have any obligation or liability in respect of any sale of such Shares whether for the timing of any such sale or the price at which any such Shares are sold or the inability to sell any such Shares.

(j) Liabilities

In exercising its powers under this Condition 6.7, the Trustee and its advisors shall have regard to the economic interests of the holders of the Unexercised Exchangeable Certificates as a class and to no other considerations. None of the Trustee, the Delegate or any Agent shall have any liability in respect of the exercise or non-exercise of the Trustee's discretion pursuant to this Condition 6.7 or the timing of such exercise or, where relevant, in respect of any sale of Shares or conversion of any amounts, whether for the timing of any such sale or conversion or the price at which any such Shares are sold or the rate at which any such amounts are converted into U.S. dollars, or the inability to sell any such Shares or make such conversion or otherwise.

(k) Other Conditions

The Conditions shall apply to any exercise by the Trustee of the right of redemption attaching to any Unexercised Exchangeable Certificate pursuant to this Condition 6.7 as though the Trustee were the relevant Exercising Certificateholder, subject as otherwise provided in this Condition 6.7 and the following deeming provisions:

(i) in Condition 6.8 (*Physical Settlement*), references to "Voluntary Early Redemption Date" shall be deemed to be "Scheduled Redemption Date", references to "Relevant Exchangeable Certificates" shall be deemed to be to "Unexercised Exchangeable Certificates", references to "Exercising Certificateholder" shall be deemed to be to the "Trustee" and "Condition 6.1(e)" shall be deemed to be to "Condition 6.7(f)";

(ii) in Condition 6.9 (*Cash Settlement*), references to "Voluntary Early Redemption Date" shall be deemed to be "Scheduled Redemption Date", references to "Relevant Exchangeable Certificates" shall be deemed to be to "Unexercised Exchangeable Certificates", references to "Voluntary Early Redemption Amount" shall be to "Cash Settlement Amount and the Top-Up Amount (if any)" and references to "Exercising Certificateholder" shall be to the "Trustee";

(iii) in Condition 6.11 (*Voluntary Early Redemption Notice/Early Redemption Exchange Notice*), references to "Voluntary Early Redemption Notice" shall be deemed to be to "Trustee Exercise Notice";

(iv) in Condition 6.14 (*Foreign Ownership*), references to "Voluntary Early Redemption Date" shall be deemed to be "Scheduled Redemption Date" and references to a "Non-GCC Certificateholder" shall be deemed to include the Trustee;

(v) in Condition 6.15 (*Inability to deliver*), references to a "Non-GCC Certificateholder" and an "Exchangeable Certificateholder" shall be deemed to include the Trustee; and

(vi) in Condition 6.17 (*Adjustments to Effective Exchange Price and the Nominal Exchange Price*), references to "Notification Date" shall be deemed to be to "Trustee Notification Date".

(l) Payments

The provisions of Condition 9 (*Payment*) shall apply to any payment of the Cash Settlement Amount, the Net Proceeds of Sale, the Further Cash Payment and Top-Up Amount (if any) pursuant to this Condition 6.7 as though such payment were a payment of principal against delivery by the relevant Exchangeable Certificateholder of the corresponding Exchangeable Certificates.

While the Exchangeable Certificates remain in global form, represented by the Global Certificate, payments in respect of the Exchangeable Certificates will be effected by presentation and surrender of the Global Certificate to or to the order of the Registrar or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose and amounts received with respect to book-entry interests in the Exchangeable Certificates held through Euroclear and Clearstream, Luxembourg will be credited to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

(m) Certifications

No certification pursuant to Condition 6.1(g) or Condition 6.11(a)(vi) is required in the case of the Trustee electing to redeem the Unexercised Exchangeable Certificates.

6.8 ***Physical Settlement***

If Physical Settlement applies on a Voluntary Early Redemption Date, a Trustee Early Redemption Date or an Optional Partial Redemption Date:

(a) the Relevant Exchangeable Certificates, the relevant Exchangeable Certificates to be redeemed pursuant to Condition 6.4(c) or (as the case may be) the relevant Optional Partial Redemption Portion shall be redeemed in full by or on behalf of the Trustee on the Voluntary Early Redemption Date, the Trustee Early Redemption Date or the Optional Partial Redemption Date, as the case may be, by:

(i) the issue and/or delivery to the relevant Exchangeable Certificateholder of the relevant number of Shares calculated in accordance with Condition 6.1(e) or Condition 6.4(d), as the case may be; and

(ii) payment to the relevant Exchangeable Certificateholder of the Differential Amount in U.S. dollars in cash or (at the option of Dana Gas) the issue and/or delivery to it of the Differential Amount Shares,

in each case subject to compliance with all applicable laws and regulations and (in the case of the issue and/or delivery of Shares or Differential Amount Shares) subject to Condition 6.12 (*Disruption Event*), Condition 6.14 (*Foreign Ownership*) and Condition 6.15 (*Inability to deliver*);

(b) the Trustee shall procure that the holders of such Shares will be treated by Dana Gas as Shareholders for all purposes with effect from and including the Voluntary Early Redemption Date, the Trustee Early Redemption Date or Optional Partial Redemption Date, as the case may be, and all Shares issued upon any such early redemption of any Exchangeable Certificate will:

(i) rank *pari passu* in respect of Distributions declared, paid or made, or rights granted, with all other Shares in issue on the relevant Voluntary Early Redemption Date, Trustee Early Redemption Date or Optional Partial Redemption Date except that such Shares will not rank for any Distribution declared, paid or made on, or rights granted in respect of, the Shares for

which the record date precedes the Voluntary Early Redemption Date, Trustee Early Redemption Date or Optional Partial Redemption Date; and

(ii) rank *pari passu* in respect of Voting Rights with all other Shares in issue on the relevant Voluntary Early Redemption Date, Trustee Early Redemption Date or Optional Partial Redemption Date except that they will not rank for any Voting Rights where the entitlement to Voting Rights accrues to Shareholders by reference to a record date which precedes the Voluntary Early Redemption Date, Trustee Early Redemption Date or Optional Partial Redemption Date;

(c) if the corresponding Voluntary Early Redemption Date, Trustee Early Redemption Date or Optional Partial Redemption Date falls on a Periodic Distribution Date, the Exchangeable Certificateholder shall not be entitled to receive the Periodic Distribution Amount otherwise due on such Periodic Distribution Date. If a Voluntary Early Redemption Date, Trustee Early Redemption Date or Optional Partial Redemption Date falls after a Periodic Distribution Date, the Exchangeable Certificateholder shall be entitled to receive Periodic Distribution Amounts due on such Periodic Distribution Dates preceding the corresponding Voluntary Early Redemption Date, Trustee Early Redemption Date or Optional Partial Redemption Date. In any other case, the Exchangeable Certificateholder shall cease to be entitled to any Periodic Distribution Amount accrued on the relevant Exchangeable Certificate since the Periodic Distribution Date immediately preceding such Voluntary Early Redemption Date, Trustee Early Redemption Date or Optional Partial Redemption Date (or, if such Voluntary Early Redemption Date, Trustee Early Redemption Date or Optional Partial Redemption Date falls on or before the first Periodic Distribution Date, since the Closing Date) to the corresponding Voluntary Early Redemption Date, Trustee Early Redemption Date or Optional Partial Redemption Date, and, in each case, no payment or adjustment shall be made on early redemption of any Exchangeable Certificate for any such Periodic Distribution Amount accrued since the Periodic Distribution Date immediately preceding such Voluntary Early Redemption Date, Trustee Early Redemption Date or Optional Partial Redemption Date (or, if such Voluntary Early Redemption Date, Trustee Early Redemption Date or Optional Partial Redemption Date falls on or before the first Periodic Distribution Date, since the Closing Date) to such Voluntary Early Redemption Date, Trustee Early Redemption Date or Optional Partial Redemption Date; and

(d) Shares to be issued on any Voluntary Early Redemption Date, Trustee Early Redemption Date or Optional Partial Redemption Date will be delivered by or on behalf of the Trustee in uncertificated form through the Exchange's applicable clearing system (which, as at the Closing Date, shall be The Clearing and Depository System of the Abu Dhabi Securities Exchange), unless at the time of issue, the Shares are not capable of delivery through the Exchange's applicable clearing system. Where Shares are to be issued through the Exchange's applicable clearing system, they will be delivered to the account specified by the relevant Exchangeable Certificateholder in the relevant Voluntary Early Redemption Notice or, as the case may be, the relevant Early Redemption Exchange Notice.

Where Shares are to be issued in certificated form, a certificate in respect thereof will be dispatched by or on behalf of the Trustee by mail free of charge (but uninsured and at the risk of the relevant Exchangeable Certificateholder) to the relevant Exchangeable Certificateholder or as it may direct in the relevant Voluntary Early Redemption Notice or Early Redemption Exchange Notice.

The Trustee shall take all necessary steps to procure that Shares to be issued on any Voluntary Early Redemption Date, Trustee Early Redemption Date, Optional Partial Redemption Date or the Scheduled Redemption Date (following exercise by the Trustee of its discretion pursuant to Condition 6.7 (*Discretion of the Trustee to exercise*)) are issued on the relevant Redemption Date.

Although the Trustee (or the Obligor pursuant to the Purchase Undertaking) may deliver or procure the delivery of existing Shares on any Voluntary Early Redemption Date, Trustee Early Redemption Date, Optional Partial Redemption Date or the Scheduled Redemption Date (following exercise by the Trustee of its discretion pursuant to Condition 6.7 (Discretion of the Trustee to exercise)), rather than newly issued Shares, there is no obligation on the Trustee or the Obligor to do so.

In view of the requirements under the laws of the Emirate of Abu Dhabi and the applicable federal laws of the United Arab Emirates for completing various formalities required in connection with an issue of share capital, Exchangeable Certificateholders should be aware that it may take at least 20 Trading Days following the service of a Voluntary Early Redemption Notice or Early Redemption Exchange Notice or, as the case may be, following exercise by the Trustee of its discretion pursuant to Condition 6.7 (Discretion of the Trustee to exercise) for newly issued Shares to be delivered to the Trustee or the relevant Exchangeable Certificateholder. However, there can be no assurances that such formalities will be completed prior to the

relevant Redemption Date or at all. The consequences of any inability to deliver Shares are set out in Condition 6.14 (Foreign Ownership) and Condition 6.15 (Inability to deliver).

6.9 ***Cash Settlement***

If the Trustee has elected that Cash Settlement shall apply on a Voluntary Early Redemption Date, Trustee Early Redemption Date or Optional Partial Redemption Date:

(a) (i) the Relevant Exchangeable Certificates shall be redeemed in full by payment of an amount equal to the Voluntary Early Redemption Amount to the Exercising Certificateholder on the Voluntary Early Redemption Date; or, (ii) the relevant Exchangeable Certificates to be redeemed pursuant to Condition 6.4(a) shall be redeemed in part by payment of an amount equal to the Optional Partial Redemption Amount to the relevant Exchangeable Certificateholder on the relevant Optional Partial Redemption Date or, as the case may be, (iii) the relevant Exchangeable Certificates to be redeemed pursuant to Condition 6.4(c) shall be redeemed in full by payment of an amount equal to the Trustee Early Redemption Amount to the relevant Exchangeable Certificateholder on the Trustee Early Redemption Date; and

(b) if the corresponding Voluntary Early Redemption Date, Optional Partial Redemption Date or Trustee Early Redemption Date falls on a Periodic Distribution Date, the Exchangeable Certificateholder shall not be entitled to receive the Periodic Distribution Amount otherwise due on such Periodic Distribution Date. If a Voluntary Early Redemption Date, Optional Partial Redemption Date or Trustee Early Redemption Date falls after a Periodic Distribution Date, the Exchangeable Certificateholder shall be entitled to receive Periodic Distribution Amounts due on such Periodic Distribution Dates preceding the corresponding Voluntary Early Redemption Date, Optional Partial Redemption Date or Trustee Early Redemption Date. In any other case, the Exchangeable Certificateholder shall cease to be entitled to any Periodic Distribution Amount accrued on the relevant Exchangeable Certificate since the Periodic Distribution Date immediately preceding such Voluntary Early Redemption Date, Optional Partial Redemption Date or Trustee Early Redemption Date (or, if such Voluntary Early Redemption Date, Optional Partial Redemption Date or Trustee Early Redemption Date falls on or before the first Periodic Distribution Date, since the Closing Date) to the corresponding Voluntary Early Redemption Date, Optional Partial Redemption Date or Trustee Early Redemption Date, as the case may be, and, in each case, no payment or adjustment shall be made on early redemption of any Exchangeable Certificate for any such Periodic Distribution Amount accrued since the Periodic Distribution Date immediately preceding such Voluntary Early Redemption Date, Optional Partial Redemption Date or Trustee Early Redemption Date, as the case may be (or, if such Voluntary Early Redemption Date, Optional Partial Redemption Date or Trustee Early Redemption Date falls on or before the first Periodic Distribution Date, since the Closing Date) to such Voluntary Early Redemption Date, Optional Partial Redemption Date or Trustee Early Redemption Date, as the case may be.

6.10 ***Shares***

Dana Gas has covenanted in the Purchase Undertaking, *inter alia*, that all Shares issued under these Conditions shall:

(a) be admitted to listing on the Settlement Date and freely tradeable (to the extent permitted by the Exchange) on the Exchange and be in compliance with all listing and admission requirements of such Exchange;

(b) be authorised by shareholders of Dana Gas and will not be issued in violation of the pre-emptive or priority rights of any holder of any other shares issued by Dana Gas;

(c) be duly and validly authorised, fully-paid and will be free from any liens, charges or encumbrances, and will not be subject to calls for further funds; and

(d) rank *pari passu* with the outstanding ordinary shares in the capital of Dana Gas in issue on the relevant Settlement Date,

and, in each case, there will be no restrictions upon the voting or transfer of any Shares unless any such restriction on transfer is imposed or required by the mandatory rules of the Exchange upon which the Shares are listed or any laws, regulations and directives applicable to the Shares.

6.11 ***Voluntary Early Redemption Notice/Early Redemption Exchange Notice***

(a) Any Voluntary Early Redemption Notice and any Early Redemption Exchange Notice shall include:

(i) the name and address of the Exchangeable Certificateholder;

(ii) a certification, signed by the Exchangeable Certificateholder, stating whether the exercising Exchangeable Certificateholder is a UAE Person or a Non-UAE GCC Person, or otherwise neither of these;

(iii) the number and aggregate principal amount of Exchangeable Certificates being redeemed;

(iv) details of the Exchangeable Certificateholder's account at Euroclear or Clearstream, Luxembourg to be debited with such Exchangeable Certificates and an irrevocable authorisation to Euroclear or Clearstream, Luxembourg to effect such debit;

(v) the details, name and address of the beneficial holder to whom Shares are to be delivered (if different from (i) above);

(vi) a certification regarding status as an Eligible Recipient as described in Condition 6.1(g);

(vii) a certification, signed by the beneficial holder (if different from (i) above), stating whether such holder is a UAE Person or a Non-UAE GCC Person, or otherwise neither of these;

(viii) a confirmation that the Exchangeable Certificateholder shall pay directly to the relevant authorities any applicable Exchange Expenses arising in connection with any issue of Shares to it on the corresponding Voluntary Early Redemption Date or Optional Partial Redemption Date;

(ix) the number and account name of the security account(s) capable of receiving Shares at the Exchange's applicable clearing system (which, as of the Closing Date, shall be The Clearing and Depository System of the Abu Dhabi Securities Exchange) through which the Shares are cleared and which is to be credited with any such Shares (together with any other information reasonably required by the Trustee or the Obligor in order to effect the delivery of the Shares) or, if at the time of issue, the Shares are not capable of delivery through the applicable Exchange's clearing system, the address to which any relevant certificates are to be sent, uninsured and at the risk of the relevant Exchangeable Certificateholder; and

(x) confirmation that such Exchangeable Certificateholder authorises the production of such Voluntary Early Redemption Notice or Early Redemption Exchange Notice, as the case may be, in any applicable administrative proceedings.

(b) If:

(i) the Voluntary Early Redemption Notice or Early Redemption Exchange Notice, as the case may be, and the relevant Exchangeable Certificate or Exchangeable Certificates are not delivered by any Certificateholder to the specified office of a Paying and Exchange Agent; or

(ii) the Voluntary Early Redemption Notice or Early Redemption Exchange Notice, as the case may be, is, in the opinion of the Principal Paying and Exchange Agent, incomplete or incorrectly completed,

then the relevant Voluntary Early Redemption Notice or Early Redemption Exchange Notice, as the case may be, shall be deemed not to have been properly served provided always that, in the case of Condition 6.11(b)(ii), a Voluntary Early Redemption Notice or Early Redemption Exchange Notice, as the case may be, shall be deemed to be duly served if the Trustee so determines (notwithstanding the relevant incomplete or incorrect information).

(c) Once delivered to the Paying and Exchange Agent, a Voluntary Early Redemption Notice or Early Redemption Exchange Notice, as the case may be, will be irrevocable. Any determination as to whether any purported Voluntary Early Redemption Notice or Early Redemption Exchange Notice, as the case may be, has been duly completed and properly delivered shall be made by the Paying and Exchange Agent (subject to the determination of the Trustee as contemplated by Condition 6.11(b)) and shall, save in the case of a manifest error, be conclusive and binding on the Trustee, the Obligor, the Delegate, the Paying and Exchange Agents and the relevant Exchangeable Certificateholder. Each Exchangeable Certificateholder shall be solely responsible for all fees, costs and expenses incurred by it in opening and/or maintaining the relevant security account(s) into which Shares are to be issued on any Voluntary Early Redemption Date or Optional Partial Redemption Date.

6.12 ***Disruption Event***

If a Disruption Event occurs on the relevant Settlement Date, and delivery of any Shares cannot be effected on the relevant Settlement Date, then solely for the purposes of this Condition 6.12, delivery of such Shares will be postponed until the first succeeding Business Day on which delivery can take place through a national or international settlement system or in any other commercially reasonable manner.

6.13 ***Fractions***

No fraction of a Share shall be issued on redemption of the Exchangeable Certificates, and any such fraction will be rounded down to the nearest whole multiple of a Share. However, if more than one Exchangeable Certificate is to be redeemed at any one time by the same Exchangeable Certificateholder such that the Shares to be issued upon redemption thereof are to be registered in the same name, the number of Shares which shall be issued upon redemption thereof shall be calculated on the basis of the aggregate principal amount of the Exchangeable Certificates so to be redeemed. Where the Trustee shall have exercised its rights pursuant to Condition 6.7 (*Discretion of the Trustee to exercise*), all Unexercised Exchangeable Certificates shall be deemed (for the purpose of the preceding sentence) to be held by one person.

If:

(a) a fraction of a Share would otherwise fall to be issued upon redemption of the Exchangeable Certificates; and

(b) the amount equal to the product of such fraction and the Current Market Price as at the relevant Voluntary Early Redemption Date or, as the case may be, Optional Partial Redemption Date (such amount, the "**Relevant Amount**") exceeds U.S.$25,

the Trustee shall make or procure that there is made, on or before the date falling eight Business Days after the relevant Voluntary Early Redemption Date or Optional Partial Redemption Date, a cash payment (in accordance with Condition 9 (*Payment*)) equal to the Relevant Amount.

6.14 ***Foreign Ownership***

(a) Where Shares are due to be issued to Non-GCC Certificateholders pursuant to these Conditions, the Trustee shall procure that the Principal Paying and Exchange Agent and the Calculation Agent are notified on the third Business Day following the Notification Date (in case of a Voluntary Early Redemption) or on the 20th Trading Day immediately preceding the Optional Partial Redemption Date, as the case may be (such day, the "**Foreign Ownership Calculation Date**") of the following information:

(i) the proportion and number of Shares then in issue held by Non-GCC Persons; and

(ii) if all the Shares which are due to be issued to Non-GCC Certificateholders on the relevant Settlement Date in accordance with the Conditions (the "**Due Shares**") were (if not for this Condition 6.14) to be issued, whether, in the opinion of the Trustee (acting in accordance with information provided to it by the Obligor), such issue would breach any applicable Foreign Ownership Restrictions.

(b) If, in the opinion of the Trustee a breach of the applicable Foreign Ownership Restrictions would result from the issue of any Due Shares, the Calculation Agent shall, provided that it has received the information described in Condition 6.14(a), calculate and notify the Trustee, the Principal Paying and Exchange Agent and the Delegate on the Business Day immediately following the relevant Foreign Ownership Calculation Date of:

(i) the number of Shares that may be issued to Non-GCC Certificateholders without breaching the applicable Foreign Ownership Restrictions (the "**Deliverable Shares**"); and

(ii) the number of Deliverable Shares which may be issued to each Non-GCC Certificateholder (such an amount to be calculated on a *pro rata* basis).

(c) The Trustee shall no later than the second Business Day following the Foreign Ownership Calculation Date notify each Non-GCC Certificateholder:

(i) whether applicable Foreign Ownership Restrictions will prevent such Non-GCC Certificateholder from receiving its full entitlement of Shares; and

(ii) if so, the number of Shares that are due to be issued to such Non-GCC Certificateholder on the corresponding Settlement Date.

The Trustee shall be solely responsible for determining whether any issue of Shares will breach any applicable Foreign Ownership Restrictions. Any such calculation by the Calculation Agent pursuant to this Condition 6.14 will be made in accordance with the Agency Agreement based on information provided by (or on behalf of) the Trustee to the Calculation Agent. Any determination provided by the Trustee to the Calculation Agent as to whether the issue of the Deliverable Shares would result in any breach of the applicable Foreign Ownership Restrictions shall be conclusive and binding upon the Agents and the Exchangeable Certificateholders.

6.15 ***Inability to deliver***

If:

(a) at any time when the issue to any Exchangeable Certificateholder of Shares is required, such issue would be:

(i) impossible or unlawful (whether in whole or part) under the laws of any applicable jurisdiction or contrary to any official declaration, order, decree, directive or regulation of any government or governmental body or court having jurisdiction over either the Trustee or the Obligor; or

(ii) the Trustee is otherwise prohibited or restricted by the applicable rules and regulations of the Exchange from delivering all or part of the Shares to Exchangeable Certificateholders on the corresponding Settlement Date,

in each case, whether as a consequence of (1) a Non-GCC Certificateholder being prohibited or restricted from receiving Shares, (2) a failure of any applicable regulatory or governmental body to grant any required consents or approvals prior to the corresponding relevant Settlement Date or at all, (3) the failure to obtain the requisite Exchange consents or approvals prior to the corresponding relevant Settlement Date or at all or (4) any other reason; or

(b) the Trustee has failed, or is otherwise unable, to deliver and issue all or part of the Shares to any Exchangeable Certificateholder on the corresponding Settlement Date,

the Trustee shall pay the Foreign Ownership Amount in respect of such Non-Deliverable Shares in cash no later than the relevant Settlement Date. The relevant Foreign Ownership Amount payable on the corresponding Settlement Date shall be distributed *pro rata* amongst the Exchangeable Certificates corresponding to the Non-Deliverable Shares that are to be redeemed on such date. The Calculation Agent will calculate the amount payable in respect of any such Exchangeable Certificate by multiplying the Foreign Ownership Amount by a fraction of which the numerator is the principal amount of the relevant Exchangeable Certificate and the denominator is the aggregate principal amount of Exchangeable Certificates corresponding to the Non-Deliverable Shares to be redeemed on the corresponding Settlement Date and rounding the resultant figure to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards.

6.16 ***Taxes***

Each Exchangeable Certificateholder will be responsible for the payment of any and all stamp, transfer, registration or other taxes or duties (if any) arising on the transfer, delivery or other disposition of Shares by the Trustee other than in respect of the transfer, delivery or other disposition of Shares to an Exchangeable Certificateholder upon a Voluntary Early Redemption or a Trustee Early Redemption.

6.17 ***Adjustments to Effective Exchange Price and the Nominal Exchange Price***

The Calculation Agent will calculate all adjustments to the Effective Exchange Price and the Nominal Exchange Price in accordance with this Condition 6.17 (*Adjustments to Effective Exchange Price and the Nominal Exchange Price*). All adjustments calculated by the Calculation Agent on behalf of the Trustee will (in the absence of manifest error) be binding on the Trustee, the Delegate, the Agents and the Exchangeable Certificateholders.

(a) Initial Effective Exchange Price and initial Nominal Exchange Price

The initial Effective Exchange Price will be AED 0.75 and the initial Nominal Exchange Price will be AED 1.00.

The Effective Exchange Price will be subject to adjustment only in accordance with Condition 6.17(b) (and the corresponding provisions of Condition 6.17(c) and (d)). The Nominal Exchange

Price will be subject to adjustment solely upon any alteration to the nominal value of the Shares as a result of a consolidation in the manner contemplated in Condition 6.17(b)(i).

(b) Adjustment Events

In relation to each Exchangeable Certificate for which the relevant Effective Date has occurred prior to the Notification Date or the date of delivery of an Early Redemption Exchange Notice, the Effective Exchange Price will be adjusted upwards or downwards as follows under the following circumstances (an "**Adjustment Event**") and the Nominal Exchange Price will be subject to adjustment solely upon any alteration to the nominal value of the Shares as a result of a consolidation in the manner contemplated in Condition 6.17(b)(i):

(i) If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation or subdivision, the Effective Exchange Price and, in the case of a consolidation only, the Nominal Exchange Price shall be adjusted by multiplying the Effective Exchange Price and (if applicable) the Nominal Exchange Price in effect immediately prior to such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

For the purposes of this paragraph (i), the "**Effective Date**" means the date on which such alteration becomes effective. The Effective Exchange Price or the Nominal Exchange Price, as the case may be, as adjusted pursuant to this paragraph (i), shall apply, with effect from and including the Effective Date, to each Exchangeable Certificate for which the Notification Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

(ii) If and whenever Dana Gas shall issue Shares to the holders of Shares (the "**Shareholders**") as a class by way of rights, or issue or grant to Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any Shares, in each case at a price per Share which is less than 95 per cent. of the Current Market Price per Share on the Trading Day immediately preceding the date of the first public announcement of the terms of the issue or grant of such Shares, options, warrants or other rights, the Effective Exchange Price shall be adjusted by multiplying the Effective Exchange Price in existence immediately prior to such issue or grant by the following fraction:

$$\frac{A+B}{A+C}$$

Where:

A is the number of Shares in issue immediately before such announcement;

B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Shares to be issued on the exercise thereof, would purchase at such Current Market Price per Share; and

C is the number of Shares issued or, as the case may be, the maximum number of Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

For the purposes of this paragraph (ii), the "**Effective Date**" means the first date on which the Shares are traded ex-rights, ex-warrants or ex-options on the Exchange. The Effective Exchange Price as adjusted pursuant to this paragraph (ii) shall apply, with effect from and including the Effective Date, to each Exchangeable Certificate for which the Notification Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

(iii) If and whenever Dana Gas shall issue any Securities (other than Shares or options, warrants or other rights to subscribe for or purchase any Shares) to Shareholders as a class by way of

rights or grant to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any Securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares), the Effective Exchange Price shall be adjusted by multiplying the Effective Exchange Price in existence immediately prior to such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the Current Market Price of one Share on the Trading Day immediately preceding the first date on which the terms of such issue or grant are publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

For the purposes of this paragraph (iii), the "**Effective Date**" means the first date on which the Shares are traded ex-rights, ex-warrants or ex-options on the Exchange. The Effective Exchange Price as adjusted pursuant to this paragraph (iii) shall apply, with effect from and including the Effective Date, to each Exchangeable Certificate for which the Notification Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

(iv) If and whenever Dana Gas shall issue (otherwise than as mentioned above) wholly for cash or for no consideration any Shares (other than Shares issued on any rights of conversion into, or exchange or subscription for or purchase of, Shares) or issue or grant (otherwise than as mentioned above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase any Shares, in each case at a price per Share which is less than 95 per cent. of the Current Market Price per Share on the Trading Day immediately preceding the date of the first public announcement of the terms of such issue or grant, the Effective Exchange Price shall be adjusted by multiplying the Effective Exchange Price in existence immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

A is the number of Shares in issue immediately before the issue of such Shares or the grant of such options, warrants or rights;

B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares or, as the case may be, for the Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Share; and

C is the number of Shares to be issued pursuant to such issue of such additional Shares or, as the case may be, the maximum number of Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

For the purposes of this paragraph (iv), the "**Effective Date**" means the date of issue of such Shares or, as the case may be, the issue or grant of such options, warrants or rights. The Effective Exchange Price as adjusted pursuant to this paragraph (iv) shall apply, with effect from and including the Effective Date, to each Exchangeable Certificate for which the Notification Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

(v) If a Dividend is paid or made on the Shares, the Effective Exchange Price shall be adjusted by multiplying the Effective Exchange Price in existence immediately prior to the Effective Date by the following fraction:

$$\frac{P - d}{P}$$

Where:

P is the arithmetic average of the VWAP of one Share for the period of eight consecutive Trading Days ending on, and including, the Trading Day immediately preceding the Effective Date; and

d is the portion of the Fair Market Value of the aggregate Dividend attributable to one Share, with such portion being determined by dividing the Fair Market Value of the aggregate Dividend by the number of Shares entitled to receive the relevant Dividend (or, in the case of a purchase, redemption or buy back of Shares or any depositary or other receipts or certificates representing Shares by or on behalf of Dana Gas or any Subsidiary of Dana Gas, by the number of Shares in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Shares, or any Shares represented by depositary or other receipts or certificates, purchased, redeemed or bought back).

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Dividend is capable of being determined as provided herein. For the purposes of this paragraph (v), Fair Market Value shall (subject as provided in paragraph (a) of the definition of "Dividend" and in the definition of "Fair Market Value") be determined as at the Effective Date.

For the purposes of this paragraph (v), the "**Effective Date**" means the first date on which the Shares are traded ex- the relevant Dividend on the Exchange or, in the case of a purchase, redemption or buy back of Shares or any depositary or other receipts or certificates representing Shares, the date on which such purchase, redemption or buy back is made or, in the case of a Spin-Off, on the first date on which the Shares are traded ex- the relevant Spin-Off on the Exchange. The Effective Exchange Price as adjusted pursuant to this paragraph (v) shall apply to each Certificate for which the Notification Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Conditions.

(vi) If a Change of Control occurs, the Effective Exchange Price shall, for a period (the "**Change of Control Period**") commencing upon the occurrence of the Change of Control and ending 60 Business Days after the occurrence of the Change of Control or, if later, 60 Business Days after notification by the Trustee of the Change of Control (the "**Change of Control Date**"), be adjusted in accordance with the following formula:

CCEP = OEP / (1 + (EPrem x c/t))

Where:

CCEP is the Change of Control Exchange Price;

OEP is the Effective Exchange Price in effect on the relevant Notification Date;

EPrem is 54.96 per cent. (expressed as a fraction);

c is the number of days from and including the date the Change of Control occurs to but excluding the Scheduled Redemption Date; and

t is the number of days from and including the Closing Date to but excluding the Scheduled Redemption Date.

(vii) If the Trustee determines that:

(aa) an adjustment should be made to the Effective Exchange Price as a result of one or more events or circumstances not referred to in Condition 6.17(b)(i), (ii), (iii), (iv), (v) or (vi) (even if the relevant event is, or circumstances are, specifically excluded from the operation of Condition 6.17(b)(i), (ii), (iii), (iv), (v) or (vi)); or

(bb) more than one event which gives rise or may give rise to an adjustment to the Effective Exchange Price has occurred or will occur within such a short period of time that a modification to the operation of the adjustment provisions is required in order to give the intended result; or

(cc) one event which gives rise or may give rise to more than one adjustment to the Effective Exchange Price has occurred or will occur such that a modification to the operation of the adjustment provisions is required in order to give the intended result,

the Trustee shall, after consultation with an Expert, determine as soon as practicable what adjustment (if any) to the Effective Exchange Price is fair and reasonable to take account of such event(s) or circumstance(s) and the date on which such adjustment should take effect in accordance with such determination.

(c) Minor Adjustments and No Adjustments

On any adjustment of the Effective Exchange Price and (if applicable) the Nominal Exchange Price, the resultant Effective Exchange Price or Nominal Exchange Price, as the case may be, shall be rounded up to the nearest four decimal places. No adjustment shall be made to the Effective Exchange Price or Nominal Exchange Price, as the case may be, where such adjustment (rounded up if applicable) would be less than one per cent. of the Effective Exchange Price or Nominal Exchange Price, as the case may be, then in effect. Any adjustment not required to be made, and any amount by which the Effective Exchange Price or Nominal Exchange Price, as the case may be, has been rounded up, shall be carried forward and taken into account in any subsequent adjustment but such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time.

No adjustment shall be made to the Effective Exchange Price or Nominal Exchange Price, as the case may be, where Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of employees or former employees (including directors holding or formerly holding executive office) of Dana Gas or any Subsidiary or any associated company of Dana Gas pursuant to any employees' share scheme or plan (including a dividend reinvestment plan).

(d) Adjustments for Redemption near a record date

If and whenever the Effective Exchange Price and (if applicable) the Nominal Exchange Price, as the case may be, is to be adjusted pursuant to any of Condition 6.17(b)(i), (ii), (iii), (iv), (v), (vi) or (vii) and the Notification Date or the date of delivery of an Early Redemption Exchange Notice in relation to any Exchangeable Certificate is either:

(i) after the record date for any such issue, distribution, grant or offer as is mentioned in the relevant Condition but before the relevant adjustment becomes effective under the relevant Condition; or

(ii) before the record date for any such issue, distribution, grant or offer as is mentioned in the relevant Condition but in circumstances where the relevant Exchangeable Certificateholder is unable, by the relevant record date, to become duly entitled to the Shares for the purpose of receiving the issue, distribution, grant or offer as is mentioned in the relevant Condition,

the rights attaching to the relevant Exchangeable Certificate shall be subject to adjustment in accordance with this Condition 6.17(d). The Trustee shall procure that the Calculation Agent and the Delegate are promptly notified of any such issue, distribution, grant or offer and the relevant record date referred to in this Condition 6.17(d).

Upon the relevant adjustment becoming effective under the relevant Condition, the Trustee shall procure that there shall be paid an additional amount in U.S. dollars (the "**Additional Cash Amount**") to Certificateholders equal to the product of (1) the number of Notional Shares, and (2) the Redemption Reference Price.

If an Additional Cash Amount is payable, the relevant Additional Cash Amount will be paid not later than four Business Days following the date on which the relevant adjustment becomes effective under the relevant Condition in the same manner as the Relevant Redemption Amount. The relevant Additional Cash Amount payable shall be distributed *pro rata* amongst the Exchangeable Certificates that are to be redeemed on such date. The Calculation Agent will calculate the amount

payable in respect of any Exchangeable Certificate by multiplying the Additional Cash Amount by a fraction of which the numerator is the principal amount of the relevant Exchangeable Certificate and the denominator is the aggregate principal amount of Exchangeable Certificates to be redeemed on the corresponding Settlement Date and rounding the resultant figure to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards.

For the purpose of the foregoing:

"**Notional Shares**" means if Physical Settlement had been applicable, the difference between (i) the number of Shares that would need to have been issued to Exchangeable Certificateholders (or in the case of the exercise by the Trustee of its rights pursuant to Condition 6.7 (*Discretion of the Trustee to exercise*), to the Trustee or its nominee) or in accordance with the instructions contained in the relevant Voluntary Early Redemption Notice or Early Redemption Exchange Notice (subject to any applicable laws or other regulations) on redemption of such Exchangeable Certificate, if the relevant adjustment to the Nominal Exchange Price and/or Effective Exchange Price, as the case may be, had in fact been made and become effective immediately before the relevant Notification Date or the date of the Trustee Exercise Notice or Early Redemption Exchange Notice, as the case may be, and (ii) the number of Shares that would be issued to Exchangeable Certificateholders (or in the case of the exercise by the Trustee of its rights pursuant to Condition 6.7 (*Discretion of the Trustee to exercise*), to the Trustee or its nominee) or in accordance with the instructions contained in the relevant Voluntary Early Redemption Notice or Early Redemption Exchange Notice (subject to any applicable laws or other regulations), provided that for the purposes of determining the number of Shares that would need to have been issued pursuant to (i) above and would be issued pursuant to (ii) above (as the case may be), such determination shall be made as described in Condition 6.1(e) or Condition 6.4(d) (as applicable) but with "Effective Exchange Price" substituted for "Nominal Exchange Price" therein (ignoring for these purposes the fact that Shares may not, under applicable law as at the Closing Date, be issued at a price less than the Nominal Exchange Price and disregarding for these purposes any Differential Amount Shares).

(e) Notice

The Trustee shall give notice to the Delegate, the Principal Paying and Exchange Agent, the Calculation Agent and to the Exchangeable Certificateholders in accordance with Condition 16 (*Notices*) of any change (or, at the Trustee's discretion, any prospective change) in the Effective Exchange Price and (if applicable) the Nominal Exchange Price as soon as reasonably practicable following such change (or, if the notice is given in respect of a prospective change, at such time as the Trustee shall determine), including the Effective Exchange Price and (if applicable) the Nominal Exchange Price following such change.

(f) No duty to monitor

None of the Agents nor the Delegate shall be under any duty to monitor or make enquiries as to whether or not any event or circumstance which gives rise or may give rise to any adjustment pursuant to this Condition 6.17 has occurred or may occur and will not be responsible to the Exchangeable Certificateholders for any loss arising from not so doing.

The Calculation Agent shall be entitled to request the advice of an Expert if any doubt shall arise as to (i) whether or not any event or circumstance which gives rise, or may give rise, to any adjustment pursuant to this Condition 6.17 has occurred or may occur, or (ii) any appropriate adjustment to the Effective Exchange Price and (if applicable) the Nominal Exchange Price. A certificate from the relevant Expert as to whether or not any such event or circumstance has or may occur and/or the required adjustment to the Effective Exchange Price and (if applicable) the Nominal Exchange Price shall, in the absence of manifest error, be conclusive and binding on the Trustee, the Delegate and the Exchangeable Certificateholders.

6.18 ***Survival of right to serve a Voluntary Early Redemption Notice***

Notwithstanding the provisions of Condition 6.1 (*Voluntary Early Redemption*), if the Trustee shall default in making payment in full in respect of any Exchangeable Certificate which shall have been called for redemption pursuant to Condition 6.4 (*Redemption at the Option of the Trustee*) or which is to be redeemed pursuant to Condition 6.5 (*Redemption for Change of Control*) or Condition 6.6 (*Redemption for Taxation Reasons*) on the date fixed for redemption thereof, the right to serve a Voluntary Early Redemption Notice in respect of such Exchangeable Certificate will revive and/or will continue to be exercisable up to, and including, the earlier of (i) the expiry of the Exercise Period and (ii) the close of business (at the place where the Voluntary Early Redemption Notice is served) on the date upon which the full amount of the

moneys payable in respect of such Exchangeable Certificate has been duly received by the relevant Exchangeable Certificateholder.

In such circumstances:

(a) any Exchangeable Certificate and Voluntary Early Redemption Notice duly delivered to the Trustee and the Principal Paying and Exchange Agent (in accordance with Condition 6.1(b)) shall be redeemed on the corresponding Voluntary Early Redemption Date notwithstanding that the full amount of the moneys payable in respect of such Exchangeable Certificate shall have been received by the Principal Paying and Exchange Agent or the Trustee before such Voluntary Early Redemption Date (but after due delivery of the corresponding Voluntary Early Redemption Notice); and

(b) the Principal Paying and Exchange Agent shall reimburse to the Trustee all moneys received by it in respect of an Exchangeable Certificate which is the subject of an outstanding Voluntary Early Redemption Notice (in the circumstances contemplated in this Condition 6.18).

6.19 ***Purchase***

Subject to the requirements (if any) of any stock exchange on which the Exchangeable Certificates may be admitted to listing and trading at the relevant time, and subject to compliance with applicable laws and regulations, the Trustee, Dana Gas and any Subsidiary of Dana Gas may at any time purchase any Exchangeable Certificates in the open market or otherwise at any price.

6.20 ***Cancellation***

Exchangeable Certificates purchased by the Trustee, Dana Gas or any Subsidiary of Dana Gas shall be surrendered to the Principal Paying and Exchange Agent for cancellation and may not be held, re-issued or resold. In connection therewith, the Obligor shall exercise its rights under the Sale Undertaking to oblige the Trustee to sell to the Obligor part of its rights, benefits and entitlements in and to the Mudarabah Assets (such part being calculated by reference to the proportion that the principal amount of the Exchangeable Certificates that are to be cancelled bears to the sum of the Aggregate Face Amount of the Exchangeable Certificates and the aggregate principal amount outstanding of the Ordinary Certificates at such time) in consideration for the cancellation of the purchased Exchangeable Certificates.

6.21 ***Compulsory Sale***

If, at any time, the Trustee determines that any beneficial owner of Exchangeable Certificates, or any account for which such owner purchased Exchangeable Certificates, who is required to be a QP is not in fact such a QP, the Trustee may: (i) compel such beneficial owner to sell its Exchangeable Certificates to: (A) a person who is not a U.S. person within the meaning of Regulation S under the Securities Act; or (B) a person who is a QIB that is also a QP; or (C) an AI who is also a QP and who, in each case, is otherwise qualified to purchase such Exchangeable Certificates in a transaction exempt from registration under the Securities Act; or (ii) compel such beneficial owner to sell such Exchangeable Certificates to the Trustee or an affiliate thereof at a price equal to the least of: (x) the purchase price paid by the beneficial owner for such Exchangeable Certificates; (y) 100 per cent. of the face amount thereof; or (z) the fair market value thereof as determined in good faith by the board of directors of the Trustee. The Trustee has the right to refuse to register or otherwise honour the transfer of interests in such Exchangeable Certificates to a person who is not: (i) a QIB that is also a QP; or (ii) an AI that is also a QP.

All redemptions and cancellations of Certificates under Condition 6 (Redemption) shall be carried out following an exercise of the Purchase Undertaking or the Sale Undertaking, as the case may be, or following a liquidation of the Mudarabah Assets in accordance with the terms of the Mudarabah Agreement.

7 Covenants

The Trustee has covenanted in the Declaration of Trust that, among other things, for so long as any Exchangeable Certificate is outstanding, it shall not:

(a) incur any indebtedness in respect of borrowed money whatsoever, or give any guarantee in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) other than those in issue as at the Closing Date (including, for the avoidance of doubt, the Ordinary Certificates);

(b) secure any of its present or future indebtedness for borrowed money by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law) except pursuant to any Transaction Document;

(c) sell, transfer, assign, participate, exchange, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its title to any of the Trust Assets or any interest therein except pursuant to any Transaction Document;

(d) subject to Condition 17.3 (*Meetings of Exchangeable Certificateholders, Modification, Waiver, Authorisation and Determination*) and the Allocation Arrangements, amend or agree to any amendment of any of the Transaction Documents to which it is a party or its constitutional documents;

(e) exercise its option under the Purchase Undertaking except in its capacity as Trustee;

(f) act as trustee in respect of any trust other than the Trust, or in respect of any parties other than the Certificateholders and/or act as agent for any trust arrangement (other than the Trust);

(g) have any subsidiaries or employees;

(h) redeem any of its shares or pay any dividend or make any other distribution to its shareholders other than the distribution of £500 that the Trustee receives for acting as trustee in relation to the Certificates;

(i) put to its directors or shareholders any resolution for or appoint any liquidator for its winding up or any resolution for the commencement of any other bankruptcy or insolvency proceedings with respect to it; or

(j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or engage in any business or activity other than:

(i) as provided for or permitted in the Transaction Documents;

(ii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and

(iii) such other matters which are incidental thereto.

The Obligor has agreed in the Purchase Undertaking to be bound by certain restrictive covenants as described in "Summary of Principal Transaction Documents – Purchase Undertaking".

8 Calculation Agent

8.1 *Appointment*

The Trustee shall procure that so long as any of the Exchangeable Certificates remain outstanding there shall at all times be a Calculation Agent to undertake all necessary calculations and/or determinations required pursuant to the Conditions and the Transaction Documents for the purposes of calculating the relevant amounts due to be paid and/or delivered on the Exchangeable Certificates provided that the Trustee may terminate the appointment of such Calculation Agent in accordance with the provisions of the Agency Agreement. Unless otherwise specified, all such calculations shall be undertaken in respect of each U.S.$10 in principal amount of Exchangeable Certificates. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent, the Trustee shall appoint the London office of another major bank engaged in the London interbank market or an independent financial advisor with appropriate expertise to act in its place. If the Trustee shall fail, within a reasonable time to appoint any such replacement, the Delegate shall be entitled (but not obliged) to make such appointment. The Calculation Agent may not resign its duties or be removed without a successor having been appointed.

8.2 *Determinations binding*

Any determination or calculation made by the Calculation Agent shall (in the absence of manifest error) be final and binding on the Trustee, the Delegate, the Obligor, the Mudarib, the Exchangeable Certificateholders and the other Agents. The Calculation Agent may consult on any matter with any legal or other adviser selected by it and it shall not be liable in respect of anything done or omitted to be done relating to that matter in good faith in accordance with that adviser's opinion.

9 Payment

9.1 *Payments in Respect of Exchangeable Certificates*

Subject to Condition 9.2 (*Payments subject to applicable laws*), payment of any Relevant Redemption Amount (and all amounts due pursuant to Condition 6.7 (*Discretion of the Trustee to exercise*)) will be made on the relevant due date for payment by the Principal Paying and Exchange Agent by wire transfer in same day funds to the registered account of each Exchangeable Certificateholder or by a U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars and mailed to the registered address of the Exchangeable Certificateholder if it does not have a registered account. Payments of any Relevant Redemption Amount due and all amounts due pursuant to Condition 6.7 (*Discretion of the Trustee to exercise*) will only be made against surrender of the relevant Exchangeable Certificate at the specified office of any of the Paying and Exchange Agents.

Subject to Condition 9.2 (*Payments subject to applicable laws*), payment of any Periodic Distribution Amount will be made on the relevant due date for payment by the Principal Paying and Exchange Agent by wire transfer in same day funds to the Exchangeable Certificateholder shown on the Register at the close of business on the seventh day before the Periodic Distribution Date. Such payment will be made to the registered account of each Exchangeable Certificateholder or by a U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars and mailed to the registered address of the Exchangeable Certificateholder if it does not have a registered account.

For the purposes of this Condition, an Exchangeable Certificateholder's registered account means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the second Business Day before the due date for payment and an Exchangeable Certificateholder's registered address means its address appearing on the Register at that time.

9.2 *Payments subject to applicable laws*

Payments in respect of Exchangeable Certificates are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment or other laws to which the Trustee is subject and the Trustee will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 11 (*Taxation*).

9.3 *Payment only on a Business Day*

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed in each case by the Principal Paying and Exchange Agent, on the date for payment or if later, on the Business Day on which the relevant Exchangeable Certificate is surrendered at the specified office of a Paying and Exchange Agent.

Exchangeable Certificateholders will not be entitled to any Periodic Distribution Amount and/or Relevant Redemption Amount or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the relevant Exchangeable Certificateholder is late in surrendering its Exchangeable Certificate (if required to do so) or, if a cheque mailed in accordance with this Condition arrives after the due date for payment.

9.4 *Agents*

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that it will (a) maintain a paying agent or such other agents in such jurisdictions as may be required by any stock exchange on which the Certificates are listed and/or admitted to trading, and (b) ensure that it maintains a Paying and Exchange Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive. Notice of any termination or appointment and of any changes in specified offices will be given to Exchangeable Certificateholders promptly by the Trustee in accordance with Condition 16 (*Notices*).

9.5 ***Allocation Arrangements in Declaration of Trust to prevail***

All payments under these Conditions shall be made in accordance with the Allocation Arrangements set out in the Declaration of Trust. The terms of the Allocation Arrangements shall prevail over anything in these Conditions to the contrary. If there is any inconsistency between the terms of the Allocation Arrangements and this Condition, this Condition shall be construed as if it had been amended to conform to the terms of the Allocation Arrangements.

10 Dissolution of Trust

10.1 ***Scheduled Dissolution***

Unless the Exchangeable Certificates are previously redeemed, or purchased and cancelled, in full, subject to the Allocation Arrangements, the Exchangeable Certificates will be redeemed in full by the Trustee on the Scheduled Redemption Date in accordance with Condition 6.2 (*Scheduled Redemption*). The Trust will only be dissolved following such payment in full and following all payments having been made on the Ordinary Certificates as required by the Ordinary Conditions.

10.2 ***Dissolution following a Dissolution Event***

Subject to Condition 13 (*Dissolution Events*) and the Allocation Arrangements, the Exchangeable Certificates shall be redeemed in full by the Trustee on the Early Redemption Date in accordance with Condition 6.3 (*Dissolution Event - Early Redemption*). The Trust will only be dissolved following such payment in full and following all payments having been made on the Ordinary Certificates as required by the Ordinary Conditions.

The Return Accumulation Period shall be adjusted to represent the period from, and including, the immediately preceding Periodic Distribution Date (or the Closing Date, as the case may be) to, but excluding, the due date for payment of the Relevant Redemption Amount, and the corresponding Periodic Distribution Amount shall be adjusted accordingly.

Upon payment in full of such amounts, the Exchangeable Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof.

10.3 ***Cancellation***

All Certificates which are redeemed will forthwith be cancelled and accordingly may not be held, reissued or sold.

11 Taxation

All payments in respect of the Exchangeable Certificates shall be made in full without withholding or deduction for, or on account of, any present or future taxes, levies, duties, fees, assessments or other charges of whatever nature, imposed, collected, withheld, assessed or levied by or on behalf of a Relevant Jurisdiction or any authority therein or thereof having power to tax, and all charges, penalties or similar liabilities with respect thereto ("**Taxes**"), unless the withholding or deduction of such Taxes is required by law. In such event, the Trustee shall be required to pay additional amounts so that the full amount which otherwise would have been due and payable under the Exchangeable Certificates (if no such withholding or deduction had been made or required to be made) is received by parties entitled thereto, except that no such additional amount shall be payable by the Trustee in relation to any payment in respect of any Exchangeable Certificate:

(a) presented for payment by or on behalf of a holder who is liable for such Taxes in respect of such Exchangeable Certificate by reason of having some connection with any Relevant Jurisdiction other than the mere holding of such Exchangeable Certificate; or

(b) presented for payment more than 30 days after the due date for payment of the Relevant Redemption Amount except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Business Day; or

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;

(d) presented for payment by or on behalf of an Exchangeable Certificateholder who would be able to avoid such withholding or deduction by presenting the relevant Exchangeable Certificate to another Paying and Exchange Agent in a Member State of the European Union; or

(e) where such withholding or deduction is for Taxes withheld or deducted pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (or any amended or successor version of such Sections), any U.S. Treasury regulations promulgated thereunder, any official interpretations thereof or any agreements entered into in connection with the implementation thereof.

12 Prescription

Claims in respect of amounts due in respect of the Exchangeable Certificates will become prescribed unless made within periods of 10 years (in the case of principal) and five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect of the Exchangeable Certificates, subject to the provisions of Condition 9 (*Payment*).

13 Dissolution Events

13.1 *Dissolution Events*

The occurrence of any of the following events shall constitute a "**Dissolution Event**":

(a) a default is made in the payment of any Periodic Distribution Amount or the Relevant Redemption Amount on the date fixed for payment thereof, or Shares are not issued on the date fixed for delivery thereof and such default continues unremedied for a period of three days; or

(b) the Trustee defaults in the performance or observance of any of its other obligations under or in respect of the Declaration of Trust or the Agency Agreement and (except in any case where the failure is incapable of remedy) such default remains unremedied for 21 days after written notice thereof, addressed to the Trustee by the Delegate, has been delivered to the Trustee; or

(c) an Event of Default occurs under the Purchase Undertaking; or

(d) at any time it is or will become unlawful for the Trustee to perform or comply with any of its obligations under the Transaction Documents to which it is a party or any of the obligations of the Trustee under the Transaction Documents to which it is a party are not, or cease to be, legal, valid, binding and enforceable; or

(e) either (i) the Trustee becomes insolvent or is unable to pay its debts as they fall due; (ii) an administrator or liquidator of the whole or substantially the whole of the undertaking, assets and revenues of the Trustee is appointed (or application for any such appointment is made); (iii) the Trustee takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee or any indebtedness given by it; (iv) the Trustee ceases or threatens to cease to carry on all or substantially the whole of its business (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

(f) an order or decree is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Trustee; or

(g) the property of the Trustee is declared to be *en désastre* pursuant to the Bankruptcy (*Désastre*) Jersey Law 1990 (as amended); or

(h) any event occurs which under the laws of Jersey has an analogous effect to any of the events referred to in paragraph (e), (f) or (g) above; or

(i) a default is made in the payment of any periodic distribution amounts or any relevant redemption amount on the date fixed for payment thereof in respect of the Ordinary Certificates and such default continues unremedied for a period of three days.

Upon the occurrence of a Dissolution Event, the Trustee shall give notice of the occurrence of such Dissolution Event to the Delegate and the Exchangeable Certificateholders in accordance with Condition 16 (*Notices*) with a request to such Exchangeable Certificateholders to notify the Trustee and the Delegate in writing if they wish the Exchangeable Certificates to be declared immediately due and payable in accordance with the following paragraph.

Upon the occurrence of a Dissolution Event and following the issuance of a notice pursuant to the preceding paragraph, the Delegate in its sole discretion may, and if so requested in writing by the holders of at least 25 per cent. in aggregate principal amount of the Exchangeable Certificates then outstanding, or if so directed by an Extraordinary Resolution of the holders of the Exchangeable Certificates shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) instruct the Trustee to, or if the Trustee so decides in its sole absolute discretion, the Trustee may, and, subject to Condition 14.4, if so directed in writing by the holders of at least 25 per cent. in aggregate principal amount of the Exchangeable Certificates then outstanding or if so directed by an Extraordinary Resolution of the Exchangeable Certificateholders shall, give notice to all the holders of the Exchangeable Certificates in accordance with Condition 16 (*Notices*) that the Exchangeable Certificates are immediately due and payable at the Relevant Redemption Amount (together with all other additional amounts due and payable under these Conditions) on the date specified in such notice (the "**Early Redemption Date**") and the Trustee, failing which the Delegate, shall immediately thereafter serve an Exercise Notice on the Obligor in accordance with the terms of the Purchase Undertaking to enforce the obligations of the Obligor thereunder.

13.2 ***Further action and dissolution***

Notwithstanding the foregoing, no action may be taken to enforce the Shared Security by any party except pursuant to Condition 14 (*Enforcement and Exercise of Rights*) and the Allocation Arrangements.

The Trust shall only be dissolved on the day after all Ordinary Certificates and all Exchangeable Certificates have been redeemed in full.

14 Enforcement and Exercise of Rights

14.1 Subject to the Allocation Arrangements, upon the occurrence of a Dissolution Event, to the extent that the amounts payable in respect of the Exchangeable Certificates have not been paid and/or delivered in full following the steps referred to in Condition 13 (*Dissolution Events*), the Trustee and/or the Delegate (in the name of the Trustee and acting on behalf of the Exchangeable Certificateholders) may or (upon satisfaction of the requirements of Condition 14.3) shall take one or more of the following steps:

(a) enforce the provisions of the Purchase Undertaking against the Obligor and/or the provisions of the Mudarabah Agreement against the Mudarib;

(b) take any action as it may consider necessary to enforce the security created by the Security Documents; and

(c) take such other steps as the Trustee and/or the Delegate (as the case may be) may consider necessary to recover amounts due and/or deliverable to the Trustee or the Exchangeable Certificateholders.

Notwithstanding the foregoing, the Trustee or the Delegate may at any time, at its discretion and without notice, take such proceedings and/or other steps as it may think fit against or in relation to the Obligor to enforce its respective obligations under the Transaction Documents, the Conditions and the Exchangeable Certificates, subject in all cases to the Allocation Arrangements.

14.2 Neither the Trustee nor the Delegate shall be bound to take any action in relation to the Trust Assets or any Dissolution Event or to take any proceedings or any other steps under these Conditions (including, without limitation, this Condition 14 (*Enforcement and Exercise of Rights*) or the Transaction Documents unless required to do so by either (a) the Delegate (in the case of the Trustee) or (b) subject to Condition 14.3, either (i) by an Extraordinary Resolution or (ii) in writing by Exchangeable Certificateholders holding at least 25 per cent. in aggregate principal amount of the Exchangeable Certificates then outstanding, and in each case then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against all Liability to which it may render itself liable or which it may incur by so doing.

14.3 The Delegate (acting as agent on behalf of the Exchangeable Certificateholders) shall not be bound in any circumstances including, but not limited to, in accordance with this Condition 14 to instruct the Trustee to take any action in relation to the Trust Assets and/or take any action pursuant to the Transaction Documents or otherwise unless directed or requested to do so (a) by an Extraordinary Resolution of the Exchangeable Certificateholders or (b) in writing by the holders of at least 25 per cent. in aggregate principal amount of the Exchangeable Certificates then outstanding and in either case then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against all Liability to which it may thereby render itself liable or which it may incur by so doing. In addition the Delegate shall not be bound to provide any instructions pursuant to the penultimate paragraph of Condition 13 (*Dissolution Events*) unless it has actual notice of a Dissolution Event.

14.4 No Exchangeable Certificateholder shall be entitled to proceed directly against, or to provide instructions to, the Trustee to pursue any claim arising under the Trust Assets or the Exchangeable Certificates or to enforce the performance of any provisions of any of the Transaction Documents or for any other reason except through the agency of the Delegate unless (i) the Delegate has resigned its appointment in accordance with the terms of the Declaration of Trust and (ii) no successor or replacement has been appointed in its place (in accordance with the terms of the Declaration of Trust). Under no circumstances shall the Trustee, the Delegate or any Exchangeable Certificateholders have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Purchase Undertaking and the Security Documents, and the sole right of the Trustee, the Delegate and Exchangeable Certificateholders against the Obligor shall be to enforce the obligation of the Obligor to pay the relevant Exercise Price and/or issue the relevant Shares thereunder.

14.5 Conditions 14.1, 14.2, 14.3 and 14.4 are subject to this Condition 14.5. After enforcing and distributing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with Condition 4.2 (*Application of Proceeds from Trust Assets*), the obligations of the Delegate and the Trustee in respect of the Exchangeable Certificates shall be satisfied and no Exchangeable Certificateholder may take any steps against the Delegate or the Trustee to recover any sums in respect of the Exchangeable Certificates and the right to receive any such sums unpaid shall be extinguished. In particular, no Exchangeable Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee or the Delegate, nor shall any of them have any claim in respect of the Trust Assets of any other trust established by the Trustee.

14.6 Any enforcement action or exercise of rights under and/or pursuant to these Conditions shall be effected in accordance with the terms of the Allocation Arrangements set out in the Declaration of Trust. The terms of the Allocation Arrangements shall prevail over anything in these Conditions to the contrary. If there is any inconsistency between the terms of the Allocation Arrangements and these Conditions, these Conditions shall be construed as if they had been amended to conform to the terms of the Allocation Arrangements.

15 Replacement of Certificates

Should any Exchangeable Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified offices of the Replacement Agents upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Trustee may reasonably require. Mutilated or defaced Exchangeable Certificates must be surrendered or an indemnity given before replacements will be issued.

16 Notices

16.1 All notices to the Exchangeable Certificateholders will be valid if:

(a) published in a daily newspaper (which will be in a leading English language newspaper having general circulation) in the Gulf region and a daily newspaper having general circulation in London (which is expected to be the *Financial Times*) approved by the Trustee; or

(b) mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by air mail at their respective addresses in the Register.

In addition, the Trustee shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) by which the Exchangeable Certificates have then been admitted to listing, trading and/or quotation. Any notice shall be deemed to have been given on the seventh day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

16.2 Notices to be given by any Exchangeable Certificateholder shall be given in writing and given by lodging the same (together with the relevant Exchangeable Certificates) with the Registrar and any relevant Agent. Any notice delivered to the Registrar or any Agent in accordance with these Conditions shall be deemed to have been delivered to the Trustee on the date on which such notice is delivered to the Registrar or the relevant Agent, as the case may be.

So long as the Exchangeable Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Exchangeable Certificateholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Exchangeable Certificateholders in substitution for notification as required by the Exchangeable Conditions except that, so long as the Exchangeable Certificates are listed on any stock exchange, notices shall also be published

in accordance with the rules of such stock exchange. Any such notice shall be deemed to have been given to the Exchangeable Certificateholders on the Business Day after the day on which such notice is delivered to the relevant clearing systems.

17 Meetings of Exchangeable Certificateholders, Modification, Waiver, Authorisation and Determination

17.1 It is a term of the Exchangeable Certificates that the Delegate shall act as agent of the Certificateholders for the purposes of providing instructions to the Trustee in accordance with the terms of the Declaration of Trust. Subject to Condition 14.4 (*Enforcement and Exercise of Rights*), no Exchangeable Certificateholder may directly provide instructions to the Trustee.

17.2 The Delegate and/or the Trustee may convene meetings of Exchangeable Certificateholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of these Conditions or the provisions of the Declaration of Trust or any other Transaction Documents in accordance with the terms of the Allocation Arrangements. The quorum at any meeting for passing an Extraordinary Resolution will be two or more Exchangeable Certificateholders, proxies or representatives holding or representing more than half in aggregate principal amount of the Exchangeable Certificates for the time being outstanding, or at any adjourned such meeting two or more Exchangeable Certificateholders, proxies or representatives present whatever the principal amount of the Exchangeable Certificates held or represented by him or them. To be passed, an Extraordinary Resolution requires a majority in favour consisting of not less than three quarters of the persons voting on a show of hands or, if a poll is demanded, a majority of not less than three quarters of the votes cast on such poll. An Extraordinary Resolution duly passed at any meeting of Exchangeable Certificateholders will be binding on all holders of the Exchangeable Certificates, whether or not they are present at the meeting and whether or not voting. The Declaration of Trust provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Exchangeable Certificates outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Exchangeable Certificateholders duly convened and held, provided that such resolution in writing shall only become effective on the fifth Business Day following delivery of the resolution in writing to the Trustee. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Exchangeable Certificateholders.

17.3 Except in the case of an Exchangeable Entrenched Right (as defined in the Declaration of Trust), the Delegate may agree, without the consent or sanction of the Exchangeable Certificateholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Declaration of Trust, or determine, without any such consent as aforesaid, that any Dissolution Event or Potential Dissolution Event shall not be treated as such, which in any such case is not, in the opinion of the Delegate, materially prejudicial to the interests of the Exchangeable Certificateholders or may agree, without any such consent as aforesaid, to any modification which, in the opinion of the Delegate, is of a formal, minor or technical nature or to correct a manifest error.

17.4 In connection with the exercise by it of any of its trusts, powers, authorities and discretions, when considering the interests of the Exchangeable Certificateholders , the Trustee or, as the case may be, the Delegate (acting on behalf of the Exchangeable Certificateholders) shall have regard to the general interests of Exchangeable Certificateholders as a class but shall not have regard to any interests arising from circumstances particular to individual Exchangeable Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Exchangeable Certificateholders or groups of Exchangeable Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and neither the Trustee nor the Delegate shall be entitled to require, nor shall any Exchangeable Certificateholder be entitled to claim, from the Trustee, the Delegate or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Exchangeable Certificateholders except to the extent provided in Condition 11 (*Taxation*).

17.5 Any modification, abrogation, waiver, authorisation or determination made in accordance with the Allocation Arrangements shall be binding on Exchangeable Certificateholders and any such modification, abrogation, waiver, authorisation or determination shall be notified by the Trustee (unless the Delegate otherwise agrees) to Exchangeable Certificateholders as soon as practicable thereafter in accordance with Condition 16 (*Notices*), provided that a failure to give such notice shall not render invalid such modification, abrogation, waiver, authorisation or determination.

18 Indemnification and Liability of the Trustee and the Delegate

18.1 The Declaration of Trust contains provisions for the indemnification of the Trustee and the Delegate, in each case in certain circumstances and for relief from responsibility, including provisions relieving it from taking action (in particular, in connection with the exercise of any of its rights in respect of the Trust Assets) unless indemnified and/or secured and/or prefunded (including, if required by the Delegate, by payment on account) to its satisfaction. Prior to taking any such action, the Delegate may require that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient to indemnify it and, if such demand is made of the Trustee, the Trustee shall be obliged to make payment of all such sums in full.

18.2 Neither the Trustee nor the Delegate shall in any circumstances take any action unless directed to do so either by the Delegate or in accordance with Condition 14 (*Enforcement and Exercise of Rights*), and then only if the Trustee and/or the Delegate (as the case may be) shall have been indemnified and/or secured and/or prefunded to its satisfaction.

18.3 The Declaration of Trust also contains provisions pursuant to which no director or officer of the Delegate or of any holding, affiliated or associated company of the Delegate shall be precluded from purchasing or otherwise acquiring, holding, dealing in or disposing of any notes, bonds, debentures, shares or securities whatsoever or from being interested in any contract or transaction or from accepting and holding the office of trustee or administrator for the holders of any other securities, and in any case neither the Delegate nor any director or officer of the Delegate shall be liable to the Exchangeable Certificateholders for any profit made by it or him thereby or in connection therewith.

18.4 Each of the Delegate and the Trustee (solely in its capacity as such) makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of any of the Mudarib or the Obligor under any Transaction Document to which it is a party and shall not under any circumstances have any liability or be obliged to account to Exchangeable Certificateholders in respect of any payment which should have been made by any of the Mudarib or the Obligor, as the case may be, but is not so made, and shall not in any circumstances have any liability arising from the Trust Assets other than as expressly provided in these Conditions or the Declaration of Trust.

18.5 The Delegate and the Trustee shall not be liable in respect of any loss or theft of the Trust Assets or any cash or for failure in any obligation to insure the Trust Assets or any cash or for any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depositary or clearing system or are registered in the name of the Trustee or its nominee, unless (in the case of the Trustee) such loss or theft arises as a result of the fraud, wilful default or gross negligence of the Trustee, or (in the case of the Delegate) such loss or theft arises as a result of the fraud, wilful default or gross negligence of the Delegate.

18.6 Nothing contained in any Transaction Document, the Exchangeable Certificates or these Conditions shall require the Delegate to expend or risk its own funds or otherwise incur any Liability in the performance of any of its duties or in the exercise of any of its rights, powers, authorities or discretions if it considers that the repayment of such funds or adequate indemnity against, or security for, such risk or Liability is not assured to it.

19 Currency Indemnity

The Trustee agrees to indemnify each Exchangeable Certificateholder against any loss incurred by such holder as a result of any judgment or order being given or made for any amount due under such Exchangeable Certificate and such judgment or order is expressed and paid in a currency (the "**Judgment Currency**") other than U.S. dollars and as a result of any variation as between (a) the rate of exchange at which the U.S. dollar is converted into the Judgment Currency for the purpose of such judgment or order and (b) the rate of exchange at which the holder on the date of payment of such judgment or order is able to purchase U.S. dollars with the amount of the Judgment Currency actually received by the holder. This indemnification will constitute a separate and independent obligation of the Trustee and will continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term rate of exchange includes any premiums and costs of exchange payable in connection with the purchase of, or conversion into, U.S. dollars.

20 Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, save that the Contracts (Rights of Third Parties) Act 1999 shall apply in favour of

the Delegate in relation to these Conditions and the other Transaction Documents, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

21 Governing Law and Submission to Jurisdiction

21.1 The Declaration of Trust, the Agency Agreement, the Purchase Undertaking, the Sale Undertaking and the Exchangeable Certificates and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, English law.

21.2 The Trustee has in the Declaration of Trust irrevocably and unconditionally agreed for the benefit of the Delegate and Exchangeable Certificateholders that the courts of England are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Declaration of Trust or the Exchangeable Certificates and that accordingly any suit, action or proceedings arising therefrom or in connection therewith (together referred to as "**Proceedings**") may be brought in the courts of England. The Trustee has in the Declaration of Trust irrevocably and unconditionally agreed that notwithstanding the foregoing, no action will be brought against the Delegate otherwise then in the courts of England.

21.3 The Trustee has in the Declaration of Trust irrevocably and unconditionally waived and agreed not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and has further irrevocably and unconditionally agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Trustee and may be enforced in the courts of any other jurisdiction. Nothing in this Condition shall limit any right to take Proceedings against the Trustee in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

21.4 The Trustee has in the Declaration of Trust irrevocably and unconditionally appointed an agent for service of process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Delegate may approve as its agent for that purpose. In the event that no such replacement agent for service of process in England has been appointed by the Trustee within 14 days, the Delegate shall have the power to appoint, on behalf of and at the expense of the Trustee, a replacement agent for service of process in England.

22 Definitions and Interpretation

22.1 ***Definitions***

In these Conditions:

"**Additional Cash Amount**" shall have the meaning given to such term in Condition 6.17(d).

"**Adjustment Event**" shall have the meaning given to such term in Condition 6.17(b).

"**AED**" or "**dirham**" mean the United Arab Emirates dirham, being the lawful currency for the time being of the United Arab Emirates.

"**Agents**" means any of the Paying and Exchange Agents, the Local Agent, the Registrar, the Replacement Agent, the Calculation Agent or the Transfer Agent appointed by the Trustee pursuant to the Agency Agreement, and the Delegate.

"**Aggregate Face Amount**" means, at any time, the aggregate principal amount of the outstanding Exchangeable Certificates which, for the avoidance of doubt, shall be U.S.$425,040,000 on the Closing Date.

"**Aggregate Value**" means, in respect of any Trading Day, the U.S. dollar amount calculated in accordance with the following formula:

A = N x MP

where:

A = Aggregate Value.

N = the number of Shares which would (assuming Physical Settlement applies) fall to be issued on any early redemption of U.S.$10 principal amount of Exchangeable Certificates assuming the Optional Partial Redemption Date in respect thereof to be such Trading Day, provided that for the purposes of determining the number of shares as aforesaid, such determination shall be

made as described in Condition 6.4(d) but with "Effective Exchange Price" substituted for "Nominal Exchange Price" therein (ignoring for these purposes the fact that Shares may not, under applicable law as at the Closing Date, be issued at a price less than the Nominal Exchange Price and disregarding for these purposes any Differential Amount Shares).

MP = the VWAP of a Share on such Trading Day, translated into U.S. dollars at the Relevant Rate on such Trading Day.

"**AI**" means "accredited investor" within the meaning of Regulation D under the Securities Act.

"**Assignment Agreement**" means the conditional assignment of receivables under certain gas sales agreements executed no later than the date falling forty-five (45) days from the Closing Date between Dana Gas Egypt Ltd. and the Egyptian Security Agent.

"**Bahrain Share Pledge**" means the pledge of shares in Danagaz W.L.L. executed no later than the date falling forty-five (45) days from the Closing Date between the Obligor and the Principal Security Agent.

"**Business Day**" means a day that is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, Abu Dhabi and New York City.

"**Calculation Period**" means a period of ten consecutive Trading Days ending on, and including, the Voluntary Early Redemption Trigger Date, Optional Partial Redemption Trigger Date or Trustee Early Redemption Date (as the case may be) or, following service of a Trustee Exercise Notice, the date falling three Business Days prior to the Scheduled Redemption Date.

"**Cash Settlement**" means the redemption of Exchangeable Certificates in cash, as contemplated by Condition 6.9 (*Cash Settlement*).

"**Cash Settlement Amount**" shall have the meaning given to such term in Condition 6.7(g)(i).

A "**Change of Control**" occurs when (i) an Offer in respect of the Shares has been recommended by the board of directors of Dana Gas; (ii) an Offer in respect of the Shares has become or been declared unconditional in all respects and Dana Gas becomes aware that the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Shareholders has or will become unconditionally vested in the offeror and/or any associates(s) of the offeror; or (iii) an event occurs which has a like or similar effect.

"**Change of Control Date**" shall have the meaning given to such term in Condition 6.17(b)(vi).

"**Change of Control Exchange Price**" means the Effective Exchange Price as adjusted pursuant to Condition 6.17(b)(vi).

"**Change of Control Period**" shall have the meaning given to such term in Condition 6.17(b)(vi).

"**Change of Control Put Date**" shall have the meaning given to such term in Condition 6.5(a).

"**Change of Control Put Exercise Notice**" shall have the meaning given to such term in Condition 6.5(a).

"**Change of Control Put Option Period**" shall have the meaning given to such term in Condition 6.5(a).

"**Change of Control Put Right**" shall have the meaning given to such term in Condition 6.5(a).

"**Change of Control Standard Redemption Amount**" means 101 per cent. of the aggregate principal amount of Exchangeable Certificates to be redeemed on the Change of Control Put Date plus all unpaid accrued Periodic Distribution Amounts and all other accrued and unpaid distribution amounts (if any) due and payable under these Conditions in respect of such Exchangeable Certificates as of the Change of Control Put Date.

"**Closing Price**" means, with respect to a Trading Day on which the Shares are listed on the Exchange, the closing price of such Shares on the Exchange at the close of such Trading Day (as published by the Exchange). If the Shares are quoted in a currency other than AED, conversions to AED of the Closing Price of the Shares will be made at the Relevant Rate in effect on the relevant Trading Day.

"**Consideration**" means the consideration deemed to have been paid by or on behalf of each initial Certificateholder in respect of its initial holding of Certificates, being its proportionate share of the Existing Certificates Mudarabah Assets held for the benefit of such Certificateholder immediately prior to the issue of the Certificates.

"**Current Market Price**" means a price per Share equal to the arithmetic average of the VWAP of the Shares for the five consecutive Trading Days prior to such date as determined by the Calculation Agent (in consultation with the Expert, if the Calculation Agent so requires).

"**Custody Account**" shall have the meaning given to such term in Condition 4.1 (*Summary of the Trust*).

"**Day Count Fraction**" means, in relation to a Return Accumulation Period or any other period in respect of which a payment is due to be made, the number of days (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) in that period, divided by 360.

"**Deliverable Shares**" shall have the meaning given to such term in Condition 6.14(b)(i).

"**Differential Amount**" means an amount in U.S. dollars calculated by the Calculation Agent as the difference (expressed as a positive number) between:

(a) the Redemption Reference Price (as calculated on the relevant Voluntary Early Redemption Trigger Date or Optional Partial Redemption Trigger Date or Trustee Early Redemption Trigger Date (as the case may be)) multiplied by the number of Shares that would have been deliverable in accordance with Condition 6.1(e) or Condition 6.4(d), as the case may be, had (for the purposes of this definition only) the reference to the "Nominal Exchange Price" in Condition 6.1(e) or Condition 6.4(d), as the case may be, been replaced with reference to the "Effective Exchange Price" (ignoring for these purposes the fact that Shares may not, under applicable law as at the Closing Date, be issued at a price less than the Nominal Exchange Price); and

(b) the Redemption Reference Price (as calculated on the relevant Voluntary Early Redemption Trigger Date or Optional Partial Redemption Trigger Date or Trustee Early Redemption Trigger Date (as the case may be)) multiplied by the number of Shares deliverable in accordance with Condition 6.1(e) or Condition 6.4(d), as the case may be.

"**Differential Amount Shares**" means such number of Shares in respect of which the Redemption Reference Price (as calculated on the relevant Voluntary Early Redemption Trigger Date or Optional Partial Redemption Trigger Date or Trustee Early Redemption Trigger Date (as the case may be)) would when multiplied by the number of such Shares be equal to the Differential Amount.

"**Disruption Event**" means an event beyond the control of the Obligor or the Trustee as a result of which any central securities depositary of the relevant Exchange cannot settle the book-entry transfer of the Shares on such date.

"**Dissolution Event**" shall have the meaning given to such term in Condition 13 (*Dissolution Events*).

"**Distribution**" means, in respect of any Shares, any cash, property or other assets paid, made or transferred by or on behalf of, or charged and provided for in the accounts of, the relevant issuer of or obligor under any such Shares to holders or owners of such Shares, including, but not limited to, evidence of indebtedness, interest, dividends, income, benefits or other rights derived from, and the granting for free of additional Shares or other property, assets or rights, subscription rights or put options against the issuer of or obligor under, any such Shares.

"**Dividend**" means any dividend or distribution to Shareholders (including a Spin-Off) whether of cash, assets or other property, and however described and whether payable out of any share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to holders upon or in connection with a reduction of capital (and for these purposes a distribution of assets includes without limitation an issue of Shares or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves), provided that:

(a) where a Dividend in cash is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Shares or other property or assets, then the Dividend in question shall be treated as a cash Dividend of an amount equal to the greater of (i) the Fair Market Value of such cash amount and (ii) the Current Market Price of such Shares or, as the case may be, the Fair Market Value of such other property or assets, in any such case as at the first date on which the Shares are traded ex- the relevant Dividend on the Exchange or, if later, the date on which the number of Shares (or amount of such other property or assets, as the case may be) which may be issued or delivered is determined; or

(b) a purchase or redemption or buy back of share capital of Dana Gas by or on behalf of Dana Gas or any of its Subsidiaries shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Shares by or on behalf of Dana Gas or any of its Subsidiaries, the weighted average price per Share (before expenses) on any one day (a "**Specified Share Day**") in respect of such

purchases or redemptions or buy backs (translated, if not in dirham, into dirham at the Relevant Rate on such day) exceeds by more than 5 per cent. the average of the daily VWAP of a Share on the five dealing days immediately preceding the Specified Share Day (or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Shares at some future date at a specified price or where a tender offer is made, on the five dealing days immediately preceding the date of such announcement or the date of first public announcement of such tender offer (and regardless whether or not a price per Share, a minimum price per Share or a price range or a formula for the determination thereof is or is not announced at such time)), in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend in dirham in an amount by which the aggregate price paid (before expenses) in respect of such Shares purchased, redeemed or bought back by or on behalf of Dana Gas or, as the case may be, any of its Subsidiaries (translated where appropriate into dirham as provided above) exceeds the product of (i) 105 per cent. of the average of the daily VWAP of a Share determined as aforesaid and (ii) the number of Shares so purchased, redeemed or bought back;

(c) if Dana Gas or any of its Subsidiaries shall purchase, redeem or buy back any depositary or other receipts or certificates representing Shares, the provisions of paragraph (b) above shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined by an Expert;

(d) where a dividend or distribution is paid or made to Shareholders pursuant to any plan implemented by Dana Gas for the purpose of enabling Shareholders to elect, or which may require Shareholders, to receive dividends or distributions in respect of the Shares held by them from a person other than (or in addition to) Dana Gas, such dividend or distribution shall for the purposes of these Conditions be treated as a dividend or distribution made or paid to Shareholders by Dana Gas, and the foregoing provisions of this definition and the provisions of these Conditions shall be construed accordingly; and

(e) a dividend or distribution that is a Spin-Off shall be deemed to be a Dividend paid or made by Dana Gas,

and any such determination shall be made on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

"**Due Shares**" shall have the meaning given to such term in Condition 6.14(a)(ii).

"**Early Closure**" means, in respect of the Shares or any other publicly traded securities, the closure on any Trading Day of the Exchange prior to its scheduled weekday closing time unless such earlier closing time is announced by such Exchange at least one hour prior to the actual closing time for the regular trading session on such Exchange on such Trading Day.

"**Early Redemption Exchange Notice**" shall have the meaning given to such term in Condition 6.4(d).

"**Early Redemption Date**" has the meaning given to such term in Condition 13 (*Dissolution Events*).

"**Effective Date**" has the meaning given to such term in Condition 6.17(b).

"**Effective Exchange Price**" means the initial effective exchange price of AED 0.75, as adjusted from time to time in accordance with these Conditions and the expression "Effective Exchange Price" shall be construed accordingly.

"**Egyptian Security Agent**" means Commercial International Bank (Egypt) S.A.E.

"**Eligible Recipient**" means a person who is a Certificateholder and:

(a) either (a) (i) is not a U.S. Person and is located and resident outside the United States or (b) (i) is acting on behalf of the beneficial owner of an Exchangeable Certificate on a non-discretionary basis and has been duly authorised to so act and (ii) such beneficial owner has confirmed to it that it is not a U.S. Person and it is located and resident outside the United States; or

(b) (i) is a QP and (ii) is a QIB or an AI and can receive the Shares in reliance on the exemption from registration under Section 5 of the Securities Act provided by Rule 144A, Section 4(a)(2) or another exemption therefrom; and

(c) is not a person to whom it is unlawful to offer and deliver the Shares under the applicable securities laws, and that it has (before receiving the Shares) complied with all laws and regulations applicable to it for the purpose of its receipt of Shares; and

(d) the acceptance by it of the Shares (including delivery of the Shares) will not result in a breach of any relevant laws or regulations in the jurisdiction in which it is resident or where it is taking delivery of such Shares.

"**Event of Default**" shall have the meaning given to such term in the Purchase Undertaking.

The events of default are defined as any of the events set out below:

*(a) "**Non-payment**": either the Obligor or the Mudarib fails to pay any amount payable pursuant to any Transaction Document to which it is a party and/or either the Obligor or the Mudarib fails to pay any amount payable or deliver any shares pursuant to any Transaction Document to which it is a party within three days of the due date for payment or delivery thereof; or*

*(b) "**Breach of other obligations**": either the Obligor or the Mudarib defaults in the performance or observance of any of its other obligations under or in respect of the Transaction Documents to which it is a party, unless the default is capable of remedy and is remedied within 21 days after written notice thereof, addressed to the Obligor or, as the case may be, the Mudarib by the Trustee has been delivered to the Obligor or the Mudarib, as the case may be (for the avoidance of doubt, any breach of representation contained in Clause 6.2 of the Mudarabah Agreement shall not constitute an Event of Default under sub-Clause 5.1.2 of the Purchase Undertaking); or*

*(c) "**Repudiation**": either the Obligor or the Mudarib repudiates or challenges the valid, legal, binding and enforceable nature of any or any part of a Transaction Document to which it is a party or does or causes to be done any act or thing evidencing an intention to repudiate or challenge the valid, legal, binding and enforceable nature of any Transaction Document to which it is a party; or*

*(d) "**Illegality**": at any time it is or will become unlawful for either the Obligor or the Mudarib to perform or comply with any or all of its obligations under the Transaction Documents to which it is a party, or any of the obligations of either the Obligor or the Mudarib under the Transaction Documents are not, or cease to be legal, valid, binding and enforceable; or*

*(e) "**Cessation of Business**": either the Obligor or the Mudarib or any Subsidiary of the Obligor suspends, ceases or threatens to suspend or cease to carry on all or a substantial part of its business; or*

*(f) "**Cross default**": (i) any Financial Indebtedness of the Obligor or any Subsidiary is not paid when due nor within any originally applicable grace period; (ii) any Financial Indebtedness of the Obligor or any Subsidiary of the Obligor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); (iii) any commitment for any Financial Indebtedness of the Obligor or any Subsidiary of the Obligor is cancelled or suspended by a creditor of the Obligor as a result of an event of default (however described); or (iv) any creditor of the Obligor or any Subsidiary of the Obligor becomes entitled to declare any Financial Indebtedness of the Obligor due and payable prior to its specified maturity as a result of an event of default (however described), provided always that, in each case, no Event of Default will occur under this paragraph (f) if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within sub-paragraphs (i) to (iv) above is less than U.S.$25,000,000 (or its equivalent in any other currency or currencies); or*

*(g) "**Failure to take action**" etc: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable either the Obligor or the Mudarib lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Transaction Documents to which it is a party or (ii) to ensure that those obligations are legal, valid, binding and enforceable, is not taken, fulfilled or done; or*

*(h) "**Insolvency**": either (i) the Obligor or any Subsidiary of the Obligor is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness; (ii) the value of the*

assets of the Obligor or any Subsidiary of the Obligor is less than its liabilities (taking into account contingent and prospective liabilities); or (iii) a moratorium is declared in respect of any indebtedness of the Obligor or any Subsidiary of the Obligor; or

(i) *"**Insolvency proceedings**": either any order or decree is made or any corporate action, legal proceedings or other procedure or step is taken in relation to (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of either the Obligor or any Subsidiary of the Obligor (otherwise, in the case of the Obligor's Subsidiaries only, than for the purpose of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); (ii) a composition, compromise, assignment or arrangement with any creditor of the Obligor or any Subsidiary of the Obligor; (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Obligor or any Subsidiary of the Obligor or any of its assets; or (iv) enforcement of any security over any assets of the Obligor in an amount exceeding U.S.$25,000,000; or*

(j) *"**Creditors' process**": any expropriation, attachment, sequestration, distress or execution made pursuant to a court order or judgment or arising by virtue of any law or regulation affects any asset or assets of a member of the Group having an aggregate value of at least U.S.$25,000,000 (or its equivalent in any other currency or currencies) and is not discharged within 30 days; or*

(k) *"**Unsatisfied judgments**": the aggregate amount of unsatisfied judgments, decrees or orders of courts or other appropriate law-enforcement bodies for the payment of money against the Obligor and other Subsidiaries of the Obligor in the aggregate exceeds U.S.$25,000,000, or the equivalent thereof in any other currency or currencies, and there is a period of 60 days following the entry thereof or, if later, the date therein specified for payment during which such judgment, decree or order is not appealed, discharged, waived or the execution thereof stayed; or*

(l) *"**Nationalisation**": any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Obligor or any of its Subsidiaries; or*

(m) *"**Analogous Event**": any event occurring in any jurisdiction which has the analogous effect of any of the events referred to in paragraphs (h) to (l) above; or*

(n) *"**Mudarabah Event**": a Mudarabah Event occurs.*

For these purposes:

*"**Financial Indebtedness**" means any indebtedness for or in respect of:*

(a) *moneys borrowed;*

(b) *any amount drawn on any acceptance credit facility;*

(c) *any amount raised pursuant to any note purchase facility or the issue of bonds, sukuk, notes, debentures, loan stock or any similar instrument;*

(d) *the amount of any liability in respect of any lease or hire purchase contract which would be treated as a finance or capital lease in accordance with the accounting standards, policies and procedures published from time to time by the International Accounting Standards Committee or any equivalent successor body acceptable (acting reasonably) to the Trustee;*

(e) *any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);*

(f) *receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);*

(g) *any amount raised under any other transaction (including any Sharia compliant financing, forward sale or purchase agreement, sale and sale back or sale and leaseback agreement) having the commercial effect of either a borrowing or a drawing under a credit facility;*

(h) to the extent not otherwise included in this definition, the amount of any liability in respect of any repurchase or put option arrangement entered into in connection with any securitisation transaction;

(i) shares which are expressed to be redeemable prior to the maturity of the Certificates;

(j) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above,

provided that for the avoidance of doubt, the following will not be considered to fall within the definition of Financial Indebtedness:

(i) any transaction entered into in the ordinary course of business in the oil and gas sector to guarantee or secure (or obtain letters of credit or bank or insurance guarantees that secure) the performance of tenders, contracts, statutory or governmental obligations, bonds, bids, leases, concession agreements, production sharing agreements, licenses, operating agreements, performance bonds, services, purchase, construction, development or sales contracts, completion guarantees, comfort letters and other similar obligations, in each case not incurred or made specifically in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property;

(ii) any transaction entered into in the ordinary course of business in the oil and gas sector guaranteeing or securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof, in each case not incurred or made specifically in connection with the borrowing of money or the obtaining of advances or credit;

(iii) any transaction entered into in the ordinary course of business in the oil and gas sector arising under a foreign exchange transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates not being a foreign exchange transaction for investment or speculative purposes or incurred or made specifically in connection with the borrowing of money, the obtaining of advances or credit;

(iv) any transaction entered into in the ordinary course of business securing interest rate protection or other hedging obligations not being a derivative transaction for investment or speculative purposes or incurred as a means of borrowing money or obtaining advances or credit;

(v) any transaction entered into in the ordinary course of business in the oil and gas sector under finance or capital leases of vehicles, plant, equipment or computers, provided that the aggregate capital value of all such items so leased under outstanding leases by members of the Group does not exceed an amount equal to 5% of the consolidated total assets of the Group as shown in the Group Accounts (or its equivalent in another currency or currencies) at any time;

*"**Group**" means the Obligor and its Subsidiaries at the relevant point in time.*

*"**Group Accounts**" means the published financial statements of the Group, prepared in accordance with IFRS or such other international financial reporting standards as may be adopted, from time to time, by the Group.*

*"**Mudarabah Event**" has the meaning given in the Mudarabah Agreement.*

*"**Subsidiary**" means, with respect to any Person:*

(a) any corporation, association, partnership or other business entity of which more than 50 per cent. of the total voting rights of its Capital Stock is at the time owned or controlled directly by such Person, or by such Person and one or more Subsidiaries of such Person or by one or more Subsidiaries of such Person;

(b) any partnership in which such Person or a Subsidiary of such Person is, at the time, a general partner; or

(c) any other Person in which such Person, one or more Subsidiaries of such Person, or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof has; (x) an ownership interest of 50 per cent. or more; or (y) the power to elect or direct the election of a majority of the directors, members of the Board of Directors or other governing body of such Person;

Other relevant terms shall have the meanings given to such terms in the Purchase Undertaking.

"**Exchange**" means the Abu Dhabi Securities Exchange. For the purposes of these Conditions, except where the context otherwise requires, references to the Exchange shall, if the Shares or any other relevant securities are not listed on the Abu Dhabi Securities Exchange at the relevant time, be construed as references to such other UAE regulated stock exchange or to any other regulated stock exchange on which the Shares or other relevant securities, as the case may be, are primarily listed at such time, as notified to the Calculation Agent by the Trustee. If there is more than one regulated stock exchange on which the Shares or other relevant securities, as the case may be, are primarily listed, the Calculation Agent shall select, following notification by the Trustee, as the Exchange the regulated stock exchange which has in aggregate the greater volume of Shares or other relevant securities, as the case may be, traded over the Trading Days over which the Redemption Reference Price or other relevant price is calculated.

"**Exchange Disruption**" means, in respect of the Shares or any other publicly traded securities, any event (other than a Trading Disruption or an Early Closure) that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for, the Shares or such securities, as the case may be, on the Exchange. The Calculation Agent shall determine whether an Exchange Disruption has taken place subject to and in accordance with the Agency Agreement and, in any event, any such determination may be based solely upon publicly available information or information provided to it by the Local Agent or an Expert.

"**Exchange Expenses**" shall have the meaning given to such term in Condition 6.1(f).

"**Exercise Notice**" has the meaning given to it in the Purchase Undertaking.

"**Exercise Period**" means the period commencing on 31 October 2013or the date of occurrence of a Change of Control (in the case of a Change of Control occurring prior to 31 October 2013) to the close of business (at the place where the relevant Exchangeable Certificate is delivered for redemption) on the date falling 25 Trading Days prior to the Scheduled Redemption Date or (in the case of a Change of Control occurring prior to 31 October 2013 where the last day of a Change of Control Period falls before 31 October 2013) the last day of the Change of Control Period (provided, however, that the Exercise Period shall begin again on 31 October 2013) or, if such Exchangeable Certificate is to be redeemed in whole pursuant to Condition 6.3 (*Dissolution Event - Early Redemption*), Condition 6.4 (*Redemption at the Option of the Trustee*) or Condition 6.6 (*Redemption for Taxation Reasons*) prior to the Scheduled Redemption Date, up to the close of business (at the place aforesaid) falling 25 Trading Days before the date fixed for redemption thereof pursuant to Condition 6.3 (*Dissolution Event - Early Redemption*), Condition 6.4 (*Redemption at the Option of the Trustee*) or Condition 6.6 (*Redemption for Taxation Reasons*) (provided that in the case of Condition 6.6 (*Redemption for Taxation Reasons*), the time period within which an Exchangeable Certificateholder could elect not to have its Exchangeable Certificate redeemed pursuant to Condition 6.6 (*Redemption for Taxation Reasons*) has expired) unless there shall be default in making payment in respect of such Exchangeable Certificate on such date fixed for redemption, in which event the Exercise Period shall extend up to the close of business (at the place aforesaid) on the date on which the full amount of such payment becomes available for payment and notice of such availability has been fully given in accordance with Condition 16 (*Notices*) or, if earlier, the date falling 25 Trading Days prior to the Scheduled Redemption Date provided, however, that:

(a) if the last day of the Exercise Period would otherwise be a day which is not a business day in the place the relevant Exchangeable Certificate is deposited for redemption, the last day of the Exercise Period shall be the immediately preceding business day in such place; and

(b) in any event the Exercise Period shall end on the date of any notice declaring the Exchangeable Certificates to be immediately due and payable pursuant to Condition 13 (*Dissolution Events*).

"**Exercising Certificateholder**" shall have the meaning given to such term in Condition 6.1(a).

"**Existing Certificates**" means the U.S.$1,000,000,000 trust certificates due 31 October 2012 issued by Dana Gas Sukuk Limited.

"**Existing Certificates Mudarabah Assets**" means the Mudarabah Assets in respect of (and as defined in) the Existing Certificates.

"**Existing Security Agreement**" means the original security agreement relating to the shares in Dana LNG Ventures Ltd. between, *inter alia*, the Obligor, the Trustee and HSBC Trustee (C.I.) Limited dated 31 October 2007;

"**Expert**" means an independent investment bank of international repute or an independent financial advisor with appropriate expertise, which may include the initial Calculation Agent, appointed by the Trustee and/or the Calculation Agent and/or the Delegate (in each case at the expense of the Trustee) and, where not appointed by the Delegate, approved in writing by the Delegate.

"**Extraordinary Resolution**" means a resolution passed at a meeting of Exchangeable Certificateholders duly convened and held in accordance with the provisions of Schedule 3 of the Declaration of Trust by a majority of not less than three quarters of the votes cast or a Written Resolution.

"**Fair Market Value**" means, with respect to any property on any date, the fair market value of that property as determined in good faith by an Expert provided, that (a) the Fair Market Value of a cash Dividend paid or to be paid shall be the amount of such cash Dividend; (b) the Fair Market Value of any other cash amount shall be the amount of such cash; (c) where Securities, Spin-Off Securities, options, warrants or other rights are publicly traded on any regulated stock exchange, the Fair Market Value (i) of such Securities or Spin-Off Securities shall equal the arithmetic mean of the daily VWAP of such Securities or Spin-Off Securities and (as the case may be) (ii) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of both (i) and (ii) during the period of five Trading Days on the relevant stock exchange commencing on such date (or if later, the first such Trading Day of such Securities, Spin-Off Securities, options, warrants or other rights are publicly traded) or such shorter period as such Securities, Spin-Off Securities, options, warrants or other rights are publicly traded; (d) where Securities, Spin-Off Securities, options, warrants or other rights are not publicly traded on any regulated stock exchange the Fair Market Value shall be determined by the Expert. In addition, in the case of (a) and (b) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

"**Fixed Exchange Rate**" means U.S.$1.00 = AED 3.6725 or, where the context requires, AED 1 = U.S.$0.2723.

"**Foreign Ownership Amount**" means an amount (in U.S. dollars) equal to the Redemption Reference Price as calculated on the relevant Voluntary Early Redemption Trigger Date or Optional Partial Redemption Trigger Date (as the case may be) multiplied by the number of Non-Deliverable Shares.

"**Foreign Ownership Calculation Date**" shall have the meaning given to such term in Condition 6.14(a).

"**Foreign Ownership Restrictions**" means any (a) applicable law, declaration, order, decree, directive or regulation of any government or governmental body or court having jurisdiction over Dana Gas, or (b) provision in any of Dana Gas's constitutive documents, which, in each case, prohibits, limits or restricts the ownership of Shares by Non-GCC Persons.

"**Further Cash Payment**" means an amount in U.S. dollars calculated as the difference (expressed as a positive number) between (i) the Redemption Reference Price (as calculated on the date falling three Business Days prior to the Scheduled Redemption Date) multiplied by the number of Shares deliverable to the Trustee pursuant to Condition 6.7(f) and (ii) the Cash Settlement Amount.

"**Investment Plan**" shall have the meaning given to such term in Condition 4.1 (*Summary of the Trust*).

"**Late Payment Amount**" means any late payment amount paid by the Obligor pursuant to clause 3.5 of the Purchase Undertaking.

"**Liability**" means any loss, damage, cost, charge, claim, demand, expense, fee, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and properly incurred legal fees and expenses on a full indemnity basis.

"**Market Disruption Event**" means, in respect of the Shares or any other publicly traded securities, the occurrence or existence of (a)(i) a Trading Disruption or (ii) an Exchange Disruption, in each case on any relevant Trading Day at any time during the one hour period that ends at the close of such Trading Day, or (b) an Early Closure.

"**Mudarabah**" shall have the meaning given to such term in Condition 4.1 (*Summary of the Trust*).

"**Mudarabah Agreement**" shall have the meaning given to such term in Condition 4.1 (*Summary of the Trust*).

"**Mudarabah Assets**" means, at any time, the assets of the Mudarabah.

"**Mudarib**" means Dana Gas, in its capacity as Mudarib under the Mudarabah Agreement.

"**Net Proceeds of Sale**" shall have the meaning given to such term in Condition 6.7(i).

"**Newco Scheme**" means a scheme of arrangement which effects the interposition of a limited liability company ("**Newco**") between the Shareholders of Dana Gas immediately prior to the scheme of arrangement (the "**Existing Shareholders**") and Dana Gas and which satisfies the following conditions:

(a) immediately after completion of the scheme of arrangement the Existing Shareholders are the only shareholders of Newco and hold shares in Newco in the same proportions as each held Shares (immediately preceding the Newco Scheme) in Dana Gas;

(b) all Subsidiaries of Dana Gas immediately prior to the scheme of arrangement (other than Newco, if Newco is then a Subsidiary of Dana Gas) are Subsidiaries of Dana Gas (or of Newco) immediately after the scheme of arrangement;

(c) immediately after completion of the scheme of arrangement Newco is substituted under the Transaction Documents and all such documents and agreements which, in the opinion of the Delegate, may be required to effect such substitution shall be duly authorised and executed by the parties thereto; and

(d) such other adjustments are made to these Conditions and the Transaction Documents as are necessary, in the opinion of the Delegate, to ensure that the Exchangeable Certificates may be converted into or exchanged for ordinary shares in Newco *mutatis mutandis* in accordance with and subject to these Conditions and the Transaction Documents.

"**Nominal Exchange Price**" means the initial nominal exchange price of AED 1.00, as adjusted from time to time in accordance with Condition 6.17(b)(i) only, and the expression "Nominal Exchange Price" shall be construed accordingly.

"**Non-Deliverable Shares**" means the number of Shares equal to the difference between the Due Shares and the Deliverable Shares (in respect of the calculation undertaken on the Foreign Ownership Calculation Date) or the Shares actually issued (in respect of any other calculation).

"**Non-GCC Certificateholder**" means any Exchangeable Certificateholder who is a Non-GCC Person.

"**Non-GCC Person**" means a person who is not a UAE Person or a Non-UAE GCC Person.

"**Non-UAE GCC Person**" means a person who is a national of the Kingdom of Saudi Arabia, Qatar, Kuwait, Bahrain or the Sultanate of Oman or any other person who is wholly owned by such a national.

"**Notification Date**" shall have the meaning given to such term in Condition 6.1(c).

"**Obligor**" means Dana Gas acting in its own capacity and not as Mudarib.

"**Offer**" means an offer to acquire Shares, whether expressed as a legal offer, an invitation to treat, a scheme with regard to such acquisition or in any other way (other than a Newco Scheme), in circumstances where such offer is available to all Shareholders or all Shareholders other than any Shareholder who is the person making such offer (or any associate of such person) or who is excluded from the offer by reason of being connected with one or more specific jurisdictions.

"**Optional Partial Redemption Amount**" means the amount (in U.S. dollars) payable to an Exchangeable Certificateholder in accordance with Condition 6.9(a)(ii) equal to the Redemption Reference Price (as calculated on the Optional Partial Redemption Trigger Date) multiplied by the number of Shares calculated in the manner set out in Condition 6.4(d), save that for the purposes of such calculation, the reference to the "Nominal Exchange Price" therein shall be replaced with reference to the "Effective Exchange Price" (ignoring for these purposes the fact that Shares may not, under applicable law as at the Closing Date, be issued at a price less than the Nominal Exchange Price and disregarding for these purposes any Differential Amount Shares)).

"**Optional Partial Redemption Date**" shall have the meaning given to such term in Condition 6.4(a).

"**Optional Partial Redemption Notice**" shall have the meaning given to such term in Condition 6.4(a).

"**Optional Partial Redemption Portion**" means, in respect of any Exchangeable Certificateholder and any Optional Partial Redemption Date, a fraction of the aggregate principal amount of Exchangeable Certificates held by the Exchangeable Certificateholder of which the numerator is the aggregate principal amount of Exchangeable Certificates to be redeemed on the Optional Partial Redemption Date and the denominator is the Aggregate Face Amount on the Optional Partial Redemption Date (ignoring the principal amount to be redeemed on such date).

"**Optional Partial Redemption Trigger Date**" means the date falling three Business Days which are also Trading Days prior to the Optional Partial Redemption Date.

"**Ordinary Conditions**" has the meaning given to it in the Declaration of Trust.

"**Periodic Distribution Amount**" means (a) in respect of the first Return Accumulation Period, an amount equal to the product of (i) the Rate and (ii) the Aggregate Face Amount (as of the final day of such Return Accumulation Period) multiplied by the Day Count Fraction, and (b) in respect of each subsequent Return Accumulation Period, an amount equal to the product of (i) the Rate and (ii) the Aggregate Face Amount (as of the final day of such Return Accumulation Period) divided by four.

"**Periodic Distribution Date**" means 31 January, 30 April, 31 July and 31 October in each year, commencing on 31 July 2013 up to and including 31 October 2017.

"**person**" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government or agency, or political subdivision thereof, or other entity.

"**Physical Settlement**" means the redemption of the Exchangeable Certificates by issue of Shares, as contemplated by Condition 6.8 (*Physical Settlement*).

"**Physical Settlement Option**" shall have the meaning given to such term in Condition 6.7(e).

"**Potential Dissolution Event**" means any event which, with the giving of notice, lapse of time or fulfilment of any other applicable condition (or any combination of any of the foregoing) would constitute a Dissolution Event.

"**Principal Security Agent**" means Deutsche Bank AG, Abu Dhabi Branch.

"**Proceedings**" shall have the meaning given to such term in Condition 21.2 (*Governing Law and Submission to Jurisdiction*).

"**Purchase Undertaking**" means the amended and restated purchase undertaking granted by the Obligor for the benefit of the Trustee and the Delegate dated the Closing Date.

"**QIB**" means "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act.

"**QP**" means "qualified purchaser" within the meaning of Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940, as amended and the rules and regulations thereunder.

"**Rate**" means 7.0 per cent. per annum.

"**Redemption Date**" shall have the meaning given to such term in Condition 4.2 (*Application of Proceeds from Trust Assets*).

"**Redemption Reference Price**" means a price (in U.S. dollars per Share) equal to the arithmetic average of the VWAP of the Shares for each Trading Day in the relevant Calculation Period as determined by the Calculation Agent provided that:

(a) if the VWAP is not available on any Trading Day in the relevant Calculation Period, the Closing Price of such Shares for such Trading Day (as determined by the Calculation Agent) shall be used for the purposes of calculating arithmetic average; and

(b) if a value cannot be determined as contemplated above as a result of a Market Disruption Event or otherwise, the Redemption Reference Price shall be the Fair Market Value of the Shares as determined by the Expert,

in each case converted (if necessary) into U.S. dollars at the Relevant Rate in effect on the relevant Trading Day.

"**Register**" shall have the meaning given to such term in Condition 1.1 (*Form and Denomination*).

"**Regulation S**" means Regulation S of the U.S. Securities Act of 1933.

"**Relevant Amount**" shall have the meaning given to such term in Condition 6.13(b).

"**Relevant Date**" means, in respect of any payment in relation to an Exchangeable Certificate, the later of (a) the date on which the payment first becomes due, and (b) if the full amount payable has not been received by the Principal Paying and Exchange Agent on or before the due date, the date on which (the full amount having been so received) notice to that effect has been given to the Exchangeable Certificateholders by the Trustee in accordance with Condition 16 (*Notices*).

"**Relevant Exchangeable Certificates**" shall have the meaning given to such term in Condition 6.1(c)(i).

"**Relevant Exercise Price**" means the relevant Exercise Price as defined in the Purchase Undertaking or Sale Undertaking, as applicable.

"**Relevant Jurisdiction**" means the United Arab Emirates and Jersey or any political subdivision or any authority thereof or therein having power to tax.

"**Relevant Rate**" means on any day, and, in respect of the conversion of one currency into another currency, the rate of exchange between such currencies appearing on Bloomberg at 12 noon UK time on that day (provided always that, in the case of any conversion of any currency into AED, the relevant rate shall be the rate published on Bloomberg at 9 am GMT on the Relevant Date) whether or not such rate represents a "live" price, or, if that source is not available or that rate of exchange does not appear on that source on that day, the rate of exchange between such currencies appearing on Reuters at 12 noon UK time on that day, or if that rate of exchange is available on neither such sources, the rate of exchange between such currencies appearing on such other screen or information service, or determined in such other manner, as the Calculation Agent shall determine having consulted with the Expert.

"**Relevant Redemption Amount**" means:

(a) with respect to (i) the Scheduled Redemption Date or any Early Redemption Date specified in accordance with Condition 6.3 (*Dissolution Event - Early Redemption*), or (ii) any Trustee Early Redemption Date specified in accordance with Condition 6.4(c), the Standard Redemption Amount on such date;

(b) with respect to any Optional Partial Redemption Date specified in accordance with Condition 6.4 (*Redemption at the Option of the Trustee*), the relevant amount described in Condition 6.4(a);

(c) with respect to any Change of Control Put Date, the Change of Control Standard Redemption Amount;

(d) with respect to any Tax Redemption Date, the Tax Redemption Amount;

(e) with respect to any Voluntary Early Redemption contemplated by Condition 6.1 (*Voluntary Early Redemption*), either the Voluntary Early Redemption Amount (if Cash Settlement applies) or the aggregate of the Shares due to be issued, the Differential Amount, any Foreign Ownership Amounts, any Relevant Amounts and any Additional Cash Amounts due under these Conditions (if Physical Settlement applies); and

(f) following service of a Trustee Exercise Notice, either the aggregate of the Cash Settlement Amount, the Further Cash Payment, the Top-Up Amount (if any) and any Additional Cash Amounts due under these Conditions (in the case where the Cash Settlement Option has been elected) on the Scheduled Redemption Date or the aggregate of the Net Proceeds of Sale, the Further Cash Payment, the Top-Up Amount (if any), any Relevant Amounts and any Additional Cash Amounts (if the Physical Settlement Option has been elected) on the 20th Business Day following the Scheduled Redemption Date.

"**Relevant Share Amount**" means the product of the Closing Price (on the Relevant Share Amount Date) and the number of Shares required to be delivered on any redemption of the Unexercised Exchangeable Certificates (such number of Shares calculated in accordance with Condition 6.7(f)), converted into U.S.$ at the Relevant Rate.

"**Relevant Share Amount Date**" means the date falling 25 Trading Days prior to the Scheduled Redemption Date.

"**Relevant Stock Exchange**" means the Abu Dhabi Securities Exchange or if at the relevant time the Shares are not at that time listed on the Abu Dhabi Securities Exchange, the principal stock exchange or securities market on which the Shares are then listed, admitted to trading or quoted or dealt in.

"**Return Accumulation Period**" means the period from and including the Closing Date to but excluding the first Periodic Distribution Date, and thereafter each successive period from and including a Periodic Distribution Date to but excluding the next succeeding Periodic Distribution Date.

"**SajGas Share Pledge**" means the pledge over the shares of Sajaa Gas Private Limited Company granted by the Obligor in favour of the Principal Security Agent on the Closing Date.

"**Sale Undertaking**" means the amended and restated sale undertaking granted by the Trustee in favour of the Obligor dated the Closing Date.

"**Scheduled Redemption Date**" means 31 October 2017.

"**Securities**" includes, without limitation, Shares or options, warrants or other rights to subscribe for or purchase Shares.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Security Agency Agreement**" means the amended and restated security agency agreement dated the Closing Date between, *inter alia*, the Trustee, the Obligor and the Security Agents.

"**Security Agents**" means the Egyptian Security Agent and the Principal Security Agent.

"**Security Agreement**" means the security agreement relating to the shares in Dana LNG Ventures Ltd. dated the Closing Date between, *inter alia*, the Trustee, the Obligor and the Principal Security Agent.

"**Security Documents**" means the Existing Security Agreement, the Security Agreement, the UAE Share Pledges, the UAE Mortgage, the Bahrain Share Pledge and the Assignment Agreement**.**

"**Settlement Date**" means the date for the issue of Shares to Exchangeable Certificateholders pursuant to these Conditions which shall be the Voluntary Early Redemption Date, an Optional Partial Redemption Date, the Trustee Early Redemption Date or the Scheduled Redemption Date, as the case may be.

"**Shared Security**" shall have the meaning given to such term in Condition 3.1 (*Status and Security*).

"**Shareholders**" shall have the meaning given to such term in Condition 6.17(b)(ii).

"**Shares**" means the ordinary shares of Dana Gas "quoted on the Exchange" with a nominal value, as at the Closing Date, of 1 AED per share and ISIN number AED000701014, which term shall where the context permits also include the Differential Amount Shares (if any).

"**Spin-Off**" means:

(a) a distribution of Spin-Off Securities by Dana Gas to Shareholders as a class; or

(b) any issue, transfer or delivery of any property or assets (including cash or shares or other securities of or in or issued or allotted by any entity) by any entity (other than Dana Gas) to Shareholders as a class or, in the case of or in connection with a Newco Scheme, Existing Shareholders as a class (but excluding the issue and allotment of shares by Newco to Existing Shareholders as a class), pursuant in each case to any arrangements with Dana Gas or any of its Subsidiaries.

"**Spin-Off Securities**" means equity share capital of an entity other than Dana Gas which are, or are intended to be, publicly traded on a regulated exchange.

"**Standard Redemption Amount**" means, as of any date, the aggregate principal amount of the Exchangeable Certificates then outstanding plus all unpaid accrued Periodic Distribution Amounts and all other accrued and unpaid distribution amounts (if any) due and payable under these Conditions as of such date.

"**Subsidiary**" means, with respect to any person:

(a) any corporation, association, partnership or other business entity of which 50 per cent. or more of the total voting rights of its capital stock is at the time owned or controlled directly by such person, by such person and one or more Subsidiaries of such person, or by one or more Subsidiaries of such person;

(b) any partnership in which such person or a Subsidiary of such person is, at the time, a general partner; or

(c) any other person in which such person, one or more Subsidiaries of such person, or such person and one or more Subsidiaries of such person, directly or indirectly, at the date of determination thereof has (x) an ownership interest of 50 per cent. or more or (y) the power to elect or direct the election

of a majority of the directors, members of the Board of Directors or other governing body of such person.

"**Tax Redemption Amount**" means the aggregate principal amount of Exchangeable Certificates to be redeemed on the Tax Redemption Date plus all unpaid accrued Periodic Distribution Amounts and all other accrued and unpaid distribution amounts (if any) due and payable under these Conditions in respect of such Exchangeable Certificates as of the Tax Redemption Date.

"**Tax Redemption Date**" shall have the meaning given to such term in Condition 6.6(a).

"**Taxes**" shall have the meaning given to such term in Condition 11.1 (*Taxation*).

"**Top-Up Amount**" means an amount (in U.S. dollars) calculated as follows:

Top-Up Amount = SRA – X

Where:

"**SRA**" means the Standard Redemption Amount of the Unexercised Exchangeable Certificates; and

"**X**" means the Net Proceeds of Sale (in the case of Physical Settlement) or the Cash Settlement Amount (in the case of Cash Settlement),

provided always that if such amount is a negative number, the Top-Up Amount shall be deemed to be zero.

"**Trading Day**" means, in respect of the Shares or any other publicly traded securities at the relevant time, any day on which the Exchange is open for trading other than a day on which trading ceases prior to its regular weekday closing time.

"**Trading Disruption**" means, in respect of the Shares or any other publicly traded securities, any suspension of, or limitation imposed on, trading by the Exchange or otherwise, and whether by reason of movements in price exceeding limits permitted by such Exchange or otherwise relating to the Shares or such securities.

"**Transaction Account**" shall have the meaning given to such term in Condition 4.1 (*Summary of the Trust*).

"**Transaction Documents**" shall have the meaning given to such term in Condition 4.1 (*Summary of the Trust*).

"**Trust**" shall have the meaning given to such term in Condition 4.1 (*Summary of the Trust*).

"**Trust Assets**" shall have the meaning given to such term in Condition 4.1 (*Summary of the Trust*).

"**Trustee Early Redemption**" means the redemption of the relevant principal amount of the Exchangeable Certificates following the exercise by the Trustee of its rights for optional early redemption as contemplated by Condition 6.4 (*Redemption at the Option of the Trustee*).

"**Trustee Early Redemption Amount**" means the amount (in U.S. dollars) equal to the Redemption Reference Price (as calculated on the Trustee Early Redemption Trigger Date) multiplied by the number of Shares calculated in the manner set out in Condition 6.4(d), save that for the purposes of such calculation, the reference to the "Nominal Exchange Price" therein shall be replaced with reference to the "Effective Exchange Price" (ignoring for these purposes the fact that Shares may not, under applicable law as at the Closing Date, be issued at a price less than the Nominal Exchange Price and disregarding for these purposes any Differential Amount Shares)).

"**Trustee Early Redemption Date**" means the date specified by the Trustee for redemption of the Exchangeable Certificates in accordance with Condition 6.4(c), such date to be a Business Day falling not less than 28 Business Days and not more than 32 Business Days following the corresponding Trustee Early Redemption Notice.

"**Trustee Early Redemption Notice**" means any notice served by the Trustee pursuant to Condition 6.4(c).

"**Trustee Early Redemption Trigger Date**" means the date falling three Business Days which are also Trading Days prior to the Trustee Early Redemption Date.

"**Trustee Exercise Notice**" shall have the meaning given to such term in Condition 6.7(a).

"**Trustee Notification Date**" shall have the meaning given to such term in Condition 6.7(c).

"**UAE**" means the United Arab Emirates.

"**UAE Mortgage**" means the mortgage over a plot of land located in Sharjah dated the Closing Date between Sajaa Gas Private Limited Company and the Principal Security Agent.

"**UAE Person**" means a UAE national or any other person who is wholly owned by a UAE national.

"**UAE Share Pledges**" means the SajGas Share Pledge and the UGTC Share Pledge.

"**UGTC Share Pledge**" means the pledge over the shares in United Gas Transmissions Company Limited granted by the Obligor in favour of the Principal Security Agent on the Closing Date.

"**Unexercised Exchangeable Certificates**" shall have the meaning given to such term in Condition 6.7(a).

"**U.S.$**" and "**U.S. dollars**" means United States dollars, being the legal currency for the time being of the United States of America.

"**Voluntary Early Redemption**" means redemption of Exchangeable Certificates following the exercise by an Exchangeable Certificateholder of its rights of early redemption as contemplated by Condition 6.1 (*Voluntary Early Redemption*).

"**Voluntary Early Redemption Amount**" means the amount (in U.S. dollars) due to an Exercising Certificateholder pursuant to Condition 6.1 (*Voluntary Early Redemption*) equal to the Redemption Reference Price (as calculated on the Voluntary Early Redemption Trigger Date) multiplied by the number of Shares calculated in the manner set out in Condition 6.1(e)(i), save that for the purposes of such calculation, the reference to the "Nominal Exchange Price" therein shall be replaced with reference to the "Effective Exchange Price" (ignoring for these purposes the fact that Shares may not, under applicable law as at the Closing Date, be issued at a price less than the Nominal Exchange Price and disregarding for these purposes any Differential Amount Shares)).

"**Voluntary Early Redemption Date**" shall have the meaning given to such term in Condition 6.1(a).

"**Voluntary Early Redemption Notice**" shall have the meaning given to such term in Condition 6.1(a).

"**Voluntary Early Redemption Trigger Date**" means the date falling three Business Days which are also Trading Days prior to the Voluntary Early Redemption Date.

"**Voting Rights**" means the right generally to vote at a general meeting of the shareholders of the Obligor.

"**VWAP**" means, in respect of the Shares or any other publicly traded securities on any Trading Day, the volume weighted average trading price for such Shares or other securities published on Bloomberg page (DANA UH EQUITY VAP) (or, if such source is no longer available, such other source as shall be determined to be appropriate by the Delegate having consulted the Expert) for such Trading Day provided that, if at any time during the relevant calculation period, the Shares or other securities, as the case may be, shall have been quoted ex-dividend, ex-Distribution or ex-any other entitlement to another security or asset and during some other part of such period shall have been quoted cum-dividend, cum-Distribution or cum-any other entitlement to another security or asset, then the volume weighted average trading prices on the Trading Days during such period on which the Shares or other securities, as the case may be, shall have been quoted cum-dividend, cum-Distribution or cum-any other entitlement to another security or asset shall, for the purpose of this definition, be deemed to be the amount thereof reduced by an amount equal to the value of such dividend, Distribution or other entitlement per Share or other security, as the case may be.

22.2 ***Interpretation***

In these Conditions, unless otherwise specified or unless the context otherwise requires:

(a) references to any issue or offer or grant to Shareholders "as a class" or "by way of rights" shall be construed so as to include an issue or offer or grant to all or substantially all Shareholders other than Shareholders to whom, by reason of the laws of any jurisdiction or requirements of any recognised regulatory body or any stock exchange in any jurisdiction or in connection with fractional entitlements, it is determined not to make such issue or offer or grant;

(b) references to the "issue" of Shares shall include the transfer and/or delivery of Shares by Dana Gas or any of its subsidiaries, whether newly issued and allotted or previously existing (and "issuing" of Shares shall be construed accordingly);

(c) Shares held by Dana Gas or any of its subsidiaries shall not be considered as or treated as "in issue"; and

(d) headings and sub-headings are for ease of reference only and shall not affect the construction of these Conditions.

TERMS AND CONDITIONS OF THE ORDINARY CERTIFICATES

The following is the text of the Terms and Conditions of the Ordinary Certificates which (subject to completion and amendment and save for the text in italics) will be endorsed on each Ordinary Certificate in definitive form (if issued) and will be attached and (subject to the provisions thereof) apply to the Global Certificates in respect of the Ordinary Certificates:

Each of the U.S.$425,040,000 Ordinary Certificates (Sukuk al-Mudarabah) due 31 October 2017 (the "**Ordinary Certificates**") represents an undivided ownership of the Trust Assets held on trust for the holders of such Ordinary Certificates and the holders of the U.S.$425,040,000 exchangeable certificates (Sukuk al-Mudarabah) due 31 October 2017 (the "**Exchangeable Certificates**" and, together with the Ordinary Certificates, the "**Certificates**") pursuant to an amended and restated declaration of trust (the "**Declaration of Trust**") dated 8 May 2013 (the "**Closing Date**") made between, among others, Dana Gas Sukuk Limited (in its capacity as issuer and as trustee, the "**Trustee**"), Dana Gas PJSC ("**Dana Gas**" or the "**Obligor**") and Deutsche Trustee Company Limited (the "**Delegate**"). The Certificates are constituted by the Declaration of Trust.

Payments relating to the Ordinary Certificates will be made in accordance with an amended and restated paying, calculation and exchange agency agreement dated the Closing Date (as amended or supplemented from time to time, the "**Agency Agreement**") made between, among others, the Trustee, the Delegate, Deutsche Bank AG, London Branch as principal paying and exchange agent (in such capacity, the "**Principal Paying and Exchange Agent**" and, together with any further or other paying and exchange agents appointed from time to time in respect of the Certificates, the "**Paying and Exchange Agents**"), Deutsche Bank Luxembourg S.A. as transfer agent (in such capacity, the "**Transfer Agent**" and, together with any further or other transfer agents appointed from time to time in respect of the Certificates, the "**Transfer Agents**"), and as replacement agent (in such capacity, the "**Replacement Agent**" and, together with any further or other replacement agents appointed from time to time in respect of the Certificates, the "**Replacement Agents**"), Conv-Ex Advisors Limited as calculation agent (in such capacity, the "**Calculation Agent**") and Deutsche Bank Luxembourg S.A. as registrar (in such capacity, the "**Registrar**"). References to the Delegate, the Principal Paying and Exchange Agent, the Paying and Exchange Agents, the Transfer Agents, the Replacement Agents, the Calculation Agent and the Registrar shall include any successor thereto in each case in such capacity.

Save as provided in Condition 14.1 (*Enforcement and Exercise of Rights*), in circumstances where the Trustee has discretion to act it will only act upon the instructions given by or on behalf of the Certificateholders in carrying out the activities of the Trust. To facilitate the giving of such instructions by the Certificateholders, it is a term of the Certificates that Deutsche Trustee Company Limited (or any successor thereto) is appointed as Delegate pursuant to the Declaration of Trust to act as agent for the Certificateholders and be entitled to provide instructions to the Trustee on their behalf and the Certificateholders hereby authorise the Delegate to so act. Subject to Condition 14.4 (*Enforcement and Exercise of Rights*), the Certificateholders will have no direct recourse against the Trustee, and, in relation to the Trustee and the Obligor, Certificateholders may only act through the Delegate and shall not be entitled to instruct the Trustee directly. To the extent not already received from the Trustee or the Obligor, the Delegate shall be entitled to receive its properly incurred fees, costs, charges and expenses for acting as agent for the Certificateholders in addition to the payment or satisfaction of any Liability incurred (or expected to be properly incurred) by the Delegate in the distribution of the Trust Assets ahead of any distributions to Certificateholders. By subscribing for or purchasing interests in the Certificates, the Certificateholders irrevocably appoint the Delegate to act as their agent on the terms set out in the Declaration of Trust.

Pursuant to an amended and restated security agency agreement (the "**Security Agency Agreement**") dated the Closing Date and made between, among others, the Trustee, Deutsche Bank AG, Abu Dhabi Branch as principal security agent (the "**Principal Security Agent**") and Commercial International Bank (Egypt) S.A.E. as Egyptian security agent (the "**Egyptian Security Agent**" and together with the Principal Security Agent, the "**Security Agents**" and each a "**Security Agent**"), the Security Agents shall hold the benefit of the security constituted by the Security Documents for the benefit of the Trustee, and such rights of the Trustee shall constitute part of the Trust Assets held on behalf of the Certificateholders.

The Declaration of Trust includes therein a number of provisions regulating (among other things) the respective rights of the holders of the Exchangeable Certificates and the holders of the Ordinary Certificates in respect of (i) enforcement of the security constituted by the Security Documents; (ii) amendments and waivers in respect of the subject matter of the Transaction Documents; and (iii) voting by the holders of the Exchangeable Certificates and/or the holders of the Ordinary Certificates in respect of the subject matter of the Transaction Documents. Such provisions are referred to in these Conditions as the "**Allocation Arrangements**". The terms of the Allocation Arrangements prevail over anything in these Conditions to the contrary. If there is any inconsistency

between the terms of the Allocation Arrangements and these Conditions, these Conditions will be construed as if they have been amended to conform to the terms of the Allocation Arrangements.

The statements in these terms and conditions (the "**Conditions**") include summaries of the detailed provisions of the Declaration of Trust (including the Allocation Arrangements), the Agency Agreement, the Mudarabah Agreement, the Purchase Undertaking, the Sale Undertaking, the Security Agency Agreement and the Security Documents. Unless given a defined meaning elsewhere in these Conditions or the context requires otherwise, capitalised terms used in these Conditions shall have the meanings given in Condition 22 (*Definitions and Interpretation*). In addition, (and unless the context requires otherwise) words and expressions defined and rules of construction and interpretation set out in the Declaration of Trust shall, unless defined herein or unless the context otherwise requires, have the same meanings herein. Copies of the Transaction Documents are available for inspection and collection by Certificateholders during normal business hours at the specified offices of the Paying and Exchange Agents. The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Declaration of Trust and the Agency Agreement applicable to them.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee to apply the Consideration (as defined below) in respect of its Certificates as the Trustee's contribution to the capital of the Mudarabah under the Mudarabah Agreement, and to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Declaration of Trust and these Conditions.

Ordinary Certificateholders, by acquiring and holding Ordinary Certificates, will be deemed to agree between themselves, with the Exchangeable Certificateholders and with the Trustee that the profit received by the Trustee from the Trust Assets shall not be distributed equally between all Certificateholders, but instead shall be distributed between the Certificateholders in such proportions as may be necessary to ensure that the Ordinary Certificateholders receive a Periodic Distribution Amount of 9 per cent. per annum and the Exchangeable Certificateholders receive a Periodic Distribution Amount of 7 per cent. per annum, in each case subject to and calculated in accordance with these Conditions or the terms and conditions of the Exchangeable Certificates, as the case may be, and the Allocation Arrangements.

These Conditions set out the terms and conditions applicable to the Ordinary Certificates.

1 Form, Denomination, Title and Description

1.1 *Form and Denomination*

The Ordinary Certificates are issued in registered form in principal amounts of U.S.$45,000 and integral multiples of U.S.$10 in excess thereof. A certificate will be issued to each Ordinary Certificateholder in respect of its registered holding of Ordinary Certificates. Each certificate will be numbered serially with an identifying number which will be recorded on the relevant certificate and in the register (the "**Register**") of Ordinary Certificateholders which the Trustee will cause to be kept by the Registrar.

Upon issue, the Ordinary Certificates will be represented by an Unrestricted Global Certificate and a Restricted Global Certificate, each deposited with a common depositary for, and registered in the name of a nominee of the common depositary for, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme. The Conditions are modified by certain provisions contained in the Global Certificates. Except in the limited circumstances described in the Global Certificates, owners of interests in Ordinary Certificates represented by the Global Certificates will not be entitled to receive definitive certificates in respect of their individual holdings of Ordinary Certificates. The Ordinary Certificates are not issuable in bearer form.

1.2 *Title*

The Trustee will cause the Registrar to maintain the Register in respect of the Ordinary Certificates in accordance with the provisions of the Agency Agreement. Title to the Ordinary Certificates passes only by registration in the register of Ordinary Certificateholders kept by the Registrar. The registered holder of any Ordinary Certificate will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the certificate issued in respect of it) and no person will be liable for so treating the holder of any Ordinary Certificate. In these Conditions, "**Ordinary Certificateholder**" and (in relation to an Ordinary Certificate) "**holder**", and "**Certificateholder**" and (in relation to a Certificate) "**holder**" each has the definition given to it in the Declaration of Trust.

2 Transfers of Ordinary Certificates and Issue of Ordinary Certificates

2.1 *Transfers*

Subject to Conditions 2.4 (*Transfers after Transfer Record Date*), 2.5 (*Regulations*) and 6.8 (*Compulsory Sale*), and to the limitations as to transfer set out in Condition 1.2 (*Title*) and the terms of the Agency Agreement, an Ordinary Certificate may be transferred by depositing the certificate issued in respect of that Ordinary Certificate, with the form of transfer duly completed and signed, at the specified office of any of the Transfer Agents.

Transfers of interests in the Ordinary Certificates represented by the Global Certificates will be effected in accordance with the rules of the relevant clearing systems. See "Transfer Restrictions".

2.2 *Delivery of New Ordinary Certificates*

Each new certificate to be issued upon transfer of Ordinary Certificates will, within five business days of receipt by the relevant Transfer Agent of the duly completed form of transfer at the offices of the Transfer Agent, be mailed by uninsured mail at the risk of the holder entitled to the Ordinary Certificate to the address specified in the form of transfer.

Where some but not all of the principal amount of the Ordinary Certificates in respect of which a certificate is issued is to be transferred, a new certificate in respect of the principal amount of the Ordinary Certificates not so transferred will, within five business days of receipt by the relevant Transfer Agent of the original certificate, be mailed by uninsured mail at the risk of the holder of the principal amount of the Ordinary Certificates not so transferred to the address of such holder appearing on the register of Ordinary Certificateholders or as specified in the form of transfer.

Whilst the Ordinary Certificates are represented by the Global Certificates, except in the limited circumstances described in such Global Certificates, owners of interests in the Ordinary Certificates will not be entitled to receive physical delivery of certificates representing their Ordinary Certificates.

For the purposes of this Condition, "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the Transfer Agent with whom a certificate is deposited in connection with a transfer is located.

2.3 *Formalities Free of Charge*

Registration of transfers of Ordinary Certificates will be effected without charge by or on behalf of the Trustee or any Transfer Agent but upon payment (or the giving of such indemnity as the Trustee or any Transfer Agent may reasonably require) by the transferee in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 *Transfers after Transfer Record Date*

No Ordinary Certificateholder may require the transfer of an Ordinary Certificate to be registered (a) during the period of fifteen days ending on (and including) any of an Optional Redemption Date, the Tax Redemption Date and the Early Redemption Date, (b) after a Change of Control Put Exercise Notice has been deposited in respect of such Ordinary Certificate, or (c) during the period of fifteen days ending on (and including) any Periodic Distribution Date or, as the case may be, the Scheduled Redemption Date.

2.5 *Regulations*

All transfers of Ordinary Certificates and entries on the Register will be made subject to the detailed regulations concerning transfer of Certificates scheduled to the Agency Agreement. The regulations may be changed by the Trustee from time to time with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Ordinary Certificateholder who requests in writing a copy of the regulations.

3 Status, Security and Limited Recourse

3.1 *Status and Security*

Each Ordinary Certificate represents an undivided ownership interest in the Trust Assets and ranks *pari passu*, without any preference, with the other Ordinary Certificates. The Ordinary Certificates also rank *pari passu*, without any preference, with the Exchangeable Certificates in respect of payments received by or on behalf of the Trustee in respect of the Trust Assets, including any proceeds of enforcement of the Shared Security (as defined below).

The obligations of Dana Gas under the Purchase Undertaking are, or in the case of (e) and (f) below, within forty-five (45) days of the Closing Date will be, secured (or supported, in the case of (e) below) by the following:

(a) a charge over the registered shares of Dana LNG Ventures Ltd. held by Dana Gas;

(b) a pledge over the shares of Sajaa Gas Private Limited Company held by Dana Gas;

(c) a pledge over the shares of United Gas Transmissions Company held by Dana Gas;

(d) a registered mortgage over land in Sharjah owned by Sajaa Gas Private Limited Company;

(e) a conditional assignment of receivables under various gas sales agreements by Dana Gas Egypt Ltd.; and

(f) a pledge over the shares of Danagaz W.L.L. held by Dana Gas,

all as more particularly described in the Declaration of Trust and the Security Documents. All such security (and contractual assignment agreement in the case of (e) above) will be granted in favour of the relevant Security Agent to hold the same as security agent for and on behalf of the Trustee (all such security or contractual assignment agreement being collectively referred to in these Conditions as the "**Shared Security**").

The Obligor has undertaken in the Purchase Undertaking to execute, and to procure that Dana Gas Egypt Ltd. executes, to the extent that the conditional assignment of receivables referred to in (e) above or the pledge over the shares of Danagaz W.L.L referred to in (f) above has not been executed by the Closing Date, such conditional assignment of receivables and share pledge as soon as practicable and in any event on or before the date falling forty-five (45) days after the Closing Date. In addition, the Obligor has agreed to take all actions, or procure that all actions are taken, that are required to perfect the security created or intended to be created under or evidenced by the Security Documents in the case of the charge over the registered shares of Dana LNG Ventures Ltd. referred to in (a) above, as soon as practicable and in any event on or before the date falling five (5) days after the Closing Date, and (B) in the case of each of the security (or contractual assignment agreement in the case of (e) above) arrangements described in (b) to (f) above, as soon as practicable and in any event on or before the date falling forty-five (45) days after the Closing Date.

The Obligor has undertaken in the Purchase Undertaking to deliver a certificate or certificates by no later than 45 days following the Closing Date confirming compliance with the security perfection requirements set out therein in respect of the Shared Security, together with supporting documentary evidence in respect thereof. The Trustee shall promptly notify the Ordinary Certificateholders in accordance with Condition 16 (*Notices*) of receipt (or non-receipt, as the case may be) of such compliance confirmation certificate or certificates, and shall make such compliance confirmation certificate or certificates and supporting documentary evidence available for inspection and collection by Ordinary Certificateholders.

3.2 ***Limited Recourse***

Notwithstanding anything to the contrary contained herein or in any other Transaction Document, no payment whatsoever shall be made in respect of the Ordinary Certificates by the Trustee, the Delegate or the Trust or any agents thereof except to the extent that funds are available therefor from the Trust Assets.

The Ordinary Certificates do not represent an interest in any of the Trustee, the Obligor, the Mudarib, the Delegate, the Agents or any of their respective affiliates. Ordinary Certificateholders by subscribing for or acquiring the Ordinary Certificates acknowledge that no recourse may be had for the payment of any amount owing in respect of the Ordinary Certificates against any of the Obligor or the Mudarib (to the extent that each fulfils all of its obligations under the relevant Transaction Documents to which it is a party), or any of the Trustee, the Delegate or the Agents or the Trust to the extent the Trust Assets have been exhausted following which all obligations of the Trustee and the Trust shall be extinguished.

No recourse under any obligation, covenant or agreement contained in these Conditions shall be had against any shareholder, member, officer, agent or director of the Trustee, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise. The obligations of the Trustee under these Conditions are corporate or limited liability obligations of the Trustee and no personal liability shall attach to or be incurred by the shareholders, members, officers, agents or directors of the Trustee save in the case of their wilful default, fraud or gross negligence.

The net proceeds of the realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Ordinary Certificates. If, following distribution of

such proceeds, there remains a shortfall in payments due under the Ordinary Certificates, no Ordinary Certificateholder will have any claim against any of the Issuer, the Obligor or the Mudarib (to the extent that each fulfils all of its obligations under the relevant Transaction Documents to which it is a party), or against the Trustee, the Trust, the Delegate, the Agents or any of their affiliates or recourse to any of their assets in respect of such shortfall and any unsatisfied claims of Ordinary Certificateholders shall be extinguished. In addition, no Ordinary Certificateholder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of the Obligor and the Mudarib (to the extent that each fulfils all of its obligations under the relevant Transaction Documents to which it is a party), or any of the Trustee, the Trust, the Delegate, the Agents or any of their affiliates as a consequence of such shortfall or otherwise.

4 Trust

4.1 *Summary of the Trust*

The Trustee will act as trustee for and on behalf of the Certificateholders pursuant to the Declaration of Trust.

On 31 October 2007, pursuant to a mudarabah agreement (the "**Original Mudarabah Agreement**") entered into between the Trustee and Dana Gas (in its capacity as *Mudarib*, the "**Mudarib**"), the Mudarib invested U.S.$1,000,000,000 (the "**Initial Mudarabah Capital**") in certain mudarabah assets (the "**Initial Mudarabah Assets**") in accordance with an investment plan set out in the Original Mudarabah Agreement. On the Closing Date, at the request of the Trustee, the Mudarib will transfer 14.992 per cent. of the Initial Mudarabah Assets (representing U.S.$149,920,000 of the Initial Mudarabah Capital) to Dana Gas PJSC (in its independent capacity) and the Trustee and the Mudarib will agree to amend and restate the Original Mudarabah Agreement (such amended and restated *mudarabah* agreement being the "**Mudarabah Agreement**"). Pursuant to the Mudarabah Agreement, the Mudarib will continue to manage the remaining balance of the Initial Mudarabah Assets (representing the remaining balance of the Initial Mudarabah Capital, being U.S.$850,080,000 at the Closing Date (the "**Mudarabah Capital**")) in accordance with an investment plan prepared by the Mudarib and scheduled to the Mudarabah Agreement (the "**Investment Plan**"). The Investment Plan permits certain investments to be made in a number of Sharia compliant activities, including (without limitation) certain investments in Dana Gas's business activities. The mudarabah constituted by the Mudarabah Agreement is referred to in these Conditions as the "**Mudarabah**".

The Investment Plan and the terms of the Mudarabah Agreement contemplate that the Mudarabah will generate a profit which shall be distributed one Business Day prior to each Periodic Distribution Date (a "**Distributable Profit Determination Date**") in accordance with the following proportions: ninety nine per cent. to the rab al-maal (as such term is defined in the Mudarabah Agreement) and one per cent. to the Mudarib. Pursuant to the Mudarabah Agreement, the Mudarib has agreed to maintain a ledger account (the "**Reserve Account**") in its books, denominated in U.S. dollars. If on any Distributable Profit Determination Date, the amount of profit distributable to the Trustee (in its capacity as rab-al-maal) is greater than the amount required to pay the aggregate of all periodic distribution amounts due in respect of the Certificates (and any other amounts in respect of or in connection with the Certificates due in accordance with these Conditions and the Exchangeable Conditions and the Transaction Documents) (the "**Periodic Required Amount**") on the immediately following Periodic Distribution Date, the Mudarib will credit any such excess amounts to the Reserve Account. If, on any Distributable Profit Determination Date, there is a shortfall between (i) the amount of profit distributable to the Trustee (in its capacity as rab-al-maal) on such date, and (ii) the Periodic Required Amount payable on the immediately following Periodic Distribution Date (a "**Shortfall**"), the Mudarib will transfer to the Transaction Account (in U.S. dollars in funds with same day value) an amount equal to the Shortfall from the Reserve Account (or such lesser amount as is then standing to the credit of the Reserve Account, having first repaid any amounts to the Reserve Account that were previously deducted by, and used for the account of, the Mudarib as described below). The Mudarib will be entitled to deduct amounts standing to the credit of the Reserve Account at any time during the term of the Mudarabah and to use such amounts for its own account, provided that such amounts shall be repaid by it if so required to fund a Shortfall. Following payment of all amounts due and payable in respect of and in connection with the Certificates and the Transaction Documents, the Mudarib shall be entitled to retain any amounts that remain standing to the credit of the Reserve Account for its own account as an incentive payment for acting as Mudarib.

See "Summary of Principal Transaction Documents" appearing elsewhere in these Listing Particulars for further information in respect of the Mudarabah Agreement and the other Transaction Documents.

Pursuant to the Declaration of Trust, the Trustee will declare a trust (the "**Trust**") for the benefit of the Certificateholders over all of its rights, title, interest and benefit, present and future, in, to and under the Mudarabah Assets and each of the Transaction Documents (other than in relation to any representations given to the Trustee by the Obligor or the Mudarib pursuant to any of the Transaction Documents), all moneys which may now be, or hereafter from time to time are, standing to the credit of the Transaction Account, all Shares which may now be, or hereafter from time to time are, held in the Custody Account in connection with the Exchangeable Certificates and all proceeds of the foregoing (together, the "**Trust Assets**"). All payments by either the Mudarib or the Obligor to the Trustee for the Certificateholders under each Transaction Document to which it is party will be deposited into an account of the Trustee maintained for such purpose, details of which are set out in the Agency Agreement (the "**Transaction Account**").

The Mudarabah Agreement, the Purchase Undertaking, the Sale Undertaking, the Security Documents, the Declaration of Trust, the Agency Agreement, the Certificates, the Security Agency Agreement and any other agreements and documents designated as such by the Trustee and the Obligor are collectively referred to as the "**Transaction Documents**".

4.2 ***Application of Proceeds from Trust Assets***

Pursuant to the Declaration of Trust, the Trustee holds the Trust Assets for and on behalf of the Certificateholders. On each Periodic Distribution Date, or on a date specified in accordance with those Certificates for the redemption of all or part of the Certificates (each a "**Redemption Date**"), the Trustee shall apply, or procure the application by the Principal Paying and Exchange Agent on its behalf of, the moneys standing to the credit of the Transaction Account in the following order of priority:

(i) *first*, only if such payment is due on a Periodic Distribution Date or a Redemption Date on which all of the Exchangeable Certificates and/or the Ordinary Certificates are to be redeemed in full, to pay the Delegate and the Security Agents (or any appointee of the Delegate or the Security Agents (an "**Appointee**")) an amount equal to any sum payable to it on account of its properly incurred fees, costs, charges and expenses and to pay or provide for the payment or satisfaction of any Liability incurred (or expected to be properly incurred) by the Delegate, the Security Agents or any of their respective Appointees pursuant to the Declaration of Trust, the Security Agency Agreement or in connection with any of the other Transaction Documents, these Conditions or the Exchangeable Conditions;

(ii) *second*, only if such payment is due on a Periodic Distribution Date, to the Principal Paying and Exchange Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid in respect of the Exchangeable Certificates and the Ordinary Certificates;

(iii) *third*, to the Principal Paying and Exchange Agent for application in or towards payment *pari passu* and rateably of (a) in respect of the Exchangeable Certificates (x) only if such payment is due on a Voluntary Early Redemption Date (or, as the case may be, such other date on which such payment falls due in accordance with the Exchangeable Conditions), the Voluntary Early Redemption Amount, the Differential Amount, any Relevant Amounts, any Additional Cash Amounts and the Foreign Ownership Amount (if any), in each case due to an Exercising Certificateholder; and (y) only if such payment is due on the Scheduled Redemption Date, any Trustee Early Redemption Date, the Change of Control Put Date, the Tax Redemption Date, any Optional Partial Redemption Date or the Early Redemption Date (in each case as defined in the Exchangeable Conditions), the Relevant Redemption Amounts specified in the Exchangeable Conditions; and (b) in respect of the Ordinary Certificates, only if such payment is due on the Scheduled Redemption Date, the Change of Control Put Date, the Tax Redemption Date, any Optional Redemption Date or the Early Redemption Date, the Relevant Redemption Amounts specified in these Conditions; and

(iv) *fourth*, only if such payment is due on the Scheduled Redemption Date (and no Certificate remains outstanding), in payment of the surplus (if any) to the Trustee.

4.3 ***Late Payment Amounts Received***

If the Trustee receive(s) any Late Payment Amount, then the Trustee will in each case notify each Certificateholder of the aggregate amount so received and shall donate such late payment amounts to The Red Crescent Society.

5 Periodic Distributions

5.1 *Periodic Distribution Amounts and Periodic Distribution Dates*

A Periodic Distribution Amount, representing a defined share of the profit in respect of the Trust Assets derived from payments made to the Trustee (as rab al-maal) under the Mudarabah Agreement, will accrue and, subject to the Allocation Arrangements, be payable on the Ordinary Certificates and be distributed by the Trustee in accordance with these Conditions.

Subject to Condition 3.2 (*Limited Recourse*), Condition 4.2 (*Application of Proceeds from Trust Assets*), Condition 10 (*Dissolution of Trust*) below and the Allocation Arrangements, the distribution payable in respect of the Ordinary Certificates for any Return Accumulation Period shall be the Periodic Distribution Amount and will be made by the Trustee in respect of the Ordinary Certificates in arrear on each Periodic Distribution Date in accordance with Condition 9 (*Payment*).

The Periodic Distribution Amount payable on any Periodic Distribution Date shall be distributed to each Ordinary Certificateholder *pro rata* (in an amount calculated by multiplying the Periodic Distribution Amount by a fraction of which the numerator is the principal amount of the relevant Ordinary Certificateholder's Ordinary Certificates and the denominator is the Aggregate Face Amount on the relevant Periodic Distribution Date, and rounding the resultant figure to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards).

If a distribution is required to be paid in respect of an Ordinary Certificate on any other date, the amount of such distribution shall be calculated by the Calculation Agent by applying the Rate to the principal amount of such Ordinary Certificate, multiplying the product by the Day Count Fraction and rounding the resultant figure to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards.

5.2 *Notifications etc.*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 by the Calculation Agent on behalf of the Trustee will (in the absence of manifest error) be binding on the Trustee, the Delegate, the Agents and the Ordinary Certificateholders. No liability to the Trustee, the Delegate, the Obligor, the Agents or the Ordinary Certificateholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

5.3 *Cessation of Accrual*

No further amounts will accrue or be payable on any Ordinary Certificate from and including its due date for redemption unless upon due presentation payment in respect of the Ordinary Certificate is improperly withheld or refused, in which event distribution amounts will continue to accrue on such Ordinary Certificate at the Rate and as provided herein (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Ordinary Certificate up to that day are received by or on behalf of the relevant Ordinary Certificateholder, and (b) the day seven days after the Trustee or the Principal Paying and Exchange Agent has notified Ordinary Certificateholders of receipt of all sums due in respect of all the Ordinary Certificates up to that seventh day (except to the extent that there is failure in the subsequent payment and/or delivery to the relevant Ordinary Certificateholders under these Conditions).

6 Redemption

6.1 *Scheduled Redemption*

Unless previously redeemed or purchased and cancelled, subject to the Allocation Arrangements, the Ordinary Certificates shall be redeemed in full by the Trustee on the Scheduled Redemption Date in cash for an amount equal to the Standard Redemption Amount as of such date. The Trust shall only be dissolved following such payment in full and following all payments and/or deliveries having been made on the Exchangeable Certificates as required by the Exchangeable Conditions.

The Standard Redemption Amount shall be distributed on the Scheduled Redemption Date *pro rata* amongst the Ordinary Certificates. The Calculation Agent will calculate the amount payable in respect of any Ordinary Certificate by multiplying the Standard Redemption Amount by a fraction of which the numerator is the principal amount of the relevant Ordinary Certificate and the denominator is the Aggregate Face Amount on the Scheduled Redemption Date and rounding the resultant figure to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards.

6.2 ***Dissolution Event - Early Redemption***

Following the occurrence of a Dissolution Event, the Ordinary Certificates may, subject to Condition 13 (*Dissolution Events*) and the Allocation Arrangements, be redeemed in full on the Early Redemption Date in cash at an amount equal to the Standard Redemption Amount as of such date. The Trust shall only be dissolved following such payment in full and following all payments and/or deliveries having been made on the Exchangeable Certificates as required by the Exchangeable Conditions.

The Standard Redemption Amount shall be distributed on any Early Redemption Date *pro rata* amongst the Ordinary Certificates. The Calculation Agent will calculate the amount payable in respect of any Ordinary Certificate by multiplying the Standard Redemption Amount by a fraction of which the numerator is the principal amount of the relevant Ordinary Certificate and the denominator is the Aggregate Face Amount on the Early Redemption Date and rounding the resultant figure to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards.

6.3 ***Redemption at the Option of the Trustee***

At any time or times, on giving not less than 28 nor more than 32 Business Days' notice (an "**Optional Redemption Notice**") to the Principal Paying and Exchange Agent (with a copy to the Delegate and the Registrar) and to the Ordinary Certificateholders in accordance with Condition 16 (*Notices*), the Trustee may redeem the Ordinary Certificates in whole or in part on the date(s) (each an "**Optional Redemption Date**") specified in the relevant Optional Redemption Notice in cash for an amount (the "**Optional Redemption Amount**") equal to the aggregate of (i) the aggregate principal amount outstanding of the Ordinary Certificates to be redeemed on the relevant Optional Redemption Date; (ii) an amount equal to the applicable Optional Redemption Premium; and (iii) all unpaid accrued Periodic Distribution Amounts and all other accrued and unpaid distribution amounts (if any) due and payable in respect of the Ordinary Certificates to be redeemed on the relevant Optional Redemption Date under these Conditions.

For the purposes of this Condition 6.3, "**Optional Redemption Premium**" means an amount calculated as a percentage of the aggregate principal amount outstanding of the Ordinary Certificates to be redeemed on the relevant Optional Redemption Date, such percentage being determined as follows:

(A) where the Optional Redemption Date falls in the period from and including the Closing Date to but excluding 31 October 2013, 9 per cent.;

(B) where the Optional Redemption Date falls in the period from and including 31 October 2013 to but excluding 31 October 2014, 5 per cent.;

(C) where the Optional Redemption Date falls in the period from and including 31 October 2014 to but excluding 31 October 2015, 3 per cent.;

(D) where the Optional Redemption Date falls in the period from and including 31 October 2015 to but excluding 31 October 2016, 2 per cent.; and

(E) where the Optional Redemption Date falls in the period from and including 31 October 2016 to but excluding the Scheduled Redemption Date, 0 per cent.

The Optional Redemption Amount payable on an Optional Redemption Date shall be distributed *pro rata* amongst the Ordinary Certificates. The Calculation Agent will calculate the amount payable in respect of any Ordinary Certificate by multiplying the Optional Redemption Amount by a fraction of which the numerator is the principal amount of the relevant Ordinary Certificate and the denominator is the aggregate principal amount outstanding of all Ordinary Certificates to be redeemed on the relevant Optional Redemption Date and rounding the resultant figure to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards.

While the Ordinary Certificates remain in global form, represented by the Global Certificates, any such Optional Redemption Notice given pursuant to this Condition 6.3 shall be deemed to have been given to the Ordinary Certificateholders on the Business Day after the day on which such notice is delivered to the relevant clearing systems.

On an Optional Redemption Date, if the Trustee elects to redeem the Ordinary Certificates in part (and not in whole), the principal amount of each Ordinary Certificateholder's Ordinary Certificates will be reduced by the relevant Optional Partial Redemption Portion and Ordinary Certificateholders will have no further rights in respect of such Optional Partial Redemption Portion.

While the Ordinary Certificates remain in global form, represented by the Global Certificates, any partial redemption pursuant to Condition 6.3 will be effected in accordance with the rules of Euroclear and/or

Clearstream, Luxembourg, as the case may be, and will be reflected in the records of Euroclear and Clearstream, Luxembourg, as the case may be, by using the pool factor to reduce the nominal amount of each Ordinary Certificate held in such accounts.

Any Optional Redemption Notice shall be irrevocable and shall specify (i) the relevant Optional Redemption Date, (ii) the aggregate principal amount of Ordinary Certificates being redeemed, (iii) the Aggregate Face Amount as at the latest practicable date prior to the publication of the Optional Redemption Notice and (iv) the applicable Optional Redemption Premium.

6.4 ***Redemption for Change of Control***

(a) Upon the occurrence of a Change of Control, the holder of each Ordinary Certificate will have the right (the "**Change of Control Put Right**") at such Ordinary Certificateholder's option, to require the Trustee to redeem in whole but not in part such Ordinary Certificateholder's Ordinary Certificates on the Change of Control Put Date at the Change of Control Standard Redemption Amount. To exercise such right, the holder of the relevant Ordinary Certificate must complete, sign and deposit at the specified office of any Paying and Exchange Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying and Exchange Agent (the "**Change of Control Put Exercise Notice**") together with the Ordinary Certificates to be redeemed by not later than 60 Business Days following a Change of Control, or, if later, 60 Business Days following the date upon which notice thereof is given to Ordinary Certificateholders by the Trustee in accordance with Condition 16 (*Notices*) (the "**Change of Control Put Option Period**"). The "**Change of Control Put Date**" shall be the third Business Day immediately following the last day of the Change of Control Put Option Period.

(b) The Change of Control Standard Redemption Amount payable on any Change of Control Put Date shall be distributed *pro rata* amongst the Ordinary Certificates to be redeemed on the Change of Control Put Date. The Calculation Agent will calculate the amount payable in respect of any Ordinary Certificate by multiplying the Change of Control Standard Redemption Amount by a fraction of which the numerator is the principal amount of the relevant Ordinary Certificate and the denominator is the aggregate principal amount of Ordinary Certificates to be redeemed on the Change of Control Put Date and rounding the resultant figure to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards.

(c) A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Trustee shall redeem the Ordinary Certificates which form the subject of the Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

(d) The Delegate and the Paying and Exchange Agents shall be entitled to assume, until they receive actual notice to the contrary, that no Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and will not be responsible or liable to Ordinary Certificateholders for any loss arising from any failure by it to do so.

(e) Not later than four Business Days after becoming aware of a Change of Control, the Trustee shall procure that notice regarding the Change of Control shall be delivered to the Trustee, the Principal Paying and Exchange Agent, the Delegate and the Ordinary Certificateholders (in accordance with Condition 16 (*Notices*)) stating:

(i) the Change of Control Put Date;

(ii) the date of such Change of Control and, briefly, the events causing such Change of Control;

(iii) the date by which any Change of Control Put Exercise Notice must be given;

(iv) the procedures described in these Conditions that Ordinary Certificateholders must follow and the requirements described in these Conditions that Ordinary Certificateholders must satisfy in order to exercise the Change of Control Put Right;

(v) the names and specified offices of all Paying and Exchange Agents; and

(vi) that a Change of Control Put Exercise Notice, once validly given, may not be withdrawn.

6.5 ***Redemption for Taxation Reasons***

(a) At any time the Trustee may, having given not less than 28 nor more than 32 Business Days' notice to the Ordinary Certificateholders (which notice shall be irrevocable) redeem all, and not some only, of the Ordinary Certificates at the Tax Redemption Amount on the date fixed for redemption ("**Tax Redemption Date**")

(i) if (1) the Trustee has or will become obliged to pay additional amounts pursuant to Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Closing Date, and (2) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or

(ii) if (1) the Trustee has received notice from the Mudarib that it has or will become obliged to pay additional amounts pursuant to the terms of the Mudarabah Agreement to ensure that the funds available to the Trustee are sufficient to pay the relevant Periodic Distribution Amount as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Closing Date, and (2) such obligation cannot be avoided by the Mudarib taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which, in the case of Condition 6.5(a)(i), the Trustee would be obliged to pay such additional amounts were a payment in respect of the Ordinary Certificates then due and, in the case of Condition 6.5(a)(ii), the Mudarib would be obliged to pay such additional amounts were a payment to the Trustee under the Mudarabah Agreement then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Trustee shall deliver to the Delegate (x) a certificate signed by two directors of the Trustee (in the case of Condition 6.5(a)(i)), or the Mudarib (in the case of Condition 6.5(a)(ii)), stating that the obligation(s) referred to in (i) or (ii) above cannot be avoided by the Trustee or, as the case may be, the Mudarib (having taken reasonable measures available to it) and (y) an opinion of independent legal or tax advisors of recognised international standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective) and the Delegate shall (without any investigation required of it) accept such certificate and opinion as sufficient evidence thereof without liability to any person in which event it shall be conclusive and binding on the Ordinary Certificateholders.

(b) Upon the Tax Redemption Date, the Trustee shall redeem the Ordinary Certificates at the Tax Redemption Amount.

(c) The Tax Redemption Amount payable on the Tax Redemption Date shall be distributed *pro rata* amongst the Ordinary Certificates to be redeemed on the Tax Redemption Date. The Calculation Agent will calculate the amount payable in respect of any Ordinary Certificate by multiplying the Tax Redemption Amount by a fraction of which the numerator is the principal amount of the relevant Ordinary Certificate and the denominator is the aggregate principal amount of Ordinary Certificates to be redeemed on the Tax Redemption Date and rounding the resultant figure to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards.

6.6 ***Purchase***

Subject to the requirements (if any) of any stock exchange on which the Ordinary Certificates may be admitted to listing and trading at the relevant time, and subject to compliance with applicable laws and regulations, the Trustee, Dana Gas and any Subsidiary of Dana Gas may at any time purchase any Ordinary Certificates in the open market or otherwise at any price.

6.7 ***Cancellation***

Ordinary Certificates purchased by the Trustee, Dana Gas or any Subsidiary of Dana Gas shall be surrendered to the Principal Paying and Exchange Agent for cancellation and may not be held, re-issued or resold. In connection therewith, the Obligor shall exercise its rights under the Sale Undertaking to oblige the Trustee to sell to the Obligor part of its rights, benefits and entitlements in and to the Mudarabah Assets (such part being calculated by reference to the proportion that the principal amount of the Ordinary Certificates that are to be cancelled bears to the sum of the Aggregate Face Amount and the aggregate

principal amount outstanding of the Exchangeable Certificates at such time) in consideration for the cancellation of the purchased Ordinary Certificates.

6.8 ***Compulsory Sale***

If, at any time, the Trustee determines that any beneficial owner of Ordinary Certificates, or any account for which such owner purchased Ordinary Certificates, who is required to be a QP is not in fact such a QP, the Trustee may: (i) compel such beneficial owner to sell its Ordinary Certificates to: (A) a person who is not a U.S. person within the meaning of Regulation S under the Securities Act; or (B) a person who is a QIB that is also a QP; or (C) an AI who is also a QP and who, in each case, is otherwise qualified to purchase such Ordinary Certificates in a transaction exempt from registration under the Securities Act; or (ii) compel such beneficial owner to sell such Ordinary Certificates to the Trustee or an affiliate thereof at a price equal to the least of: (x) the purchase price paid by the beneficial owner for such Ordinary Certificates; (y) 100 per cent. of the face amount thereof; or (z) the fair market value thereof as determined in good faith by the board of directors of the Trustee. The Trustee has the right to refuse to register or otherwise honour the transfer of interests in such Ordinary Certificates to a person who is not: (i) a QIB that is also a QP; or (ii) an AI that is also a QP.

All redemptions and cancellations of Certificates under Condition 6 (Redemption) shall be carried out following an exercise of the Purchase Undertaking or the Sale Undertaking, as the case may be, or following a liquidation of the Mudarabah Assets in accordance with the terms of the Mudarabah Agreement.

7 Covenants

The Trustee has covenanted in the Declaration of Trust that, among other things, for so long as any Ordinary Certificate is outstanding, it shall not:

(a) incur any indebtedness in respect of borrowed money whatsoever, or give any guarantee in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) other than those in issue as at the Closing Date (including, for the avoidance of doubt, the Exchangeable Certificates);

(b) secure any of its present or future indebtedness for borrowed money by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law) except pursuant to any Transaction Document;

(c) sell, transfer, assign, participate, exchange, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its title to any of the Trust Assets or any interest therein except pursuant to any Transaction Document;

(d) subject to Condition 17.3 (*Meetings of Ordinary Certificateholders, Modification, Waiver, Authorisation and Determination*) and the Allocation Arrangements, amend or agree to any amendment of any of the Transaction Documents to which it is a party or its constitutional documents;

(e) exercise its option under the Purchase Undertaking except in its capacity as Trustee;

(f) act as trustee in respect of any trust other than the Trust, or in respect of any parties other than the Certificateholders and/or act as agent for any trust arrangement (other than the Trust);

(g) have any subsidiaries or employees;

(h) redeem any of its shares or pay any dividend or make any other distribution to its shareholders other than the distribution of £500 that the Trustee receives for acting as trustee in relation to the Certificates;

(i) put to its directors or shareholders any resolution for or appoint any liquidator for its winding up or any resolution for the commencement of any other bankruptcy or insolvency proceedings with respect to it; or

(j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or engage in any business or activity other than:

(i) as provided for or permitted in the Transaction Documents;

(ii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and

(iii) such other matters which are incidental thereto.

The Obligor has agreed in the Purchase Undertaking to be bound by certain restrictive covenants as described in "Summary of Principal Transaction Documents – Purchase Undertaking".

8 Calculation Agent

8.1 *Appointment*

The Trustee shall procure that so long as any of the Ordinary Certificates remain outstanding there shall at all times be a Calculation Agent to undertake all necessary calculations and/or determinations required pursuant to the Conditions and the Transaction Documents for the purposes of calculating the relevant amounts due to be paid on the Ordinary Certificates provided that the Trustee may terminate the appointment of such Calculation Agent in accordance with the provisions of the Agency Agreement. Unless otherwise specified, all such calculations shall be undertaken in respect of each U.S.$10 in principal amount of Ordinary Certificates. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent, the Trustee shall appoint the London office of another major bank engaged in the London interbank market, or an independent financial adviser with appropriate expertise, to act in its place. If the Trustee shall fail, within a reasonable time to appoint any such replacement, the Delegate shall be entitled (but not obliged) to make such appointment. The Calculation Agent may not resign its duties or be removed without a successor having been appointed.

8.2 *Determinations binding*

Any determination or calculation made by the Calculation Agent shall (in the absence of manifest error) be final and binding on the Trustee, the Delegate, the Obligor, the Mudarib, the Ordinary Certificateholders and the other Agents. The Calculation Agent may consult on any matter with any legal or other adviser selected by it and it shall not be liable in respect of anything done or omitted to be done relating to that matter in good faith in accordance with that adviser's opinion.

9 Payment

9.1 *Payments in Respect of Ordinary Certificates*

Subject to Condition 9.2 (*Payments subject to applicable laws*), payment of any Relevant Redemption Amount will be made on the relevant due date for payment by the Principal Paying and Exchange Agent by wire transfer in same day funds to the registered account of each Ordinary Certificateholder or by a U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars and mailed to the registered address of the Ordinary Certificateholder if it does not have a registered account. Payments of any Relevant Redemption Amount due will only be made against surrender of the relevant Ordinary Certificate at the specified office of any of the Paying and Exchange Agents.

Subject to Condition 9.2 (*Payments subject to applicable laws*), payment of any Periodic Distribution Amount will be made on the relevant due date for payment by the Principal Paying and Exchange Agent by wire transfer in same day funds to the Ordinary Certificateholder shown on the Register at the close of business on the seventh day before the Periodic Distribution Date. Such payment will be made to the registered account of each Ordinary Certificateholder or by a U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars and mailed to the registered address of the Ordinary Certificateholder if it does not have a registered account.

For the purposes of this Condition, an Ordinary Certificateholder's registered account means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the second Business Day before the due date for payment and an Ordinary Certificateholder's registered address means its address appearing on the Register at that time.

9.2 *Payments subject to applicable laws*

Payments in respect of Ordinary Certificates are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment or other laws to which the Trustee is subject and the Trustee will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 11 (*Taxation*).

9.3 ***Payment only on a Business Day***

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed in each case by the Principal Paying and Exchange Agent, on the date for payment or if later, on the Business Day on which the relevant Ordinary Certificate is surrendered at the specified office of a Paying and Exchange Agent.

Ordinary Certificateholders will not be entitled to any Periodic Distribution Amount and/or Relevant Redemption Amount or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the relevant Ordinary Certificateholder is late in surrendering its Ordinary Certificate (if required to do so) or, if a cheque mailed in accordance with this Condition arrives after the due date for payment.

9.4 ***Agents***

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that it will (a) maintain a paying agent or such other agents in such jurisdictions as may be required by any stock exchange on which the Certificates are listed and/or admitted to trading, and (b) ensure that it maintains a Paying and Exchange Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive. Notice of any termination or appointment and of any changes in specified offices will be given to Ordinary Certificateholders promptly by the Trustee in accordance with Condition 16 (*Notices*).

9.5 ***Allocation Arrangements in Declaration of Trust to prevail***

All payments under these Conditions shall be made in accordance with the Allocation Arrangements set out in the Declaration of Trust. The terms of the Allocation Arrangements shall prevail over anything in these Condition to the contrary. If there is any inconsistency between the terms of the Allocation Arrangements and this Condition, this Condition shall be construed as if it had been amended to conform to the terms of the Allocation Arrangements.

10 Dissolution of Trust

10.1 ***Scheduled Dissolution***

Unless the Ordinary Certificates are previously redeemed, or purchased and cancelled, in full, subject to the Allocation Arrangements, the Ordinary Certificates will be redeemed in full by the Trustee on the Scheduled Redemption Date in accordance with Condition 6.1 (*Scheduled Redemption*). The Trust will only be dissolved following such payment in full and following all payments and/or deliveries having been made on the Exchangeable Certificates as required by the Exchangeable Conditions.

10.2 ***Dissolution following a Dissolution Event***

Subject to Condition 13 (*Dissolution Events*) and the Allocation Arrangements, the Ordinary Certificates shall be redeemed in full by the Trustee on the Early Redemption Date in accordance with Condition 6.2 (*Dissolution Event - Early Redemption*). The Trust will only be dissolved following such payment in full and following all payments and/or deliveries having been made on the Exchangeable Certificates as required by the Exchangeable Conditions.

The Return Accumulation Period shall be adjusted to represent the period from, and including, the immediately preceding Periodic Distribution Date (or the Closing Date, as the case may be) to, but excluding, the due date for payment of the Relevant Redemption Amount, and the corresponding Periodic Distribution Amount shall be adjusted accordingly.

Upon payment in full of such amounts, the Ordinary Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof.

10.3 ***Cancellation***

All Certificates which are redeemed will forthwith be cancelled and accordingly may not be held, reissued or sold.

11 Taxation

All payments in respect of the Ordinary Certificates shall be made in full without withholding or deduction for, or on account of, any present or future taxes, levies, duties, fees, assessments or other charges of whatever nature, imposed, collected, withheld, assessed or levied by or on behalf of a Relevant Jurisdiction or any authority therein or thereof having power to tax, and all charges, penalties or similar liabilities with respect thereto ("**Taxes**"), unless the withholding or deduction of such Taxes is required by law. In such event, the Trustee shall be required to pay additional amounts so that the full amount which otherwise would have been due and payable under the Ordinary Certificates (if no such withholding or deduction had been made or required to be made) is received by parties entitled thereto, except that no such additional amount shall be payable by the Trustee in relation to any payment in respect of any Ordinary Certificate:

(a) presented for payment by or on behalf of a holder who is liable for such Taxes in respect of such Ordinary Certificate by reason of having some connection with any Relevant Jurisdiction other than the mere holding of such Ordinary Certificate; or

(b) presented for payment more than 30 days after the due date for payment of the Relevant Redemption Amount except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Business Day; or

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;

(d) presented for payment by or on behalf of an Ordinary Certificateholder who would be able to avoid such withholding or deduction by presenting the relevant Ordinary Certificate to another Paying and Exchange Agent in a Member State of the European Union; or

(e) where such withholding or deduction is for Taxes withheld or deducted pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (or any amended or successor version of such Sections), any U.S. Treasury regulations promulgated thereunder, any official interpretations thereof or any agreements entered into in connection with the implementation thereof.

12 Prescription

Claims in respect of amounts due in respect of the Ordinary Certificates will become prescribed unless made within periods of 10 years (in the case of principal) and five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect of the Ordinary Certificates, subject to the provisions of Condition 9 (*Payment*).

13 Dissolution Events

13.1 *Dissolution Events*

The occurrence of any of the following events shall constitute a "**Dissolution Event**":

(a) a default is made in the payment of any Periodic Distribution Amount or the Relevant Redemption Amount on the date fixed for payment thereof and such default continues unremedied for a period of three days; or

(b) the Trustee defaults in the performance or observance of any of its other obligations under or in respect of the Declaration of Trust or the Agency Agreement and (except in any case where the failure is incapable of remedy) such default remains unremedied for 21 days after written notice thereof, addressed to the Trustee by the Delegate, has been delivered to the Trustee; or

(c) an Event of Default occurs under the Purchase Undertaking; or

(d) at any time it is or will become unlawful for the Trustee to perform or comply with any of its obligations under the Transaction Documents to which it is a party or any of the obligations of the Trustee under the Transaction Documents to which it is a party are not, or cease to be, legal, valid, binding and enforceable; or

(e) either (i) the Trustee becomes insolvent or is unable to pay its debts as they fall due; (ii) an administrator or liquidator of the whole or substantially the whole of the undertaking, assets and

revenues of the Trustee is appointed (or application for any such appointment is made); (iii) the Trustee takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee or any indebtedness given by it; (iv) the Trustee ceases or threatens to cease to carry on all or substantially the whole of its business (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

(f) an order or decree is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Trustee; or

(g) the property of the Trustee is declared to be *en désastre* pursuant to the Bankruptcy (*Désastre*) Jersey Law 1990 (as amended); or

(h) any event occurs which under the laws of Jersey has an analogous effect to any of the events referred to in paragraph (e), (f) or (g) above; or

(i) a default is made in the payment of any periodic distribution amounts or any relevant redemption amount on the date fixed for payment thereof or any Shares are not delivered on the date fixed for delivery thereof in respect of the Exchangeable Certificates and such default continues unremedied for a period of three days.

Upon the occurrence of a Dissolution Event, the Trustee shall give notice of the occurrence of such Dissolution Event to the Delegate and the Ordinary Certificateholders in accordance with Condition 16 (*Notices*) with a request to such Ordinary Certificateholders to notify the Trustee and the Delegate in writing if they wish the Ordinary Certificates to be declared immediately due and payable in accordance with the following paragraph.

Upon the occurrence of a Dissolution Event and following the issuance of a notice pursuant to the preceding paragraph, the Delegate in its sole discretion may, and if so requested in writing by the holders of at least 25 per cent. in aggregate principal amount of the Ordinary Certificates then outstanding, or if so directed by an Extraordinary Resolution of the holders of the Ordinary Certificates shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) instruct the Trustee to, or if the Trustee so decides in its sole absolute discretion, the Trustee may, and, subject to Condition 14.4, if so directed in writing by the holders of at least 25 per cent. in aggregate principal amount of the Ordinary Certificates then outstanding or if so directed by an Extraordinary Resolution of the Ordinary Certificateholders shall, give notice to all the holders of the Ordinary Certificates in accordance with Condition 16 (*Notices*) that the Ordinary Certificates are immediately due and payable at the Relevant Redemption Amount (together with all other additional amounts due and payable under these Conditions) on the date specified in such notice (the "**Early Redemption Date**") and the Trustee, failing which the Delegate, shall immediately thereafter serve an Exercise Notice on the Obligor in accordance with the terms of the Purchase Undertaking to enforce the obligations of the Obligor thereunder.

13.2 ***Further action and dissolution***

Notwithstanding the foregoing, no action may be taken to enforce the Shared Security by any party except pursuant to Condition 14 (*Enforcement and Exercise of Rights*) and the Allocation Arrangements.

The Trust shall only be dissolved on the day after all Ordinary Certificates and all Exchangeable Certificates have been redeemed in full.

14 Enforcement and Exercise of Rights

14.1 Subject to the Allocation Arrangements, upon the occurrence of a Dissolution Event, to the extent that the amounts payable in respect of the Ordinary Certificates have not been paid in full following the steps referred to in Condition 13 (*Dissolution Events*), the Trustee and/or the Delegate (in the name of the Trustee and acting on behalf of the Ordinary Certificateholders) may or (upon satisfaction of the requirements of Condition 14.3) shall take one or more of the following steps:

(a) enforce the provisions of the Purchase Undertaking against the Obligor and/or the provisions of the Mudarabah Agreement against the Mudarib;

(b) take any action as it may consider necessary to enforce the security created by the Security Documents; and

(c) take such other steps as the Trustee and/or the Delegate (as the case may be) may consider necessary to recover amounts due to the Ordinary Certificateholders.

Notwithstanding the foregoing, the Trustee or the Delegate may at any time, at its discretion and without notice, take such proceedings and/or other steps as it may think fit against or in relation to the Obligor to enforce its obligations under the Transaction Documents, the Conditions and the Ordinary Certificates, subject in all cases to the Allocation Arrangements.

14.2 Neither the Trustee nor the Delegate shall be bound to take any action in relation to the Trust Assets or any Dissolution Event or to take any proceedings or any other steps under these Conditions or the Transaction Documents unless required to do so by either (a) the Delegate (in the case of the Trustee) or (b) subject to Condition 14.3, either (i) by an Extraordinary Resolution or (ii) in writing by Ordinary Certificateholders holding at least 25 per cent. in aggregate principal amount of the Ordinary Certificates then outstanding, and in each case then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against all Liability to which it may render itself liable or which it may incur by so doing.

14.3 The Delegate (acting as agent on behalf of the Ordinary Certificateholders) shall not be bound in any circumstances including, but not limited to, in accordance with this Condition 14 to instruct the Trustee to take any action in relation to the Trust Assets and/or take any action pursuant to the Transaction Documents or otherwise unless directed or requested to do so (a) by an Extraordinary Resolution of the Ordinary Certificateholders or (b) in writing by the holders of at least 25 per cent. in aggregate principal amount of the Ordinary Certificates then outstanding and in either case then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against all Liability to which it may thereby render itself liable or which it may incur by so doing. In addition the Delegate shall not be bound to provide any instructions pursuant to the penultimate paragraph of Condition 13 (*Dissolution Events*) unless it has actual notice of a Dissolution Event.

14.4 No Ordinary Certificateholder shall be entitled to proceed directly against, or to provide instructions to, the Trustee to pursue any claim arising under the Trust Assets or the Ordinary Certificates or to enforce the performance of any provisions of any of the Transaction Documents or for any other reason except through the agency of the Delegate unless (i) the Delegate has resigned its appointment in accordance with the terms of the Declaration of Trust and (ii) no successor or replacement has been appointed in its place (in accordance with the terms of the Declaration of Trust). Under no circumstances shall the Trustee, the Delegate or any Ordinary Certificateholders have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Purchase Undertaking and the Security Documents, and the sole right of the Trustee, the Delegate and Ordinary Certificateholders against the Obligor shall be to enforce the obligation of the Obligor to pay the Relevant Exercise Price.

14.5 Conditions 14.1, 14.2, 14.3 and 14.4 are subject to this Condition 14.5. After enforcing and distributing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with Condition 4.2 (*Application of Proceeds from Trust Assets*), the obligations of the Delegate and the Trustee in respect of the Ordinary Certificates shall be satisfied and no Ordinary Certificateholder may take any steps against the Delegate or the Trustee to recover any sums in respect of the Ordinary Certificates and the right to receive any such sums unpaid shall be extinguished. In particular, no Ordinary Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee or the Delegate, nor shall any of them have any claim in respect of the Trust Assets of any other trust established by the Trustee.

14.6 Any enforcement action or exercise of rights under and/or pursuant to these Conditions shall be effected in accordance with the terms of the Allocation Arrangements set out in the Declaration of Trust. The terms of the Allocation Arrangements shall prevail over anything in these Conditions to the contrary. If there is any inconsistency between the terms of the Allocation Arrangements and these Conditions, these Conditions shall be construed as if it had been amended to conform to the terms of the Allocation Arrangements.

15 Replacement of Certificates

Should any Ordinary Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified offices of the Replacement Agents upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Trustee may reasonably require. Mutilated or defaced Ordinary Certificates must be surrendered or an indemnity given before replacements will be issued.

16 Notices

16.1 All notices to the Ordinary Certificateholders will be valid if:

(a) published in a daily newspaper (which will be in a leading English language newspaper having general circulation) in the Gulf region and a daily newspaper having general circulation in London (which is expected to be the *Financial Times*) approved by the Trustee; or

(b) mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by air mail at their respective addresses in the Register.

In addition, the Trustee shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) by which the Ordinary Certificates have then been admitted to listing, trading and/or quotation. Any notice shall be deemed to have been given on the seventh day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

16.2 Notices to be given by any Ordinary Certificateholder shall be given in writing and given by lodging the same (together with the relevant Ordinary Certificates) with the Registrar and any relevant Agent. Any notice delivered to the Registrar or any Agent in accordance with these Conditions shall be deemed to have been delivered to the Trustee on the date on which such notice is delivered to the Registrar or the relevant Agent, as the case may be.

So long as the Ordinary Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Ordinary Certificateholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Ordinary Certificateholders in substitution for notification as required by the Ordinary Conditions except that, so long as the Ordinary Certificates are listed on any stock exchange, notices shall also be published in accordance with the rules of such stock exchange. Any such notice shall be deemed to have been given to the Ordinary Certificateholders on the Business Day after the day on which such notice is delivered to the relevant clearing systems.

17 Meetings of Ordinary Certificateholders, Modification, Waiver, Authorisation and Determination

17.1 It is a term of the Ordinary Certificates that the Delegate shall act as agent of the Certificateholders for the purposes of providing instructions to the Trustee in accordance with the terms of the Declaration of Trust. Subject to Condition 14.4 (*Enforcement and Exercise of Rights*), no Ordinary Certificateholder may directly provide instructions to the Trustee.

17.2 The Delegate and/or the Trustee may convene meetings of Ordinary Certificateholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of these Conditions or the provisions of the Declaration of Trust or any other Transaction Documents in accordance with the terms of the Allocation Arrangements. The quorum at any meeting for passing an Extraordinary Resolution will be two or more Ordinary Certificateholders, proxies or representatives holding or representing more than half in aggregate principal amount of the Ordinary Certificates for the time being outstanding, or at any adjourned such meeting two or more Ordinary Certificateholders, proxies or representatives present whatever the principal amount of the Ordinary Certificates held or represented by him or them. To be passed, an Extraordinary Resolution requires a majority in favour consisting of not less than three quarters of the persons voting on a show of hands or, if a poll is demanded, a majority of not less than three quarters of the votes cast on such poll. An Extraordinary Resolution duly passed at any meeting of Ordinary Certificateholders will be binding on all holders of the Ordinary Certificates, whether or not they are present at the meeting and whether or not voting.

The Declaration of Trust provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Ordinary Certificates outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Ordinary Certificateholders duly convened and held, provided that such resolution in writing shall only become effective on the fifth Business Day following delivery of the resolution in writing to the Trustee. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Ordinary Certificateholders.

17.3 Except in the case of an Ordinary Entrenched Right (as defined in the Declaration of Trust), the Delegate may agree, without the consent or sanction of the Ordinary Certificateholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Declaration of Trust, or determine, without any such consent as aforesaid, that any

Dissolution Event or Potential Dissolution Event shall not be treated as such, which in any such case is not, in the opinion of the Delegate, materially prejudicial to the interests of the Ordinary Certificateholders or may agree, without any such consent as aforesaid, to any modification which, in the opinion of the Delegate, is of a formal, minor or technical nature or to correct a manifest error.

17.4 In connection with the exercise by it of any of its trusts, powers, authorities and discretions, when considering the interests of the Ordinary Certificateholders, the Trustee or, as the case may be, the Delegate (acting on behalf of the Ordinary Certificateholders) shall have regard to the general interests of Ordinary Certificateholders as a class but shall not have regard to any interests arising from circumstances particular to individual Ordinary Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Ordinary Certificateholders or groups of Ordinary Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and neither the Trustee nor the Delegate shall be entitled to require, nor shall any Ordinary Certificateholder be entitled to claim, from the Trustee, the Delegate or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Ordinary Certificateholders except to the extent provided in Condition 11 (*Taxation*).

17.5 Any modification, abrogation, waiver, authorisation or determination made in accordance with the Allocation Arrangements shall be binding on Ordinary Certificateholders and any such modification, abrogation, waiver, authorisation or determination shall be notified by the Trustee (unless the Delegate otherwise agrees) to Ordinary Certificateholders as soon as practicable thereafter in accordance with Condition 16 (*Notices*), provided that a failure to give such notice shall not render invalid such modification, abrogation, waiver, authorisation or determination.

18 Indemnification and Liability of the Trustee and the Delegate

18.1 The Declaration of Trust contains provisions for the indemnification of the Trustee and the Delegate, in each case in certain circumstances and for relief from responsibility, including provisions relieving it from taking action (in particular, in connection with the exercise of any of its rights in respect of the Trust Assets) unless indemnified and/or secured and/or prefunded (including, if required by the Delegate, by payment on account) to its satisfaction. Prior to taking any such action, the Delegate may require that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient to indemnify it and, if such demand is made of the Trustee, the Trustee shall be obliged to make payment of all such sums in full.

18.2 Neither the Trustee nor the Delegate shall in any circumstances take any action unless directed to do so either by the Delegate or in accordance with Condition 14 (*Enforcement and Exercise of Rights*), and then only if the Trustee and/or the Delegate (as the case may be) shall have been indemnified and/or secured and/or prefunded to its satisfaction.

18.3 The Declaration of Trust also contains provisions pursuant to which no director or officer of the Delegate or of any holding, affiliated or associated company of the Delegate shall be precluded from purchasing or otherwise acquiring, holding, dealing in or disposing of any notes, bonds, debentures, shares or securities whatsoever or from being interested in any contract or transaction or from accepting and holding the office of trustee or administrator for the holders of any other securities, and in any case neither the Delegate nor any director or officer of the Delegate shall be liable to the Ordinary Certificateholders for any profit made by it or him thereby or in connection therewith.

18.4 Each of the Delegate and the Trustee (solely in its capacity as such) makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of any of the Mudarib or the Obligor under any Transaction Document to which it is a party and shall not under any circumstances have any liability or be obliged to account to Ordinary Certificateholders in respect of any payment which should have been made by any of the Mudarib or the Obligor, as the case may be, but is not so made, and shall not in any circumstances have any liability arising from the Trust Assets other than as expressly provided in these Conditions or the Declaration of Trust.

18.5 The Delegate and the Trustee shall not be liable in respect of any loss or theft of the Trust Assets or any cash or for failure in any obligation to insure the Trust Assets or any cash or for any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depositary or clearing system or are registered in the name of the Trustee or its nominee, unless (in the case of the Trustee) such loss or theft arises as a result of the fraud, wilful default or gross

negligence of the Trustee or (in the case of the Delegate) such loss or theft arises as a result of the fraud, wilful default or gross negligence of the Delegate.

18.6 Nothing contained in any Transaction Document, the Ordinary Certificates or these Conditions shall require the Delegate to expend or risk its own funds or otherwise incur any Liability in the performance of any of its duties or in the exercise of any of its rights, powers, authorities or discretions if it considers that the repayment of such funds or adequate indemnity against, or security for, such risk or Liability is not assured to it.

19 Currency Indemnity

The Trustee agrees to indemnify each Ordinary Certificateholder against any loss incurred by such holder as a result of any judgment or order being given or made for any amount due under such Ordinary Certificate and such judgment or order is expressed and paid in a currency (the "**Judgment Currency**") other than U.S. dollars and as a result of any variation as between (a) the rate of exchange at which the U.S. dollar is converted into the Judgment Currency for the purpose of such judgment or order and (b) the rate of exchange at which the holder on the date of payment of such judgment or order is able to purchase U.S. dollars with the amount of the Judgment Currency actually received by the holder. This indemnification will constitute a separate and independent obligation of the Trustee and will continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term rate of exchange includes any premiums and costs of exchange payable in connection with the purchase of, or conversion into, U.S. dollars.

20 Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, save that the Contracts (Rights of Third Parties) Act 1999 shall apply in favour of the Delegate in relation to these Conditions and the other Transaction Documents, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

21 Governing Law and Submission to Jurisdiction

21.1 The Declaration of Trust, the Agency Agreement, the Purchase Undertaking, the Sale Undertaking and the Ordinary Certificates and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, English law.

21.2 The Trustee has in the Declaration of Trust irrevocably and unconditionally agreed for the benefit of the Delegate and Ordinary Certificateholders that the courts of England are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Declaration of Trust or the Ordinary Certificates and that accordingly any suit, action or proceedings arising therefrom or in connection therewith (together referred to as "**Proceedings**") may be brought in the courts of England. The Trustee has in the Declaration of Trust irrevocably and unconditionally agreed that notwithstanding the foregoing, no action will be brought against the Delegate otherwise then in the courts of England.

21.3 The Trustee has in the Declaration of Trust irrevocably and unconditionally waived and agreed not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and has further irrevocably and unconditionally agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Trustee and may be enforced in the courts of any other jurisdiction. Nothing in this Condition shall limit any right to take Proceedings against the Trustee in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

21.4 The Trustee has in the Declaration of Trust irrevocably and unconditionally appointed an agent for service of process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Delegate may approve as its agent for that purpose. In the event that no such replacement agent for service of process in England has been appointed by the Trustee within 14 days, the Delegate shall have the power to appoint, on behalf of and at the expense of the Trustee, a replacement agent for service of process in England.

22 Definitions and Interpretation

22.1 ***Definitions***

In these Conditions:

"**AED**" means the United Arab Emirates dirham, being the lawful currency for the time being of the United Arab Emirates.

"**Agents**" means any of the Paying and Exchange Agents, the Registrar, the Replacement Agent, the Calculation Agent or the Transfer Agent appointed by the Trustee pursuant to the Agency Agreement, and the Delegate.

"**Aggregate Face Amount**" means, at any time, the aggregate principal amount of the outstanding Ordinary Certificates which, for the avoidance of doubt, shall be U.S.$425,040,000 on the Closing Date.

"**AI**" means "accredited investor" within the meaning of Regulation D under the Securities Act.

"**Assignment Agreement**" means the conditional assignment of receivables under certain gas sales agreements executed no later than the date falling forty-five (45) days from the Closing Date between Dana Gas Egypt Ltd. and the Egyptian Security Agent.

"**Bahrain Share Pledge**" means the pledge of shares in Danagaz W.L.L. executed no later than the date falling forty-five (45) days from the Closing Date between the Obligor and the Principal Security Agent.

"**Business Day**" means a day that is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, Abu Dhabi and New York City.

A "**Change of Control**" occurs when (i) an Offer in respect of the Shares has been recommended by the board of directors of Dana Gas; (ii) an Offer in respect of the Shares has become or been declared unconditional in all respects and Dana Gas becomes aware that the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Shareholders has or will become unconditionally vested in the offeror and/or any associates(s) of the offeror; or (iii) an event occurs which has a like or similar effect."**Change of Control Put Date**" shall have the meaning given to such term in Condition 6.4(a).

"**Change of Control Put Exercise Notice**" shall have the meaning given to such term in Condition 6.4(a).

"**Change of Control Put Option Period**" shall have the meaning given to such term in Condition 6.4(a).

"**Change of Control Put Right**" shall have the meaning given to such term in Condition 6.4(a).

"**Change of Control Standard Redemption Amount**" means 101 per cent. of the aggregate principal amount of Ordinary Certificates to be redeemed on the Change of Control Put Date plus all unpaid accrued Periodic Distribution Amounts and all other accrued and unpaid distribution amounts (if any) due and payable under these Conditions in respect of such Ordinary Certificates as of the Change of Control Put Date.

"**Consideration**" means the consideration deemed to have been paid by or on behalf of each initial Certificateholder in respect of its initial holding of Certificates, being its proportionate share of the Existing Certificates Mudarabah Assets held for the benefit of such Certificateholder immediately prior to the issue of the Certificates.

"**Custody Account**" shall have the meaning given to such term in the Agency Agreement.

"**Day Count Fraction**" means, in relation to a Return Accumulation Period or any other period in respect of which a payment is due to be made, the number of days (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) in that period, divided by 360.

"**Dissolution Event**" shall have the meaning given to such term in Condition 13 (*Dissolution Events*).

"**Early Redemption Date**" has the meaning given to such term in Condition 13 (*Dissolution Events*).

"**Egyptian Security Agent**" means Commercial International Bank (Egypt) S.A.E.

"**Event of Default**" shall have the meaning given to such term in the Purchase Undertaking.

The events of default are defined as any of the events set out below:

(a) *"**Non-payment**": either the Obligor or the Mudarib fails to pay any amount payable pursuant to any Transaction Document to which it is a party and/or either the Obligor or the Mudarib fails to pay any amount payable or deliver any shares pursuant to any Transaction Document to which it is a party within three days of the due date for payment or delivery thereof; or*

(b) *"**Breach of other obligations**": either the Obligor or the Mudarib defaults in the performance or observance of any of its other obligations under or in respect of the Transaction Documents to which it is a party, unless the default is capable of remedy and is remedied within 21 days after written notice thereof, addressed to the Obligor or, as the case may be, the Mudarib by the Trustee has been delivered to the Obligor or the Mudarib, as the case may be (for the avoidance of doubt, any breach of representation contained in Clause 6.2 of the Mudarabah Agreement shall not constitute an Event of Default under sub-Clause 5.1.2 of the Purchase Undertaking); or*

(c) *"**Repudiation**": either the Obligor or the Mudarib repudiates or challenges the valid, legal, binding and enforceable nature of any or any part of a Transaction Document to which it is a party or does or causes to be done any act or thing evidencing an intention to repudiate or challenge the valid, legal, binding and enforceable nature of any Transaction Document to which it is a party; or*

(d) *"**Illegality**": at any time it is or will become unlawful for either the Obligor or the Mudarib to perform or comply with any or all of its obligations under the Transaction Documents to which it is a party, or any of the obligations of either the Obligor or the Mudarib under the Transaction Documents are not, or cease to be legal, valid, binding and enforceable; or*

(e) *"**Cessation of Business**": either the Obligor or the Mudarib or any Subsidiary of the Obligor suspends, ceases or threatens to suspend or cease to carry on all or a substantial part of its business; or*

(f) *"**Cross default**": (i) any Financial Indebtedness of the Obligor or any Subsidiary is not paid when due nor within any originally applicable grace period; (ii) any Financial Indebtedness of the Obligor or any Subsidiary of the Obligor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); (iii) any commitment for any Financial Indebtedness of the Obligor or any Subsidiary of the Obligor is cancelled or suspended by a creditor of the Obligor as a result of an event of default (however described); or (iv) any creditor of the Obligor or any Subsidiary of the Obligor becomes entitled to declare any Financial Indebtedness of the Obligor due and payable prior to its specified maturity as a result of an event of default (however described), provided always that, in each case, no Event of Default will occur under this paragraph (f) if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within sub-paragraphs (i) to (iv) above is less than U.S.$25,000,000 (or its equivalent in any other currency or currencies); or*

(g) *"**Failure to take action**" etc: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable either the Obligor or the Mudarib lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Transaction Documents to which it is a party or (ii) to ensure that those obligations are legal, valid, binding and enforceable, is not taken, fulfilled or done; or*

(h) *"**Insolvency**": either (i) the Obligor or any Subsidiary of the Obligor is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness; (ii) the value of the assets of the Obligor or any Subsidiary of the Obligor is less than its liabilities (taking into account contingent and prospective liabilities); or (iii) a moratorium is declared in respect of any indebtedness of the Obligor or any Subsidiary of the Obligor; or*

(i) *"**Insolvency proceedings**": either any order or decree is made or any corporate action, legal proceedings or other procedure or step is taken in relation to (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of either the Obligor or any Subsidiary of the Obligor (otherwise, in the case of the Obligor's Subsidiaries only, than for the purpose of or pursuant to an amalgamation, reorganisation*

or restructuring whilst solvent); (ii) a composition, compromise, assignment or arrangement with any creditor of the Obligor or any Subsidiary of the Obligor; (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Obligor or any Subsidiary of the Obligor or any of its assets; or (iv) enforcement of any security over any assets of the Obligor in an amount exceeding U.S.$25,000,000; or

*(j) "**Creditors' process**": any expropriation, attachment, sequestration, distress or execution made pursuant to a court order or judgment or arising by virtue of any law or regulation affects any asset or assets of a member of the Group having an aggregate value of at least U.S.$25,000,000 (or its equivalent in any other currency or currencies) and is not discharged within 30 days; or*

*(k) "**Unsatisfied judgments**": the aggregate amount of unsatisfied judgments, decrees or orders of courts or other appropriate law-enforcement bodies for the payment of money against the Obligor and other Subsidiaries of the Obligor in the aggregate exceeds U.S.$25,000,000, or the equivalent thereof in any other currency or currencies, and there is a period of 60 days following the entry thereof or, if later, the date therein specified for payment during which such judgment, decree or order is not appealed, discharged, waived or the execution thereof stayed; or*

*(l) "**Nationalisation**": any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Obligor or any of its Subsidiaries; or*

*(m) "**Analogous Event**": any event occurring in any jurisdiction which has the analogous effect of any of the events referred to in paragraphs (h) to (l) above; or*

*(n) "**Mudarabah Event**": a Mudarabah Event occurs.*

For these purposes:

*"**Financial Indebtedness**" means any indebtedness for or in respect of:*

(a) moneys borrowed;

(b) any amount drawn on any acceptance credit facility;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, sukuk, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would be treated as a finance or capital lease in accordance with the accounting standards, policies and procedures published from time to time by the International Accounting Standards Committee or any equivalent successor body acceptable (acting reasonably) to the Trustee;

(e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(f) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(g) any amount raised under any other transaction (including any Sharia compliant financing, forward sale or purchase agreement, sale and sale back or sale and leaseback agreement) having the commercial effect of either a borrowing or a drawing under a credit facility;

(h) to the extent not otherwise included in this definition, the amount of any liability in respect of any repurchase or put option arrangement entered into in connection with any securitisation transaction;

(i) shares which are expressed to be redeemable prior to the maturity of the Certificates;

(j) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above,

provided that for the avoidance of doubt, the following will not be considered to fall within the definition of Financial Indebtedness:

(i) any transaction entered into in the ordinary course of business in the oil and gas sector to guarantee or secure (or obtain letters of credit or bank or insurance guarantees that secure) the performance of tenders, contracts, statutory or governmental obligations, bonds, bids, leases, concession agreements, production sharing agreements, licenses, operating agreements, performance bonds, services, purchase, construction, development or sales contracts, completion guarantees, comfort letters and other similar obligations, in each case not incurred or made specifically in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property;

(ii) any transaction entered into in the ordinary course of business in the oil and gas sector guaranteeing or securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof, in each case not incurred or made specifically in connection with the borrowing of money or the obtaining of advances or credit;

(iii) any transaction entered into in the ordinary course of business in the oil and gas sector arising under a foreign exchange transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates not being a foreign exchange transaction for investment or speculative purposes or incurred or made specifically in connection with the borrowing of money, the obtaining of advances or credit;

(iv) any transaction entered into in the ordinary course of business securing interest rate protection or other hedging obligations not being a derivative transaction for investment or speculative purposes or incurred as a means of borrowing money or obtaining advances or credit;

(v) any transaction entered into in the ordinary course of business in the oil and gas sector under finance or capital leases of vehicles, plant, equipment or computers, provided that the aggregate capital value of all such items so leased under outstanding leases by members of the Group does not exceed an amount equal to 5% of the consolidated total assets of the Group as shown in the Group Accounts (or its equivalent in another currency or currencies) at any time;

*"**Group**" means the Obligor and its Subsidiaries at the relevant point in time.*

*"**Group Accounts**" means the published financial statements of the Group, prepared in accordance with IFRS or such other international financial reporting standards as may be adopted, from time to time, by the Group.*

*"**Mudarabah Event**" has the meaning given in the Mudarabah Agreement.*

*"**Subsidiary**" means, with respect to any Person:*

(a) any corporation, association, partnership or other business entity of which more than 50 per cent. of the total voting rights of its Capital Stock is at the time owned or controlled directly by such Person, or by such Person and one or more Subsidiaries of such Person or by one or more Subsidiaries of such Person;

(b) any partnership in which such Person or a Subsidiary of such Person is, at the time, a general partner; or

(c) any other Person in which such Person, one or more Subsidiaries of such Person, or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof has; (x) an ownership interest of 50 per cent. or more; or (y) the power to elect or direct the election of a majority of the directors, members of the Board of Directors or other governing body of such Person;

Other relevant terms shall have the meanings given to such terms in the Purchase Undertaking.

"**Exchangeable Conditions**" has the meaning given to it in the Declaration of Trust.

"**Exercise Notice**" has the meaning given to it in the Purchase Undertaking.

"**Exercising Certificateholder**" has the meaning given to such term in the Exchangeable Conditions.

"**Existing Certificates**" means the U.S.$1,000,000,000 trust certificates due 31 October 2012 issued by Dana Gas Sukuk Limited.

"**Existing Certificates Mudarabah Assets**" means the Mudarabah Assets in respect of (and as defined in) the Existing Certificates.

"**Existing Security Agreement**" means the original security agreement relating to the shares in Dana LNG Ventures Ltd. between, *inter alia*, the Obligor, the Trustee and HSBC Trustee (C.I.) Limited dated 31 October 2007

"**Extraordinary Resolution**" means a resolution passed at a meeting of Ordinary Certificateholders duly convened and held in accordance with the provisions of Schedule 3 of the Declaration of Trust by a majority of not less than three quarters of the votes cast or a Written Resolution.

"**Foreign Ownership Amount**" has the meaning given to such term in the Exchangeable Conditions.

"**Investment Plan**" shall have the meaning given to such term in Condition 4.1 (*Summary of the Trust*).

"**Late Payment Amount**" means any late payment amount paid by the Obligor pursuant to clause 3.5 of the Purchase Undertaking.

"**Liability**" means any loss, damage, cost, charge, claim, demand, expense, fee, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and properly incurred legal fees and expenses on a full indemnity basis.

"**Mudarabah**" shall have the meaning given to such term in Condition 4.1 (*Summary of the Trust*).

"**Mudarabah Agreement**" shall have the meaning given to such term in Condition 4.1 (*Summary of the Trust*).

"**Mudarabah Assets**" means, at any time, the assets of the Mudarabah.

"**Mudarib**" means Dana Gas, in its capacity as Mudarib under the Mudarabah Agreement.

"**Newco Scheme**" means a scheme of arrangement which effects the interposition of a limited liability company ("**Newco**") between the Shareholders of Dana Gas immediately prior to the scheme of arrangement (the "**Existing Shareholders**") and Dana Gas and which satisfies the following conditions:

(a) immediately after completion of the scheme of arrangement the Existing Shareholders are the only shareholders of Newco and hold shares in Newco in the same proportions as each held Shares (immediately preceding the Newco Scheme) in Dana Gas;

(b) all Subsidiaries of Dana Gas immediately prior to the scheme of arrangement (other than Newco, if Newco is then a Subsidiary of Dana Gas) are Subsidiaries of Dana Gas (or of Newco) immediately after the scheme of arrangement; and

(c) immediately after completion of the scheme of arrangement Newco is substituted under the Transaction Documents and all such documents and agreements which, in the opinion of the Delegate, may be required to effect such substitution shall be duly authorised and executed by the parties thereto.

"**Obligor**" means Dana Gas acting in its own capacity and not as Mudarib.

"**Offer**" means an offer to acquire Shares, whether expressed as a legal offer, an invitation to treat, a scheme with regard to such acquisition or in any other way (other than a Newco Scheme), in circumstances where such offer is available to all Shareholders or all Shareholders other than any Shareholder who is the person making such offer (or any associate of such person) or who is excluded from the offer by reason of being connected with one or more specific jurisdictions.

"**Optional Partial Redemption Portion**" means, in respect of any Ordinary Certificateholder and any Optional Redemption Date, a fraction of the aggregate principal amount of Ordinary Certificates held by the Ordinary Certificateholder of which the numerator is the aggregate principal amount of Ordinary Certificates to be redeemed on the Optional Redemption Date and the denominator is the Aggregate Face Amount on the Optional Redemption Date (ignoring the principal amount to be redeemed on such date).

"**Optional Redemption Amount**" has the meaning given to such term in Condition 6.3 (*Redemption at the Option of the Trustee*).

"**Optional Redemption Date**" shall have the meaning given to such term in Condition 6.3 (*Redemption at the Option of the Trustee*).

"**Optional Redemption Notice**" shall have the meaning given to such term in Condition 6.3 (*Redemption at the Option of the Trustee*).

"**Optional Redemption Premium**" has the meaning given to such term in Condition 6.3 (*Redemption at the Option of the Trustee*).

"**Periodic Distribution Amount**" means (a) in respect of the first Return Accumulation Period, an amount equal to the product of (i) the Rate and (ii) the Aggregate Face Amount (as of the final day of such Return Accumulation Period) multiplied by the Day Count Fraction, and (b) in respect of each subsequent Return Accumulation Period, an amount equal to the product of (i) the Rate and (ii) the Aggregate Face Amount (as of the final day of such Return Accumulation Period) divided by four.

"**Periodic Distribution Date**" means 31 January, 30 April, 31 July and 31 October in each year, commencing on 31 July 2013 up to and including 31 October 2017.

"**person**" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government or agency, or political subdivision thereof, or other entity.

"**Potential Dissolution Event**" means any event which, with the giving of notice, lapse of time or fulfilment of any other applicable condition (or any combination of any of the foregoing) would constitute a Dissolution Event.

"**Principal Security Agent**" means Deutsche Bank AG, Abu Dhabi Branch.

"**Proceedings**" shall have the meaning given to such term in Condition 21.2 (*Governing Law and Submission to Jurisdiction*).

"**Purchase Undertaking**" means the amended and restated purchase undertaking granted by the Obligor for the benefit of the Trustee and the Delegate dated the Closing Date.

"**QIB**" means "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act.

"**QP**" means "qualified purchaser" within the meaning of Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940, as amended and the rules and regulations thereunder.

"**Rate**" means 9.0 per cent. per annum.

"**Redemption Date**" shall have the meaning given to such term in Condition 4.2 (*Application of Proceeds from Trust Assets*).

"**Register**" shall have the meaning given to such term in Condition 1.1 (*Form and Denomination*).

"**Relevant Date**" means, in respect of any payment in relation to an Ordinary Certificate, the later of (a) the date on which the payment first becomes due, and (b) if the full amount payable has not been received by the Principal Paying and Exchange Agent on or before the due date, the date on which (the full amount having been so received) notice to that effect has been given to the Ordinary Certificateholders by the Trustee in accordance with Condition 16 (*Notices*).

"**Relevant Exercise Price**" means the relevant Exercise Price as defined in the Purchase Undertaking or Sale Undertaking, as applicable.

"**Relevant Jurisdiction**" means the United Arab Emirates and Jersey or any political subdivision or any authority thereof or therein having power to tax.

"**Relevant Redemption Amount**" means:

(a) with respect to the Scheduled Redemption Date or any Early Redemption Date specified in accordance with Condition 6.2 (*Dissolution Event - Early Redemption*), the Standard Redemption Amount on such date;

(b) with respect to any Optional Redemption Date specified in accordance with Condition 6.3 (*Redemption at the Option of the Trustee*), the Optional Redemption Amount;

(c) with respect to any Change of Control Put Date, the Change of Control Standard Redemption Amount; and

(d) with respect to any Tax Redemption Date, the Tax Redemption Amount.

"**Return Accumulation Period**" means the period from and including the Closing Date to but excluding the first Periodic Distribution Date, and thereafter each successive period from and including a Periodic Distribution Date to but excluding the next succeeding Periodic Distribution Date.

"**SajGas Share Pledge**" means the pledge over the shares of Sajaa Gas Private Limited Company granted by the Obligor in favour of the Principal Security Agent on the Closing Date.

"**Sale Undertaking**" means the amended and restated sale undertaking granted by the Trustee in favour of the Obligor dated the Closing Date.

"**Scheduled Redemption Date**" means 31 October 2017.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Security Agency Agreement**" means the amended and restated security agency agreement dated the Closing Date between, *inter alia*, the Trustee, the Obligor and the Security Agents.

"**Security Agents**" means the Egyptian Security Agent and the Principal Security Agent.

"**Security Agreement**" means the security agreement relating to the shares in Dana LNG Ventures Ltd. dated the Closing Date between, *inter alia*, the Trustee, the Obligor and the Principal Security Agent.

"**Security Documents**" means the Existing Security Agreement, the Security Agreement, the UAE Share Pledges, the UAE Mortgage, the Bahrain Share Pledge and the Assignment Agreement.

"**Shared Security**" shall have the meaning given to such term in Condition 3.1 (*Status and Security*).

"**Shareholders**" means the holders of the Shares.

"**Shares**" means the ordinary shares of Dana Gas "quoted on the Exchange" with a nominal value, as at the Closing Date, of 1 AED per share and ISIN number AED000701014.

"**Standard Redemption Amount**" means, as of any date, the aggregate principal amount of the Ordinary Certificates then outstanding plus all unpaid accrued Periodic Distribution Amounts and all other accrued and unpaid distribution amounts (if any) due and payable under these Conditions as of such date.

"**Subsidiary**" means, with respect to any person:

(a) any corporation, association, partnership or other business entity of which 50 per cent. or more of the total voting rights of its capital stock is at the time owned or controlled directly by such person, by such person and one or more Subsidiaries of such person, or by one or more Subsidiaries of such person;

(b) any partnership in which such person or a Subsidiary of such person is, at the time, a general partner; or

(c) any other person in which such person, one or more Subsidiaries of such person, or such person and one or more Subsidiaries of such person, directly or indirectly, at the date of determination thereof has (x) an ownership interest of 50 per cent. or more or (y) the power to elect or direct the election of a majority of the directors, members of the Board of Directors or other governing body of such person.

"**Tax Redemption Amount**" means the aggregate principal amount of Ordinary Certificates to be redeemed on the Tax Redemption Date plus all unpaid accrued Periodic Distribution Amounts and all other accrued and unpaid distribution amounts (if any) due and payable under these Conditions in respect of such Ordinary Certificates as of the Tax Redemption Date.

"**Tax Redemption Date**" shall have the meaning given to such term in Condition 6.5(a).

"**Taxes**" shall have the meaning given to such term in Condition 11.1 (*Taxation*).

"**Transaction Account**" shall have the meaning given to such term in Condition 4.1 (*Summary of the Trust*).

"**Transaction Documents**" shall have the meaning given to such term in Condition 4.1 (*Summary of the Trust*).

"**Trust**" shall have the meaning given to such term in Condition 4.1 (*Summary of the Trust*).

"**Trust Assets**" shall have the meaning given to such term in Condition 4.1 (*Summary of the Trust*).

"**Trustee Early Redemption Date**" has the meaning given to such term in the Exchangeable Conditions.

"**UAE**" means the United Arab Emirates.

"**UAE Mortgage**" means the mortgage over a plot of land located in Sharjah dated the Closing Date between Sajaa Gas Private Limited Company and the Principal Security Agent.

"**UAE Person**" means a UAE national or any other person who is wholly owned by a UAE national.

"**UAE Share Pledges**" means the SajGas Share Pledge and the UGTC Share Pledge.

"**UGTC Share Pledge**" means the pledge over the shares in United Gas Transmissions Company Limited granted by the Obligor in favour of the Principal Security Agent on the Closing Date.

"**U.S.$**" and "**U.S. dollars**" means United States dollars, being the legal currency for the time being of the United States of America.

"**Voluntary Early Redemption Amount**" has the meaning given to such term in the Exchangeable Conditions.

"**Voluntary Early Redemption Date**" has the meaning given to such term in the Exchangeable Conditions.

22.2 ***Interpretation***

In these Conditions, unless otherwise specified or unless the context otherwise requires, headings and sub-headings are for ease of reference only and shall not affect the construction of these Conditions.

SUMMARY OF PROVISIONS RELATING TO THE CERTIFICATES WHILE IN GLOBAL FORM

On issue, the Unrestricted Global Certificates and the Restricted Global Certificates will each be registered in the name of a nominee for, and deposited with, a common depositary (a "**Common Depositary**") for Euroclear and Clearstream, Luxembourg, following which Euroclear and Clearstream, Luxembourg will credit each subscriber with a face amount of the Certificates equal to the face amount allocated to them on the Closing Date.

Beneficial interests in the Global Certificates will be held through Euroclear and Clearstream, Luxembourg. See "*Clearance and Settlement—Registration and Form*". Beneficial interests in each Global Certificate will be subject to certain restrictions on transfer set forth therein and in the Agency Agreement, and the Certificates will bear the legends set forth thereon regarding the restrictions set out in "*Transfer Restrictions*".

Each Global Certificate contains the following provisions which apply to the Certificates while they are represented by such Global Certificate, some of which modify the effect of the Exchangeable Conditions and the Ordinary Conditions. Terms defined in the Exchangeable Conditions and the Ordinary Conditions have the same meaning in the paragraphs below, as the context may require.

Unless expressly stated otherwise:

(i) references to a Condition are to a numbered condition of the relevant Conditions;

(ii) references to the "relevant Conditions" shall mean: (i) in matters relating to the Exchangeable Certificates, the Exchangeable Conditions; and (ii) in matters relating to the Ordinary Certificates, the Ordinary Conditions;

(iii) references to the Certificates are to either of the Exchangeable Certificates or the Ordinary Certificates (and not to both of them); and

(iv) references to the Certificateholders are to either of the Exchangeable Certificateholders or the Ordinary Certificateholders (and not to both of them),

in each case, as the context may require.

Holders

For so long as all of the Certificates are represented by the Global Certificates and the Global Certificates are held on behalf of a clearing system, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate face amount of such Certificates (each, a "**Holder**") (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error or proven error) shall be treated as the holder of such aggregate face amount of such Certificates (and the expression "**Certificateholders**" and references to "**holding of Certificates**" and to "**holder of Certificates**" shall be construed accordingly) for all purposes other than with respect to payments and deliveries on such Certificates, the right to which shall be vested, as against the Trustee solely in the Common Depositary for the relevant clearing system in accordance with and subject to the terms of the Global Certificate. Each Holder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Common Depositary.

Cancellation

Cancellation of any Certificate pursuant to the relevant Conditions will be effected by reduction in the aggregate face amount of the Certificates in the register of Certificateholders.

Payments

All payments in respect of Certificates represented by the Global Certificates will be made to the registered holder of the relevant Global Certificate(s) upon presentation or, if no further payment falls to be made in respect of the Certificates, against presentation and surrender of the relevant Global Certificate at the specified office of the Principal Paying and Exchange Agent or to the order of the Registrar or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose. Each payment will be made to, or to the order of, the person whose name is entered on the relevant Register at the close of business on the record date which

shall be on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

Distributions of amounts with respect to book-entry interests in the Certificates held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Common Depositary, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Delivery of Shares

Delivery of Shares in respect of a Settlement Date will be made in accordance with the delivery instructions specified in each Voluntary Early Redemption Notice or Early Redemption Exchange Notice duly completed by or on behalf of a book-entry interest in the relevant Exchangeable Certificates and delivered to the specified office of the Principal Paying and Exchange Agent or such other Paying and Exchange Agent as shall have been notified to the relevant Exchangeable Certificateholders for such purpose.

Notices

So long as all the Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Certificateholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Certificateholders in substitution for notification as required by the Conditions except that, so long as the Certificates are listed on any stock exchange, notices shall also be published in accordance with the rules of such stock exchange. Any such notice shall be deemed to have been given to the Certificateholders on the Business Day after the day on which such notice is delivered to the relevant clearing systems.

Meetings

The holder of each Global Certificate will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Certificateholders and in any such meeting as having one vote in respect of each U.S.$10 of the Certificates represented by the relevant Global Certificate.

Trustee Powers

In considering the interests of Certificateholders while the Global Certificates are held through or on behalf of a clearing system, the Trustee, to the extent it considers it appropriate to do so in the circumstances, may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to each Global Certificate and may consider such interests as if such accountholders were the holders of any Global Certificate.

Registration of Title

Registration of title to Global Certificates in a name other than that of the Common Depositary or its nominee will not be permitted unless Euroclear or Clearstream, Luxembourg, as appropriate, notifies the Trustee that it is unwilling or unable to continue as a clearing system in connection with the relevant Global Certificate, and in each case a successor clearing system approved by the Delegate is not appointed by the Trustee within 90 days after receiving such notice from Euroclear or Clearstream, Luxembourg. In these circumstances, title to a Global Certificate may be transferred into the names of holders notified by the Common Depositary in accordance with the relevant Conditions, except that certificates in respect of Certificates so transferred may not be available until 21 days after the request for transfer is duly made.

The Registrar will not register title to the Certificates in a name other than that of the Common Depositary or its nominee for a period of seven calendar days preceding the due date for any payment of any amount in respect of the Certificates.

Transfers

Transfers of book-entry interests in the Certificates will be effected through the records of Euroclear or Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear or Clearstream, Luxembourg and their respective direct and indirect participants, as more fully described under "*Clearance and Settlement*".

Electronic Consent and Written Resolution

While any Certificate is held on behalf of, or any Certificate is registered in the name of any nominee for, a clearing system, then:

(a) approval of a resolution proposed by the Trustee given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Certificates, as the case may be, outstanding (an "**Electronic Consent**" as defined in the Declaration of Trust) shall, for all purposes, take effect as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held, and shall be binding on all Certificateholders whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a written resolution (as specified in the Declaration of Trust) has been validly passed, the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Trustee by accountholders in the clearing system with entitlements to such Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Trustee has obtained commercially reasonable evidence to ascertain the validity of such holding and has taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Certificateholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, "commercially reasonable evidence" includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Certificates. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Certificates is clearly identified together with the amount of such holding. The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Definitive Certificates

Interests in each Restricted Global Certificate will be exchangeable or transferable (free of charge), as the case may be, in whole for Restricted Certificates in definitive form (the "**Restricted Definitive Certificates**") and interests in each Unrestricted Global Certificate will be exchangeable or transferable (free of charge), as the case may be, in whole for Unrestricted Certificates in definitive form (the "**Unrestricted Definitive Certificates**" and, together with the Restricted Definitive Certificates, the "**Definitive Certificates**") upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) a Dissolution Event has occurred and is continuing or (ii) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Trustee would suffer a material disadvantage as a result of a change in laws or regulations (taxation or otherwise) of any jurisdiction referred to in Condition 11 (*Taxation*) of the relevant Conditions or as a result of a change in the practice of Euroclear and/or Clearstream which would not be suffered were the Certificates in definitive form and a certificate to such effect signed by a director of the Trustee is provided. In the case of (i) and (ii) above, the Trustee will issue Definitive Certificates in registered form in minimum denominations of U.S.$45,000 and integral multiples of U.S.$10 in excess thereof (in exchange for the whole of the relevant Global Certificate) within 45 days of the occurrence of the relevant Exchange Event upon presentation of the relevant Global Certificate by the person in whose name the Global Certificate is registered in the register kept by the Registrar in respect of the relevant Certificates on any day (other than a Saturday or Sunday) on which banks are open for business in the city in which the Registrar has its office. In the case of (iii) above, the Trustee may give notice to the Certificateholders of its intention to exchange the Global Certificate for Definitive Certificates in registered form in the denomination of U.S.$45,000 and integral multiples of U.S.$10 in excess thereof on or after the Exchange Date. "**Exchange Date**" means a day specified in the notice requiring exchange falling not less than

60 days after that on which such notice is given and on which banks are open for business in the city in which the specified office of the Registrar is located and in the city in which the relevant clearing system is located.

A person having an interest in a Global Certificate must provide the Registrar with (a) a written order containing instructions and such other information as the Trustee and the Registrar may require to complete, execute and deliver such Definitive Certificates and (b) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A under the Securities Act, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a QIB that is also a QP or to an AI that is also a QP pursuant to Regulation D under the Securities Act. Definitive Certificates issued in exchange for an interest in a Restricted Global Certificate shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*".

The holder of a Definitive Certificate may transfer the Certificates evidenced thereby in whole or in part in amounts of at least U.S.$45,000 by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Restricted Definitive Certificate bearing the legend referred to under "*Transfer Restrictions*", or upon specific request for removal of the legend on a Restricted Definitive Certificate, the Trustee will deliver only Restricted Definitive Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Trustee and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Trustee, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

DANA GAS – CAPITALISATION

The following table sets forth Dana Gas's cash and cash equivalents and consolidated capitalisation as at 31 December 2012. The financial statement data presented as at 31 December 2012 has been derived from the audited financial statements of Dana Gas, included elsewhere in these Listing Particulars.

	As at 31 December 2012	
	(U.S.$m)	(AEDm)
Cash and cash equivalents	**165**	**605**
Borrowings:		
Non-current borrowings[1]	29	106
Current borrowings[2]	922	3,380
Total borrowings	**951**	**3,486**
Equity:		
Attributable to shareholders of Dana Gas	2,413	8,844
Non-controlling interest	4	15
Total equity	**2,417**	**8,859**
Total capitalisation[3]	**3,368**	**12,345**

Note:
(1) Comprises borrowings with a maturity of twelve months or greater.
(2) Comprises borrowings with a maturity of less than twelve months and bank overdrafts.
(3) Capitalisation is calculated as the sum of total borrowings and total equity.

There has been no material change to Dana Gas's consolidated capitalisation since 31 December 2012.

DANA GAS – SELECTED FINANCIAL INFORMATION

The following tables set forth selected consolidated financial data for Dana Gas. The financial statement data presented as at and for each of the years ended 31 December 2010, 31 December 2011 and 31 December 2012 has been derived from the audited financial statements of Dana Gas, included elsewhere in these Listing Particulars.

Dana Gas's consolidated financial statements and selected explanatory notes have been prepared in accordance with IFRS. The financial statement data in the following tables should be read in conjunction with "Presentation of Financial and Other Information", "Use of Proceeds", "Dana Gas – Management's Discussion and Analysis of Financial Condition and Results of Operations" and the annual financial statements and related notes included elsewhere in these Listing Particulars.

Dana Gas operates in markets that have historically exhibited fluctuations due to current market rates for oil and gas. These fluctuations may result in volatility in Dana Gas's operating results.

Summary of Consolidated Financial Data of Dana Gas

Consolidated Income Statement Data

	Year ended 31 December					
	2010		2011		2012	
	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)
Revenue	487	1,785	690	2,529	636	2,331
Royalties	(137)	(502)	(169)	(619)	(136)	(499)
Net revenue	**350**	**(1,283)**	**521**	**1,910**	**500**	**1,832**
Cost of sales	(33)	(121)	(47)	(172)	(54)	(198)
Depreciation and depletion	(104)	(381)	(110)	(403)	(89)	(326)
Gross profit	**213**	**781**	**364**	**1,335**	**357**	**1,308**
Investment and finance income	8	29	3	11	14	52
Other income	3	11	1	4	–	–
Impairments	(5)	(18)	–	–	(9)	(33)
Change in fair value of investment property	(2)	(7)	(6)	(22)	(3)	(11)
General and administration expenses	(33)	(121)	(40)	(147)	(36)	(132)
Finance costs	(56)	(205)	(87)	(319)	(86)	(315)
Exploration expenditure	(13)	(48)	(13)	(48)	(9)	(33)
Profit before income tax	**115**	**422**	**222**	**814**	228	836
Income tax expense	(72)	(264)	(84)	(308)	(63)	(231)
PROFIT FOR THE YEAR	**43**	**158**	**138**	**506**	**165**	**605**
Basic and diluted earnings per share (U.S.$/AED per share)	0.006	0.024	0.021	0.077	0.025	0.092

Consolidated Balance Sheet Data

	As at 31 December					
	2010		2011		2012	
	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)
ASSETS						
Non-current assets:						
Property, plant and equipment	1,045	3,828	1,032	3,782	985	3,610
Intangible assets	1,355	4,967	1,342	4,918	1,353	4,959
Available-for-sale financial assets	315	1,155	–	–	–	–
Investment property	37	136	31	114	28	103
Total non-current assets	**2,752**	**10,086**	**2,405**	**8,814**	**2,366**	**8,672**
Current assets:						
Inventories	51	187	53	194	54	198
Trade and other receivables	255	935	501	1,836	670	2,456
Due from related parties	1	3	–	–	–	–
Available-for-sale financial assets	–	–	226	829	255	935
Financial assets at fair value through profit or loss	10	37	10	37	10	37
Cash and cash equivalents	159	583	112	411	165	605
Total current assets	**476**	**1,745**	**902**	**3,307**	**1,154**	**4,231**
TOTAL ASSETS	**3,228**	**11,831**	**3,307**	**12,121**	**3,520**	**12,903**
EQUITY						
Capital and reserves attributable to equity holders of Dana Gas:						
Share capital	1,801	6,600	1,801	6,602	1,801	6,602
Statutory reserve	34	125	48	176	65	238
Legal reserve	34	125	48	176	65	238
Retained earnings	112	409	220	806	349	1,280
Other reserves	142	521	55	200	85	310
Convertible bonds-equity component	48	176	48	176	48	176
Attributable to shareholders of Dana Gas	**2,171**	**7,956**	**2,220**	**8,136**	**2,413**	**8,844**
Non-controlling interest	3	11	4	15	4	15
TOTAL EQUITY	2,174	7,967	2,224	8151	2,417	8,859
LIABILITIES						
Non-current liabilities:						
Borrowings	897	3,288	25	92	29	106
Provisions	17	62	17	62	14	51
Total non-current liabilities	**914**	**3,350**	**42**	**154**	**43**	**157**
Current liabilities:						
Borrowings	–	–	905	3,317	922	3,380
Trade payables and accruals	140	514	134	492	138	507
Due to related parties	–	–	2	7	–	–
Total current liabilities	**140**	**514**	**1,041**	**3,816**	**1,060**	**3,887**
TOTAL LIABILITIES	**1,054**	**3,864**	**1,083**	**3,970**	**1,103**	**4,044**
TOTAL EQUITY AND LIABILITIES	**3,228**	**11,831**	**3,307**	**12,121**	**3,520**	**12,903**

Consolidated Cash Flow Statement Data

	Year ended 31 December					
	2010		2011		2012	
	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)
Net cash flows from operating activities	131	480	99	364	177	648
Net cash used in investing activities	(126)	(462)	(93)	(342)	(57)	(208)
Net cash used in financing activities	(59)	(216)	(53)	(194)	(67)	(246)
Cash and cash equivalents at the end of the year	**159**	**583**	**112**	**411**	**165**	**605**

Other Financial Data

The following table reconciles EBITDAX to net profit for each of the years ended 31 December 2010, 2011 and 2012.

	Year ended 31 December					
	2010		2011		2012	
	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)
Profit for the year	43	158	138	506	165	605
Income tax expense	72	264	84	308	63	231
Investment and finance income	(8)	(29)	(3)	(11)	(14)	(52)
Finance costs	56	205	87	319	86	315
Depreciation and depletion	104	381	110	403	89	326
Change of fair value of investment property	2	7	6	22	3	11
Exploration expenditure	13	48	13	48	9	33
EBITDAX[1]	**282**	**1,034**	**435**	**1,595**	401	1,469

Note:

(1) EBITDAX is a non-IFRS measure commonly defined as earnings before interest, taxes, depreciation, depletion and amortisation and exploration costs. This is further adjusted for investment and finance income and change in fair value of investment property. EBITDAX is useful to investors for evaluating the operating performance of Dana Gas and Dana Gas's ability to incur and service its indebtedness. EBITDAX and similar measures are used by different companies for differing purposes and are often calculated in ways which reflect the circumstances of those companies. Caution should be exercised in comparing EBITDAX as reported by Dana Gas to EBITDAX of other companies.

DANA GAS – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of Dana Gas's financial condition and results of operations should be read in connection with Dana Gas's audited consolidated financial statements, and the related notes for each of the financial years ended 31 December 2010, 31 December 2011 and 31 December 2012. Dana Gas's consolidated financial statements have been prepared in accordance with IFRS.

The following discussion of Dana Gas's financial condition and results of operations contains forward-looking statements that are based on assumptions about Dana Gas's future business development. As a result of many factors, including the risks set forth in the section entitled "Risk Factors" and elsewhere in these Listing Particulars, Dana Gas's actual results may differ materially from those anticipated by these forward-looking statements.

Overview of Dana Gas's Business

Dana Gas is an independent gas company with established operations in the Middle East and North Africa (the "**MENA Region**") across most of the components of the natural gas industry from exploration and production, processing and transportation, to the sale and marketing of natural gas and its by-products as feedstock and fuel to the industrial and power sectors. Dana Gas is listed on the ADX and as at 25 March 2013, had a market capitalisation of approximately U.S.$830 million.

Dana Gas has built gas businesses in Egypt, the Kurdistan Region of Iraq and Sharjah. Each of these businesses is intended to be an individual profit centre, as well as to allow for the integration between upstream, midstream and downstream business segments (as explained below). Dana Gas believes that it is able to obtain more value from upstream business assets when they are combined with midstream and downstream opportunities, and *vice versa*. Dana Gas believes that this integration allows it to maximise the value extracted from its assets by participating in all aspects of the natural gas chain.

The "upstream segment" primarily includes gas exploration and production and encompasses Dana Gas's activities in Egypt through its wholly-owned subsidiary Dana Gas Egypt Ltd. ("**Dana Gas Egypt**"); in the Kurdistan Region of Iraq through the activities of Dana Gas and Pearl Petroleum Company Limited ("**Pearl**"), in which Dana Gas holds a 40 per cent. shareholding; and in the UAE through its wholly-owned subsidiary Dana Gas Sharjah Offshore Ltd.

The "midstream segment" includes the transportation and processing of natural gas and gas liquids, including liquefied petroleum gas ("**LPG**") and condensates. This encompasses gas processing plants in El Wastani and South El Manzala in Egypt operated by Dana Gas Egypt, an LPG processing plant in Kor Mor in the Kurdistan Region of Iraq owned and operated by Pearl and its interest in a gas liquids extraction plant in the Ras Shukheir area of the Gulf of Suez region in Egypt owned and operated by Egyptian Bahraini Gas Derivative Company S.A.E. ("**EBGDCo**"), which became operational in August 2012, and gas transmission and reception facilities in the UAE owned and operated by United Gas Transmissions Company Limited ("**UGTC**").

The "downstream segment" involves the sale of gas and liquids to end-user industries, including the petrochemicals business, and captures Dana Gas's ownership of natural gas and petroleum resources by-products, which includes its gas resource ownership and merchant operations in Dubai, Sharjah and the Northern Emirates. It also incorporates Dana Gas's plans in relation to the development and promotion of gas-related petrochemical and industrial complexes ("**Gas Cities**"). Gas Cities are intended to be integrated industrial cities designed for the systematic and comprehensive utilisation of natural gas as fuel and feedstock, proposed to be developed by Gas Cities Limited, a joint venture company established by Dana Gas and Crescent. Gas Cities Limited is currently pursuing Gas Cities projects in the Kurdistan Region of Iraq, Yemen and Egypt.

Dana Gas manages its operations on the basis of three geographical units, each of which consists of one or more operating subsidiaries, based on the reports reviewed by the Chief Executive Officer that are used to make strategic decisions. The following operating segments constitute Dana Gas's primary business segments:

Egypt

Dana Gas is engaged in upstream, midstream and downstream activities in Egypt. Dana Gas engages in exploration, production and processing of natural gas through its wholly-owned subsidiary Dana Gas Egypt, which operates in three concession areas in the Nile Delta region of Egypt and one concession area in the Upper Egypt region, LPG extraction and processing at the El Wastani gas processing plant in the Nile Delta region of

Egypt and through its 26.4 per cent. effective interest in EBGDCo's gas liquids extraction plant in the Ras Shukheir area of the Gulf of Suez region in Egypt, and the marketing and sale of gas and condensate through Dana Gas Egypt. For the year ended 31 December 2012, this geographical segment contributed U.S.$373 million, or 47 per cent., of Dana Gas's gross revenues. See "*Dana Gas – Business Description – Business Segments – Egypt*".

Kurdistan Region of Iraq

Dana Gas, as joint operator and as a 40 per cent. shareholder in Pearl, is engaged in and has interests in upstream, midstream and downstream activities in the Kurdistan Region of Iraq, including exploration, production and processing of natural gas, gas transmission and the sale of petroleum products (including gas) in the Kurdistan Region of Iraq. For the year ended 31 December 2012, this geographical segment contributed U.S.$258 million, or 41 per cent., of Dana Gas's gross revenues. See "*Dana Gas – Business Description – Business Segments – Kurdistan Region of Iraq*".

United Arab Emirates

Dana Gas is engaged in the exploration, development and production of gas and condensate in the UAE through its 100 per cent. interest in the Sharjah Western Offshore concession, under a royalty regime with the government of Sharjah. Dana Gas Explorations FZE, a wholly-owned subsidiary of Dana Gas, is the legal holder of the concession interest, while Dana Gas Sharjah Offshore Ltd., another wholly-owned subsidiary of Dana Gas, is the unit operator of the concession. Dana Gas is also engaged in gas transmission through UGTC, gas processing through SajGas and gas marketing and trading through CNGCL. For the year ended 31 December 2012, this geographical segment contributed U.S.$5 million, or 1 per cent., of Dana Gas's gross revenues. See "*Dana Gas – Dana Gas – Business Description – Business Segments – United Arab Emirates*".

Current Trading and Recent Developments

In February 2013, Dana Gas announced the sale of 1.675 million of its shares held in MOL, realising gross proceeds of U.S.$134 million. Following this sale, Dana Gas held a remaining interest in MOL of 1.486 million shares, representing approximately 1.4 per cent. of the share capital of MOL. The proceeds will be used by Dana Gas to fund business development and short-term obligations.

Principal Factors Affecting the Results of Operations of Dana Gas

The following is a discussion of the principal factors that have affected, or are expected to affect, Dana Gas's results of operations.

Oil and Gas Prices

Dana Gas's cash flows and profitability are sensitive to commodity prices for Brent crude oil and other hydrocarbons and are influenced by certain factors over which Dana Gas has no control, including the global balance of supply and demand, the state of and expectations with respect to the global economy, the relative strength of the U.S. dollar (the principal currency for crude oil trading on the global commodities market), expectations with respect to inflation, speculative activity, consumption patterns and global or regional macroeconomic or geopolitical conditions. Brent crude oil prices have fluctuated widely in the past, with a three-year high and low of U.S.$119.43/bbl and U.S.$79.54/bbl, respectively, and are likely to be volatile in the future. Prices for oil are based on world supply and demand and a number of other factors, including government regulation, exchange rate fluctuations, speculative activity and social and political conditions. Dana Gas's exposure to commodity prices varies according to a number of factors, including the mix of production and sales. While industry costs tend to rise or fall with commodity prices in the long term, there is no guarantee that movements in sales prices and costs would align in any year. Dana Gas is exposed to commodity price risk (Brent crude oil price), however, this has been partially mitigated due to a fixed pricing agreement in Egypt for the sale of natural gas, which constitutes approximately 25 per cent. of Dana Gas's gross revenue for the year ended 31 December 2012. If the average price of crude oil had increased/decreased by 10 per cent. in the year ended 31 December 2012, with all other variables held constant, Dana Gas's comprehensive income for that period would have been U.S.$36 million higher/lower.

Dana Gas's ability to produce economically from a field is determined, in large part, by the difference between the revenue received for crude oil, condensate or natural gas produced by Dana Gas or at fields in which Dana

Gas holds an interest and Dana Gas's operating cost, taxation costs, royalties and other costs. Therefore, lower crude oil, condensate and natural gas prices may ultimately reduce the amount of crude oil, condensate or natural gas that Dana Gas or operators of the fields where Dana Gas holds an interest are able to produce economically or may reduce the economic viability of the production levels of specific wells or of projects planned or in development to the extent that production costs exceed anticipated revenue form such production. This could, in turn, result in a reduction in Dana Gas's revenues and resources to the extent certain fields are no longer economically viable to develop.

Receivables Collected

Dana Gas's business is affected by its ability to collect receivables in a timely manner. The challenging credit environment and political unrest in the MENA Region witnessed in recent years has highlighted the importance of managing receivables risk. Dana Gas's exposure to receivables risk takes the form of a loss that would be recognised if counterparties (including sovereign entities) failed, or were unable, to meet their payment or performance obligations. Dana Gas is exposed to political and economic risks that exacerbate country risk and which may cause non-payment of obligations to Dana Gas by governments or government-owned entities. The majority of Dana Gas's trade receivables arise from its operations in Egypt and the Kurdistan Region of Iraq.

In Egypt, Dana Gas's strategy has been to keep the operating unit self-funded. Hence, the collections in Dana Gas Egypt are used to meet its capital and operational expenditures. In 2011, Dana Gas Egypt was required to reduce its capital expenditure significantly in line with the reduction in collections. However, in the year ended 31 December 2012, a 117 per cent. increase in collections was witnessed with collections of U.S.$163 million, as compared to U.S.$75 million in the year ended 31 December 2011.

In the Kurdistan Region of Iraq, Dana Gas's share of collections was U.S.$143 million in 2012 and of this amount U.S.$115 million was remitted back to Dana Gas from Pearl in 2012 pursuant to agreements in place between Dana Gas and Pearl. The balance amount was used for Dana Gas's share of operational expenses and settlement of outstanding payables. A further amount of U.S.$69 million was remitted in January 2013.

Levels of Production

Dana Gas's revenues are also directly affected by Dana Gas's levels of production of gas, liquids and condensates, which are in turn dependent on the continued operational performance of its producing assets in Egypt and Kurdistan. Dana Gas's producing assets are subject to a number of operational issues, including: reduced availability of those assets due to planned activities such as maintenance or shutdowns; unplanned outages which may, for example, be due to equipment or human failure; asset integrity and Health, Safety, Security and Environment incidents; adverse reserves recovery; the performance of joint venture partners; the performance of Dana Gas's contractors; and exposure to natural hazards, such as extreme weather events or acts of terrorism or political violence.

The following table presents information on Dana Gas's effective working interest oil and gas production:

	Year ended 31 December		
	2010	**2011**	**2012**
Working Interest			
Total Production			
Average production (boed)	55,500	66,200	59,800
Total production (MMboe)	20.2	24.1	21.8
Liquids Production			
Average oil production (bbld)	285	336	243
Total oil production (MMbbl)	0.1	0.1	0.1
Average condensate/LPG production (boed)	9,881	12,500	12,600
Total condensate/LPG production (MMboe)	3.6	4.6	4.6
Gas Production			
Average gas production (MMcfd)	272	319	281
Total gas production (Bcf)	99.3	116.4	102.6

Costs of Production

Over the medium term, Dana Gas's financial position could also be affected by cost escalation in materials and services. Increase in operating cost base could be caused by high oil/gas prices leading to inflationary pressures in the supply markets; organic demand from the energy industry coupled with regional hotspots for services; and costs associated with supporting the drive for increased asset integrity. Commodity price increases can cause supply or capacity constraints in areas such as specialist staff, construction or operations. This in turn can create cost pressure on Dana Gas's operating and capital costs, which affect ongoing financial performance.

Market Price

Dana Gas is exposed to equity securities price risk because of investments held by Dana Gas and classified as available-for-sale. Dana Gas's investment in equity of other entities that are publicly traded is listed on the Budapest Stock exchange. At 31 December 2012, if the equity price of such investments had increased/decreased by 10 per cent., with all other variables held constant, Dana Gas's comprehensive income for the year would have been U.S.$25 million higher/lower.

Exchange Rates

Dana Gas is exposed to foreign currency risks in relation to those investments classified by Dana Gas as available-for-sale which are denominated in HUF, as a significant portion of Dana Gas's asset, liabilities, revenues and expenses are U.S. dollar-denominated.

At 31 December 2012, if the HUF had strengthened/weakened by 10 per cent. against the U.S.$, with all other variables held constant, total income for the year would have been U.S.$25 million higher/lower, as a result of foreign exchange gains/losses on translation of HUF denominated available-for-sale financial assets.

Oil and Gas Reserves

The costs of developing a field are spread over the life of the field (the unit of production method of accounting under IFRS). The reserves of the field are based on the latest technical estimates based on production history, pressure measurements, porosity of source rock, estimates of likely reservoir limits and other factors, and cannot be known with certainty during the life of the field. If there is a significant change in the estimated reserves for a producing field, the total costs will be spread over a smaller or larger reserves number significantly increasing or decreasing, respectively, the cost per barrel and therefore the total cost of sales in a period. These reserves will also underpin the total value of the field used for impairment calculations, so in very significant cases a reduction to the reserve estimate can lead to an impairment write-down.

Exploration Success and Impairment

Dana Gas faces risks in connection with its appraisal, exploration and development activities. There are risks inherent in Dana Gas's strategy of geographic diversification and acquisition of new exploration and development properties. Dana Gas's success or failure in its exploration and appraisal activities will affect the level of its reserves and resources.

Dana Gas follows the "successful efforts" method of accounting in relation to its oil and natural gas exploration and evaluation expenditure. Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. If hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity which may include the drilling of further wells (exploration or exploratory type stratigraphic test wells), are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to a technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proven reserves of oil and natural gas are determined and development is sanctioned, capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure. Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

Description of Principal Line Items in the Income Statements of Dana Gas

Revenue

Revenue consists of sales value before deduction of royalties. Revenue is recognised to the extent that it is probable that the economic benefit will flow to Dana Gas and the revenue can be reliably measured. Revenue from sale of hydrocarbons is recognised when the significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably.

Royalties

Royalty cost consists of the share of production pertaining to the relevant government/entities in the countries and regions in which Dana Gas operates.

Cost of Sales

Cost of sales consists primarily of running costs of production facilities, logistics cost, direct lifting cost, fuel and management cost and cost of work overs.

Depreciation and Depletion

Depreciation and depletion costs are allocated on a unit-of-production method except for gas processing plants and pipelines where the costs are spread on a straight-line basis over the expected life. Unit-of-production rates are based on proved reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods.

Investment and Finance Income

Investment and finance income primarily includes profit on bank deposits, dividend income and revaluation gains on investments

Other Income

Other income includes one-off items which cannot be classified in any other line.

Provision for Impairments

Provision for impairments relates to exploration and development wells which are successful but which are not expected to produce cash flows sufficient to cover their existing cost. An impairment provision is created for the amount by which the carrying amount exceeds their recoverable amount.

Change in Fair Value of Investment Property

This relates to change in fair value of investment property which is based on the valuation performed by an independent firm of qualified property consultants on a semi-annual basis.

General and Administration Expenses

Dana Gas's administrative expenses consist primarily of employee and other expenses related to staff in its corporate office in Sharjah and its branch offices in Saudi Arabia, Bahrain and the Kurdistan Region of Iraq.

Finance Costs

Finance cost includes costs relating to Dana Gas's outstanding indebtedness. Arrangement fees and issue costs are deducted from the debt proceeds on initial recognition of the liability and are amortised and charged to the income statement as finance costs over the term of the debt.

Exploration Expenditure

Oil and natural gas exploration and evaluation expenditures are accounted for using the "successful efforts" method. Exploration expenditure relates to unsuccessful exploration wells where no commercial quantities of hydrocarbons have been found and includes geological and geophysical exploration costs.

Income Tax Expense

Income tax represents the sum of expected tax payable by Dana Gas and any production delivered to governmental entities in lieu of such tax. Dana Gas records this share of production as a current income tax expense.

Results of Operations

The following table sets forth selected consolidated income statement data for the years ended 31 December 2010, 2011 and 2012:

	Year ended 31 December					
	2010		2011		2012	
	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)
Revenue	487	1,785	690	2,529	636	2,331
Royalties	(137)	(502)	(169)	(619)	(136)	(499)
Net revenue	**350**	**(1,283)**	**521**	**1,910**	**500**	**1,832**
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Depreciation and depletion	(104)	(381)	(110)	(403)	(89)	(326)
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Investment and finance income	8	29	3	11	14	52
Other income	3	11	1	4	–	–
Impairments	(5)	(18)	–	–	(9)	(33)
Change in fair value of investment property	(2)	(7)	(6)	(22)	(3)	(11)
General and administration expenses	(33)	(121)	(40)	(147)	(36)	(132)
Finance costs	(56)	(205)	(87)	(319)	(86)	(315)
Exploration expenditure	(13)	(48)	(13)	(48)	(9)	(33)
Profit before income tax	**115**	**422**	**222**	**814**	228	836
Income tax expense	(72)	(264)	(84)	(308)	(63)	(231)
PROFIT FOR THE YEAR	**43**	**158**	**138**	**506**	**165**	**605**
Basic and diluted earnings per share (U.S.$/AED per share)	0.006	0.024	0.021	0.077	0.025	0.092

Analysis of Results of Operations of Dana Gas for the Financial Year Ended 31 December 2012 Compared to the Financial Year Ended 31 December 2011

Revenue

Revenue for the year ended 31 December 2012 was U.S.$636 million, an 8 per cent. decrease compared to U.S.$690 million for the year ended 31 December 2011. This decrease was primarily due to a conservative cash policy implemented by Dana Gas in Egypt, given the delays in collection of receivables, and temporary suspension of LPG production in the Kurdistan Region of Iraq following damage to an LPG loading bay in Kor Mor by a third-party LPG tanker in June 2012.

Egypt and Kurdistan contributed U.S.$373 million and U.S.$258 million respectively to the gross revenues of Dana Gas. Dana Gas's average production decreased from 66,200 boed to 59,800 boed, a decrease of 10 per cent. In Egypt, production declined from 42,500 boed to 32,200 boed as pressure depleted from older wells and new capital investment was kept to a minimum in 2011 and the first half of 2012 given the delays in collection of outstanding receivables. Production decline in Egypt was partly offset by increased production in Kurdistan, where Dana Gas's share of production increased from 23,700 boed to 27,500 boed.

Of the total decline in gross revenues of U.S.$54 million in 2012 compared to 2011, U.S.$61 million was due to a decrease in volume, which was partially offset by higher hydrocarbon prices, which contributed U.S.$7 million.

In 2012, Dana Gas's average realised price for condensate and LPG was U.S.$109/bbl and U.S.$79/boe as compared to U.S.$109/bbl and U.S.$74/boe in 2011, respectively.

Royalties

Royalties for the year ended 31 December 2012 were U.S.$136 million, a 20 per cent. decrease compared to U.S.$169 million for the year ended 31 December 2011. This royalty relates to the Egyptian government's share of production which, along with tax, is taken in kind. The decrease in royalty was primarily due to Dana Gas Egypt's lower revenues resulting from lower production in 2012.

Cost of Sales

Cost of sales for the year ended 31 December 2012 was U.S.$54 million, a 15 per cent. increase compared to U.S.$47 million for the year ended 31 December 2011. This increase was primarily due to an increase of U.S.$5 million and U.S.$2 million in Kurdistan and Egypt, respectively. The increase in the cost of sales in Kurdistan was mainly due to an increase in employee-related costs and recognition of certain regulatory costs relating to employees' social security and personal taxation in 2012. In Egypt, the increase was related to an increase in the operating costs of Wasco, the joint venture operating company of Dana Gas Egypt.

Depreciation and Depletion

Depreciation and amortisation for the year ended 31 December 2012 was U.S.$89 million, a 19 per cent. decrease compared to U.S.$110 million for the year ended 31 December 2011. Oil and gas properties in Egypt are depleted using the unit-of-production method. Unit of production rates are based on yearly production and proved reserves, which are oil and gas reserves estimated to be recovered from existing facilities using current operating methods. Production for the year in Egypt declined to 32,200 boed in 2012 from 42,500 boed in 2011, which had a corresponding impact on depletion, which decreased by U.S.$21 million.

Investment and Finance Income

Investment and finance income for the year ended 31 December 2012 was U.S.$14 million, a 367 per cent. increase compared to U.S.$3 million for the year ended 31 December 2011. This increase was primarily due to to the receipt of dividends on the shares in MOL held by Dana Gas amounting to U.S.$6 million, a repayment of investment in Abraaj fund of U.S.$2 million, and receipt of an historical IPO interest claim of U.S.$2 million.

Provision for Impairments

Provision for impairments for the year ended 31 December 2012 was U.S.$9 million, compared to nil for the year ended 31 December 2011. During 2012, Dana Gas evaluated its intangible assets and created a provision for impairment of U.S.$9 million for certain wells whose carrying amount exceeded their recoverable amount based on expected production level and cash flows.

Change in Fair Value of Investment Property

Change in fair value of investment property for the year ended 31 December 2012 was U.S.$3 million, a 50 per cent. decrease compared to U.S.$6 million for the year ended 31 December 2011. This was based on a valuation performed by an independent firm of qualified property consultants, by reference to comparable market transactions.

General and Administration Expenses

General and administration expenses for the year ended 31 December 2012 were U.S.$36 million, a 10 per cent. decrease compared to U.S.$40 million for the year ended 31 December 2011. This decrease was primarily due to optimised cost management in Dana Gas's head office during 2012. Dana Gas's head count in the UAE reduced from 90 as at 31 December 2011 to 76 as at 31 December 2012.

Finance costs

Finance costs for the year ended 31 December 2012 were U.S.$86 million, a 1 per cent. decrease compared to U.S.$87 million for the year ended 31 December 2011. This reflects the borrowing cost on Dana Gas's outstanding Existing Certificates.

Exploration Expenditure

Exploration expenditure relating to dry hole costs for the year ended 31 December 2012 was U.S.$9 million, a 31 per cent. decrease compared to U.S.$13 million for the year ended 31 December 2011. During the year ended 31 December 2012, Dana Gas conducted a seven-well exploration programme, with a 57 per cent. success rate. Out of these seven exploration wells, five were drilled in the Nile Delta concession, with West Sama-1, Balsam-1 and Allium-1 adding new resources, while two exploration wells were drilled in the Komombo concession, with West Al Baraka-1 adding new resources. As Dana Gas follows the "successful efforts" method for exploration and evaluation expenditure, dry hole costs for all of the above unsuccessful wells were written off.

Income Tax Expense

Income tax expense for the year ended 31 December 2012 was U.S.$63 million, a 25 per cent. decrease compared to U.S.$84 million for the year ended 31 December 2011. Income tax in Egypt is charged at the rate of 40 per cent. of taxable income and is taken in kind as a portion of the Egyptian government's production share. The decrease was primarily due to a decrease in the taxable income of Dana Gas Egypt as a result of lower production in Egypt.

Profit for the Year

Profit for the year ended 31 December 2012 was U.S.$165 million, a 20 per cent. increase compared to U.S.$138 million for the year ended 31 December 2011. This increase was primarily due to higher realised hydrocarbon prices and optimised cost management in 2012, supplemented by higher investment and finance income.

Analysis of Results of Operations of Dana Gas for the Financial Year Ended 31 December 2011 Compared to the Financial Year Ended 31 December 2010

Revenue

Revenue for the year ended 31 December 2011 was U.S.$690 million, a 42 per cent. increase compared to U.S.$487 million for the year ended 31 December 2010. This increase was primarily due to higher production during the year, as well as an increase in hydrocarbon prices during this period. Dana Gas Egypt and Pearl contributed U.S.$59 million and U.S.$144 million towards the increase in revenues, respectively. Dana Gas's average production increased from 55,500 boed to 66,200 boed, an increase of 19 per cent. This increase in production contributed U.S.$104 million of the increase in Dana Gas's gross revenues and was due to higher production in the Kurdistan Region of Iraq. Gas and liquid production in the Kurdistan Region of Iraq increased by 80 per cent. from 13,200 boed for the year ended 31 December 2010 to 23,700 boed for the year ended 31 December 2011, following successful commissioning of two LPG trains in January and April 2011, respectively.

In Egypt, Dana Gas achieved a sustained production plateau for the year ended 31 December 2011 despite natural decline of production from existing fields and a slower pace of drilling new production wells in order to calibrate capital expenditure with revenue collections. In the year ended 31 December 2011, average realised prices for liquids witnessed an increase of 37 per cent. This contributed U.S.$99 million of the increase in Dana Gas's gross revenues during this period.

Royalties

Royalties for the year ended 31 December 2011 were U.S.$169 million, a 23 per cent. increase compared to U.S.$137 million for the year ended 31 December 2010. This royalty relates to the Egyptian government's share of production. The increase was primarily due to higher revenues in Dana Gas Egypt resulting from higher realised prices in 2011.

Cost of Sales

Cost of sales for the year ended 31 December 2011 was U.S.$47 million, a 42 per cent. increase compared to U.S.$33 million for the year ended 31 December 2010. This increase was primarily from Pearl's operations, due to commissioning of two LPG trains in the Kurdistan Region of Iraq and the start-up of LPG production in 2011. Dana Gas's share of Pearl's cost of sales was U.S.$17 million in 2011 compared to U.S.$3 million in 2010.

Depreciation and Depletion

Depreciation and depletion for the year ended 31 December 2011 was U.S.$110 million, a 6 per cent. increase compared to U.S.$104 million for the year ended 31 December 2010. Depreciation and depletion for Dana Gas Egypt decreased by U.S.$6 million for the year ended 31 December 2011 due to lower capital expenditure during the year, with production remaining at similar levels. Depreciation and depletion for Pearl increased by U.S.$11 million for the year ended 31 December 2011, following capitalisation of both of the LPG trains.

Investment and Finance Income

Investment and finance income for the year ended 31 December 2011 was U.S.$3 million, a 63 per cent. decrease compared to U.S.$8 million for the year ended 31 December 2010. This decrease was primarily due to lower average cash balances for the year ended 31 December 2011 coupled with a decrease in the average profit rate on bank deposits in 2011. For the year ended 31 December 2011, the effective profit rate on short term bank deposits ranged from 1.25 per cent. to 4.5 per cent. compared to 2.5 per cent. and 6.1 per cent. per annum in 2010.

Other Income

Other income for the year ended 31 December 2011 was U.S.$1 million, a 67 per cent. decrease compared to U.S.$3 million for the year ended 31 December 2010. This decrease was primarily due to Dana Gas receiving a one-off payment during the year ended 31 December 2010 of U.S.$2.3 million from Shell against legal costs incurred for an arbitration. The legal costs incurred in the arbitration in previous years were written off by Dana Gas and, on receipt of legal cost reimbursement by Shell, were recorded as other income for the year ended 31 December 2010.

Provision for Impairments

Provision for impairments for the year ended 31 December 2011 was nil, compared to U.S.$5 million for the year ended 31 December 2010. This decrease was primarily due to a provision being created for the year ended 31 December 2010 in respect of oil and gas assets in the Nigeria-Sao Tome Joint Development Zone – Block 4 and development costs related to Gas Cities. No such provision was required for the year ended 31 December 2011.

Change in Fair Value of Investment Property

Change in fair value of investment property for the year ended 31 December 2011 was U.S.$6 million, a 200 per cent. increase compared to U.S.$2 million for the year ended 31 December 2010. This increase was primarily due to a decreased valuation performed by an independent firm of qualified property consultants, with reference to comparable market transactions. This decrease reflects the decline in property values during the year ended 31 December 2011.

General and Administration Expenses

General and administration expenses for the year ended 31 December 2011 were U.S.$40 million, a 21 per cent. increase compared to U.S.$33 million for the year ended 31 December 2010. This increase was partially due to an increase in head count at Dana Gas's head office, and administrative costs of SajGas and EBGDCo, during the year ended 31 December 2011.

Finance Costs

Finance costs for the year ended 31 December 2011 was U.S.$87 million, a 55 per cent. increase compared to U.S.$56 million for the year ended 31 December 2010. This increase was primarily due to finance costs attributable to Dana Gas's operations in the Kurdistan Region of Iraq being capitalised during the year ended 31 December 2010. From January 2011, following commission of the first LPG train in Kor Mor, the finance costs attributable to Dana Gas's operations in the Kurdistan Region of Iraq are expressed in Dana Gas's consolidated income statement, as per IFRS.

Exploration Expenditure

Exploration expenditure for the year ended 31 December 2011 was U.S.$13 million, no change from the year ended 31 December 2010. During the year ended 31 December 2011, Dana Gas conducted a six-well exploration and appraisal programme, with a 50 per cent. success rate. All of the wells were drilled in the Nile Delta concessions, with South Abu El Naga-2, Iris-1 and South Faraskur-3 adding new resources. The drilling costs of the three dry wells (Sanabel, Pluto and South Abu El Naga-3), amounting to U.S.$12 million, were written off during the year ended 31 December 2010.

Income Tax Expense

Income tax expense for the year ended 31 December 2011 was U.S.$84 million, a 17 per cent. increase compared to U.S.$72 million for the year ended 31 December 2010. This increase was primarily due to an increase in the taxable income of Dana Gas Egypt, as a result of higher realised hydrocarbon prices.

Profit for the Year

Profit for the year ended 31 December 2011 was U.S.$138 million, a 221 per cent. increase compared to U.S.$43 million for the year ended 31 December 2010. This increase was primarily due to Dana Gas's ongoing and growing operations in the Kurdistan Region of Iraq, higher production coupled with higher hydrocarbon prices and the impact of a continuous cost review and optimisation strategy by Dana Gas.

Financial Position

The following table sets forth the financial position of Dana Gas as at 31 December 2010, 2011 and 2012:

	As at 31 December					
	2010		2011		2012	
	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)
ASSETS						
Non-current assets:						
Property, plant and equipment	1,045	3,828	1,032	3,782	985	3,610
Intangible assets	1,355	4,967	1,342	4,918	1,353	4,959
Available-for-sale financial assets	315	1,155	–	–	–	–
Investment property	37	136	31	114	28	103
Total non-current assets	**2,752**	**10,086**	**2,405**	**8,814**	**2,366**	**8,672**
Current assets:						
Inventories	51	187	53	194	54	198
Trade and other receivables	255	935	501	1,836	670	2,456
Due from related parties	1	3	–	–	–	–
Available-for-sale financial assets	–	–	226	829	255	935
Financial assets at fair value through profit or loss	10	37	10	37	10	37
Cash and cash equivalents	159	583	112	411	165	605
Total current assets	**476**	**1,745**	**902**	**3,307**	**1,154**	**4,231**
TOTAL ASSETS	**3,228**	**11,831**	**3,307**	**12,121**	**3,520**	**12,903**
EQUITY						
Capital and reserves attributable to equity holders of Dana Gas:						
Share capital	1,801	6,600	1,801	6,602	1,801	6,602
Statutory reserve	34	125	48	176	65	238
Legal reserve	34	125	48	176	65	238
Retained earnings	112	409	220	806	349	1,280
Other reserves	142	521	55	200	85	310
Convertible bonds-equity component	48	176	48	176	48	176
Attributable to shareholders of Dana Gas	**2,171**	**7,956**	**2,220**	**8,136**	**2,413**	**8,844**
Non-controlling interest	3	11	4	15	4	15
TOTAL EQUITY	2,174	7,967	2,224	8151	2,417	8,859
LIABILITIES						
Non-current liabilities:						
Borrowings	897	3,288	25	92	29	106
Provisions	17	62	17	62	14	51
Total non-current liabilities	**914**	**3,350**	**42**	**154**	**43**	**157**
Current liabilities:						
Borrowings	–	–	905	3,317	922	3,380
Trade payables and accruals	140	514	134	492	138	507
Due to related parties	–	–	2	7	–	–
Total current liabilities	**140**	**514**	**1,041**	**3,816**	**1,060**	**3,887**
TOTAL LIABILITIES	**1,054**	**3,864**	**1,083**	**3,970**	**1,103**	**4,044**
TOTAL EQUITY AND LIABILITIES	**3,228**	**11,831**	**3,307**	**12,121**	**3,520**	**12,903**

Analysis of Financial Position of Dana Gas as at 31 December 2010, 2011 and 2012

Non-Current Assets

Non-current assets of Dana Gas as at 31 December 2012 stood at U.S.$2,366 million, a 2 per cent. decrease compared to U.S.$2,405 million as at 31 December 2011, and a 13 per cent. decrease compared to U.S.$2,752 million as at 31 December 2010.

The decrease in non-current assets of Dana Gas in 2012 was primarily due to the following:

- Property, plant and equipment decreased from U.S.$1,032 million as at 31 December 2011 to U.S.$985 million as at 31 December 2012, reflecting lower capital expenditure due to the conservative cash policy implemented by Dana Gas in Egypt, given the delays in collection of receivables in 2011 and 2012. In addition, 50 per cent. of the costs in Zora gas field in the Sharjah Western Offshore concession, amounting to U.S.$14 million, were transferred from property plant and equipment to other receivables from Ajman Petroleum Investment Company LLC ("**APIC**") upon signing of the Unitisation and Unit Operating Agreement (see "*Dana Gas – Business Description – Material Agreements Relating to Dana Gas's Assets – United Arab Emirates*").

- Intangible assets increased from U.S.$1,342 million as at 31 December 2011 to U.S.$1,353 million as at 31 December 2012, due to costs associated with Dana Gas's ongoing exploration programme in Egypt. During 2012, U.S.$29 million was spent in respect of the exploration programme in Egypt, U.S.$9 million was provided against wells drilled in prior years and U.S.$9 million was transferred to property, plant and equipment, relating to wells put into production.
- Investment property decreased from U.S.$31 million as at 31 December 2011 to U.S.$28 million as at 31 December 2012. This decrease was based on valuation performed by an independent firm of qualified property consultants, with reference to comparable market transactions.
- The decrease in non-current assets of Dana Gas in 2011 was primarily due to the reclassification of available-for-sale financial assets from non-current assets to current assets for the year ended 31 December 2011.

Current Assets

Current assets of Dana Gas as at 31 December 2012 stood at U.S.$1,154 million, a 28 per cent. increase compared to U.S.$902 million as at 31 December 2011, and a 89 per cent. increase compared to U.S.$476 million as at 31 December 2010.

The increase in current assets of Dana Gas in 2012 was primarily due to the following:

- Trade and other receivables increased from U.S.$501 million as at 31 December 2011 to U.S.$670 million as at 31 December 2012, an increase of 34 per cent. Trade receivables increased from U.S.$475 million to U.S.$599 million as at 31 December 2012. This increase was mainly due to lower levels of collection as compared to revenue billed. During 2012, Dana Gas recorded net revenue of U.S.$171 million and U.S.$258 million with collection of U.S.$163 million and U.S.$143 million in Egypt and Kurdistan, respectively. Other receivables increased by U.S.$45 million, primarily due to transfer of U.S.$14 million to APIC in respect of historical costs relating to the Zora gas field in the Sharjah Western Offshore concession, and an increase in advances to suppliers amounting to U.S.$19 million.
- Available-for-sale financial assets increased from U.S.$226 million as at 31 December 2011 to U.S.$255 million as at 31 December 2012. This increase was due to an increase in the fair value of Dana Gas's shareholding in MOL with reference to the published price quotation as at 31 December 2012.
- Cash and cash equivalents increased from U.S.$112 million as at 31 December 2011 to U.S.$165 million as at 31 December 2012. This increase was primarily due to a conservative cash policy implemented by Dana Gas in Egypt, given the delays in collection of receivables, together with increased collections both in Egypt and Kurdistan, as compared to 2011.
- The increase in current assets of Dana Gas in 2011 was primarily due to an increase in trade and other receivables from U.S.$255 million to U.S.$501 million and the reclassification of U.S.$226 million of available-for-sale financial assets to current assets. The increase in trade and other receivables was partly due to the 42 per cent. increase achieved in gross revenues during the year. During the year ended 31 December 2011, Dana Gas collected U.S.$177 million in receivables, of which U.S.$75 million was collected in Egypt and U.S.$102 million was collected in the Kurdistan Region of Iraq.

Non-Current Liabilities

Non-current liabilities of Dana Gas as at 31 December 2012 stood at U.S.$43 million, a 2 per cent. increase compared to U.S.$42 million as at 31 December 2011, in turn a 95 per cent. decrease compared to U.S.$914 million as at 31 December 2010.

The increase in non-current liabilities of Dana Gas in 2012 was primarily due to a drawdown of U.S.$4 million under the facility agreement with CIB for financing of EBGDCo's gas liquids extraction plant in the Ras Shukheir area of the Gulf of Suez region in Egypt.

The decrease in non-current liabilities of Dana Gas in 2011 was primarily due to the reclassification of Dana Gas's liability relating to its outstanding Existing Certificates from non-current liabilities to current liabilities to reflect the fact that less than a year remained to maturity.

Current Liabilities

Current liabilities of Dana Gas as at 31 December 2012 stood at U.S.$1,060 million, a 2 per cent. increase compared to U.S.$1,041 million as at 31 December 2011, in turn a 644 per cent. increase compared to U.S.$140 million as at 31 December 2010.

The increase in 2012 was primarily due to the amortisation of the issue cost/equity component relating to Dana Gas's outstanding Existing Certificates, which stood at U.S.$920 million as at 31 December 2012.

The increase in 2011 was primarily due to the reclassification of Dana Gas's liability relating to its outstanding Existing Certificates from non-current liabilities to current liabilities to reflect the fact that less than a year remained to maturity.

Liquidity and Capital Resources

The following table sets forth selected cash flow statement data for the years ended 31 December 2010, 2011 and 2012.

	Year ended 31 December					
	2010		2011		2012	
	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)
Net cash flows from operating activities	131	480	99	364	177	648
Net cash used in investing activities	(126)	(462)	(93)	(342)	(57)	(208)
Net cash used in financing activities	(59)	(216)	(53)	(194)	(67)	(246)
Cash and cash equivalents at the end of the year	**159**	**583**	**112**	**411**	**165**	**605**

Net Cash Flows from Operating Activities

Net cash flows from operating activities for the year ended 31 December 2012 was U.S.$177 million, a 79 per cent. increase compared to U.S.$99 million for the year ended 31 December 2011. The increase in net cash flows from operating activities in 2012 was primarily due to increased collection by Dana Gas in Egypt and Kurdistan, where, respectively, Dana Gas collected U.S.$163 million and U.S.$143 million in 2012 as compared to U.S.$75 million and U.S.$102 million in 2011.

Net cash flows from operating activities for the year ended 31 December 2011 was U.S.$99 million, a 24 per cent. decrease compared to U.S.$131 million for the year ended 31 December 2010. This decrease was primarily due to the low level of collections by Dana Gas in Egypt, which was partially mitigated by increased collections in the Kurdistan Region of Iraq.

Net Cash Used in Investing Activities

Net cash used in investing activities for the year ended 31 December 2012 was U.S.$57 million, a 39 per cent. decrease compared to U.S.$93 million for the year ended 31 December 2011. This decrease was primarily due to a lower level of activity in Egypt due to implementation of a conservative cash policy by Dana Gas given the delays in collection of outstanding receivables. Further, because EBGDCo's gas liquids extraction plant was nearing completion, only U.S.$10 million was spent as compared to U.S.$23 million spent in 2011. Net cash used in investing activities was further reduced by higher investment and finance income of U.S.$11 million due to to the receipt of a dividend on the shares in MOL held by Dana Gas amounting to U.S.$7 million, a repayment of investment in Abraaj fund of U.S.$2 million, and receipt of an historical IPO interest claim of U.S.$2 million.

Net cash used in investing activities for the year ended 31 December 2011 was U.S.$93 million, a 26 per cent. decrease compared to U.S.$126 million for the year ended 31 December 2010. This decrease was primarily due to a lower level of activity in Egypt in order to calibrate cash collections with spend, and no major capital expenditure being incurred by Pearl following successful commissioning of the LPG plant in Kurdistan in early 2011.

Net Cash Used in Financing Activities

Net cash used in financing activities for the year ended 31 December 2012 was U.S.$67 million, a 26 per cent. increase compared to U.S.$53 million for the year ended 31 December 2011. In the year ended 31 December 2012, net cash flows used in financing activities primarily related to profit payment on the Existing Certificates of U.S.$69 million.

Net cash used in financing activities for the year ended 31 December 2011 was U.S.$53 million, a 10 per cent. decrease compared to U.S.$59 million for the year ended 31 December 2010. In the year ended 31 December 2011, net cash flows used in financing activities related to the profit payment of U.S.$69 million on the Existing Certificates were partially offset by the cash inflow relating to the additional U.S.$6 million drawdown for EBGDCo.

Segmental Information

The following table sets forth selected consolidated income statement data of Dana Gas as broken down by operating segment for each of the years ended 31 December 2010, 2011 and 2012.

	Year ended 31 December					
	2010		2011		2012	
	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)
Net revenues:						
UAE	4	15	5	18	5	18
Egypt	264	968	290	1,063	237	869
Kurdistan Region of Iraq	82	300	226	829	258	945
Total revenue	**350**	**1,283**	**521**	**1,910**	**500**	**1,832**
Gross profit:						
UAE	3	11	3	11	3	11
Egypt	134	491	166	608	130	476
Kurdistan Region of Iraq	76	279	195	716	224	821
Total gross profit	**213**	**781**	**364**	**1,335**	**357**	**1,308**

The following table sets forth the financial position of Dana Gas as broken down by operating segment as at 31 December 2010, 2011 and 2012.

	As at 31 December					
	2010		2011		2012	
	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)
Assets:						
UAE	1,646	6,033	1,505	5,516	1,551	5,685
Egypt	1,082	3,966	1,183	4,336	1,195	4,381
Kurdistan Region of Iraq	500	1,832	619	2,269	774	2,837
Total assets	**3,228**	**11,831**	**3,307**	**12,121**	**3,520**	**12,903**
Liabilities:						
UAE	917	3,361	944	3,460	960	3,519
Egypt	114	418	129	473	133	488
Kurdistan Region of Iraq	23	84	10	37	10	37
Total liabilities	**1,054**	**3,863**	**1,083**	**3,970**	**1,103**	**4,044**

Capital Expenditure

Capital Expenditure of Dana Gas in the Year Ended 31 December 2012

In the year ended 31 December 2012, capital expenditure of Dana Gas was U.S.$85 million. In Egypt, Dana Gas spent U.S.$74 million on the exploration of seven wells, development of existing fields and on EBGDCo's gas liquids extraction plant. An additional U.S.$10 million was spent by Dana Gas on the Zora project in the Sharjah Western Offshore concession, which is currently in the development phase.

Capital Expenditure of Dana Gas in the Year Ended 31 December 2011

In the year ended 31 December 2011, capital expenditure of Dana Gas was U.S.$96 million. In Egypt, Dana Gas spent U.S.$79 million on the exploration of six wells, development of existing fields and on EBGDCo's gas liquids extraction plant. An additional U.S.$12 million was spent by Dana Gas on the Zora project which remains in the development phase.

Future Capital Expenditure

Dana Gas's capital expenditure will be driven largely by its development of newly-discovered fields and existing fields through to production. Dana Gas estimates its capital expenditure for 2013 to be between approximately U.S.$160 million and U.S.$190 million. Dana Gas expects that approximately 70 per cent. of this amount will be used for exploration and development activities in Egypt, with the remaining amount being equally utilised in Kurdistan and development of the Zora gas field in the Sharjah Western Offshore concession.

Dana Gas continually evaluates its capital needs and compares them with its estimated funds available, and its actual future capital expenditure may be higher or lower than its budgeted amounts. It is important to note that the dynamic nature of Dana Gas's business limits its ability to precisely predict its future capital expenditures. In

particular, Dana Gas's capital expenditures may increase as additional exploration or development opportunities arise.

Contractual Commitments, Contingent Assets and Contingent Liabilities

Dana Gas Egypt

Dana Gas Egypt currently has two drilling rigs under contract. In the event that Dana Gas Egypt does not proceed with planned drilling with these rigs, it would be obligated to pay the rig operators a variable stand by rate based on days not utilised under the contracts. Maximum liability as at 31 December 2012 was U.S.$4 million.

In March 2006, Dana Gas Egypt entered into an agreement with CTIP Oil and Gas Limited to acquire a 25 per cent. working interest in the West El Manzala and West El Qantara concessions. Following the closing of this acquisition, Dana Gas held a 100 per cent. participating interest in each of these concessions. As agreed under the terms of the acquisition agreement, Dana Gas Egypt has paid U.S.$13 million as a result of the first government-approved plan of development in the West El Manzala concession. In addition, Dana Gas Egypt has agreed to pay additional payments that could amount to a further U.S.$12.5 million as and when discovery volumes equal or exceed 1 Tcf of proved reserves. Dana Gas Egypt has also granted a 3 per cent. net profits interest to CTIP Oil and Gas Limited on future profit from the concessions.

Nigeria/Sao Tome

Dana Gas and another partner have withdrawn from the Nigeria/Sao Tome Joint Development Authority concession due to the decision of the operator, Addax, to drill a third well without approval, in response to which Addax initiated arbitration proceedings against Dana Gas. In April 2012, the arbitration proceedings initiated by Addax were concluded through an amicable settlement between Addax and Dana Gas. Notice of settlement was sent to both the arbitration tribunal and ICC and receipt of the same has been confirmed.

Pearl

Capital expenditure contracted for in relation to reconstruction of a damaged loading bay facility is estimated at U.S.$17 million, of which Dana Gas's share is U.S.$7 million. As per the terms and conditions of the insurance policies, Pearl's insurers have confirmed their commitment to reimburse the cost incurred for the restoration of the damaged LPG loading facility.

EBGDCo

EBGDCo, through CIB, has issued a letter of credit to a supplier, out of which an amount of U.S.$5 million, of which Dana Gas's share is U.S.$2 million, is outstanding as at 31 December 2012.

Sharjah Western Offshore

Capital expenditure contracted for at the end of the reporting period but not yet accrued amounted to U.S.$2 million.

Financial Risk Management Objectives and Policies

Foreign Currency Risk

Dana Gas is only exposed to material foreign currency risks in relation to available-for-sale financial assets which are denominated in HUF, as a significant portion of Dana Gas's asset, liabilities, revenues and expenses are U.S. dollar-denominated.

At 31 December 2012, if the HUF had strengthened/weakened by 10 per cent. against the U.S. dollar, with all other variables held constant, total comprehensive income for the year would have been U.S.$25 million higher/lower (compared to U.S.$23 million in 2011), as a result of foreign exchange gains/losses on translation of HUF denominated available-for-sale financial assets.

Interest Rate Risk

Dana Gas has minimal exposure to interest rate risk on bank deposits and long term borrowings, which are obtained at variable rates by one of Dana Gas's subsidiaries to finance its project. Dana Gas's exchangeable bonds carry fixed profit rate and hence are not exposed to interest rate risk.

Price Risk

Dana Gas is exposed to equity securities price risk in relation to its investments that are classified as available-for-sale financial assets. Dana Gas's investment is in equity of an entity which is publicly traded on the Budapest Stock exchange. As at 31 December 2012, if the equity price had increased/decreased by 10 per cent., with all other variables held constant, Dana Gas's comprehensive income for the year would have been U.S.$25 million higher/lower (compared to U.S.$23 million in 2011).

Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Dana Gas is exposed to credit risk from trade receivables and bank balances. Trade receivables arise from Dana Gas's operations in UAE, Egypt and the Kurdistan Region of Iraq. The requirement for impairment is analysed at each reporting date on an individual basis for major customers. Credit risk from balances with banks and financial institutions is managed by Dana Gas's Treasury in accordance with Dana Gas's policy. Investment of surplus funds is made only with counterparties approved by the Board of Directors of Dana Gas.

Liquidity Risk

Dana Gas's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings, trade payables and other payables. The table below sets forth the maturity profile of Dana Gas's financial liabilities as at 31 December 2012 and 31 December 2011 based on contractual undiscounted payments.

	As at 31 December 2012					
	On demand	**< 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
			(U.S.$m)			
Borrowings	920	–	3	27	13	**963**
Trade and other payables	–	138	–	–	–	**138**
Provisions	–	–	2	5	16	**23**
Total	**920**	**138**	**5**	**32**	**29**	**1,124**

	As at 31 December 2011					
	On demand	**< 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
			(U.S.$m)			
Borrowings	–	6	973	14	17	**1,010**
Trade and other payables	–	134	–	–	–	**134**
Provisions	–	–	2	6	22	**30**
Total	–	**140**	**975**	**20**	**39**	**1,174**

Significant Accounting Policies and Estimates

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment property, available-for-sale financial assets and financial assets at fair value through profit or loss account that have been measured at fair value.

The preparation of Dana Gas's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates if different assumptions were used and different conditions existed.

In particular, Dana Gas has identified the following areas where significant judgements, estimates and assumptions are required, and which, if actual results were to differ, may materially affect the financial position or financial results reported in future periods. Further information on each of these areas and how they impact the various accounting policies are described in the relevant notes to the financial statements.

Impairment of Goodwill

Dana Gas determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires Dana Gas to make an estimate of the expected future cash flows from each cash-generating unit and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2012 was U.S.$308 million, the same as in 2011.

Recoverable Value of Intangible Oil and Gas Assets

Dana Gas determines at each statement of financial position date whether there is any evidence of impairment in the carrying value of its intangible oil and gas assets. This requires management to estimate the recoverable value of its intangible oil and gas assets by reference to quoted market values and similar arms-length transactions involving these assets. The carrying amount of such intangibles at 31 December 2012 was U.S.$181 million, compared to U.S.$170 million in 2011.

Investment Properties

Dana Gas carries its investment properties at fair value, with changes in fair values being recognised in the consolidated income statement. Dana Gas engaged a firm of qualified independent property consultants to determine fair value reflecting market conditions as at 31 December 2012.

Decommissioning Costs

Decommissioning costs will be incurred by Dana Gas at the end of the operating life of some of Dana Gas's facilities and properties. Dana Gas assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

Units of Production Depreciation of Oil and Gas Properties

Oil and gas properties are depreciated using the units of production ("**UOP**") method over total proved reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field. Each item's life, which is assessed annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves or future capital expenditure estimates changes. Changes to proved reserves could arise due to changes in the factors or assumptions used in estimating reserves and are accounted for prospectively.

Exploration and Evaluation Expenditure

The application of Dana Gas's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when Dana Gas defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.

Hydrocarbon Reserve and Resource Estimates

Oil and gas properties are depreciated on a UOP basis at a rate calculated by reference to total proved reserves determined in accordance with the Society of Petroleum Engineers' rules and incorporating the estimated future cost of developing those reserves. Dana Gas estimates its commercial reserves based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the Production-Sharing Agreements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities and other capital costs.

As the economic assumptions used may change, and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact Dana Gas's reported financial position and results, which include:

- the carrying value of oil and gas properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows.
- depreciation and amortisation charges in profit or loss may change where such charges are determined using the UOP method, or where the useful life of the related assets change.
- provisions for decommissioning may change as the changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.

Basis of Consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which Dana Gas has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Dana Gas controls another entity. Subsidiaries are consolidated from the date of acquisition, being the date on which Dana Gas obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Dana Gas applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by Dana Gas. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Dana Gas recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Losses are attributable to the non-controlling interest even if that results in a deficit balance.

Changes in Ownership Interests in Subsidiaries without Change of Control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Joint Ventures

Dana Gas's interests in jointly controlled entities are accounted for by proportionate consolidation. Dana Gas combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on

a line-by-line basis with similar items in Dana Gas's financial statements. Dana Gas recognises the portion of gains or losses on the sale of assets by Dana Gas to the joint venture that is attributable to the other ventures. Dana Gas does not recognise its share of profits or losses from the joint venture that result from its purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

Associates

Associates are all entities over which Dana Gas has significant influence but not control, generally accompanying a shareholding between 20 per cent. and 50 per cent. of the voting rights. Investments in associates are accounted for using the equity method. Under the method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

The group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by Dana Gas. Dilution gains and losses arising in investments in associates are recognised in the income statement.

The financial statements of the associate are prepared for the same reporting period as for Dana Gas. When necessary, adjustments are made to bring the accounting policies in line with those of Dana Gas.

Oil and Gas Assets

Oil and natural gas exploration and evaluation expenditures are accounted for using the "successful efforts" method of accounting. Pre-licence costs are expensed in the period in which they are incurred. Exploration licence and leasehold property acquisition costs are capitalised in intangible assets. Geological and geophysical exploration costs are charged against income as incurred. Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. If hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity which may include the drilling of further wells (exploration or exploratory-type stratigraphic test wells), and are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to a technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proved reserves of oil and natural gas are determined and development is sanctioned, capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure. Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

Depletion

Oil and gas properties are depleted using the unit-of-production method. UOP rates are based on proved reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods.

Impairment – Exploration and Evaluation Assets

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less cost to sell and their value in use. For the purpose of assessing impairment, the exploration and evaluation assets subject to

testing are grouped with existing cash-generating units of production fields that are located in the same geographical region.

Intangible Assets

Intangible assets acquired as part of a business combination relating to oil and gas properties are recognised separately from goodwill if the asset is separable or arises from contractual or legal rights and its fair value can be measured reliably.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually, either individually or at the cash-generating unit level. When development in respect of the oil and gas properties is internally approved, the related amount is transferred from intangible assets to property, plant and equipment and depleted in accordance with Dana Gas's policy. If no future activity is planned, the remaining balance is written off.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. Goodwill on acquisitions of subsidiaries is included in "intangible assets". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses, any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Provisions

General

Provisions are recognised when Dana Gas has a present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Decommissioning Liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. The abandonment and site restoration costs initially recorded are depleted using the unit-of-production method based on proven oil and gas reserves. Subsequent revisions to abandonment and site restoration costs are considered as a change in estimates and are accounted for on a prospective basis.

Employees' End-of-Service Benefits

Dana Gas provides end-of-service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its UAE national employees, Dana Gas makes contributions to a pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. Dana Gas's obligations are limited to these contributions, which are expensed when due.

DANA GAS – BUSINESS DESCRIPTION

Introduction

Dana Gas is an independent gas company with established operations in the Middle East and North Africa (the "**MENA Region**") across most of the components of the natural gas industry from exploration and production, through processing and transportation, to the sale and marketing of natural gas and its by-products, such as LPG, condensate and propane, as feedstock and fuel to the industrial and power sectors. For the year ended 31 December 2012, Dana Gas's revenue and EBITDAX were U.S.$636 million and U.S.$401 million, respectively. Dana Gas is listed on the ADX and, as at 25 March 2013, had a market capitalisation of approximately U.S.$830 million. Dana Gas's registered office is at P.O. Box 2011, Sharjah, United Arab Emirates. The telephone number of the head office is +971 (0)6 5569444 and the fax number of the head office is +971 (0)6 5566522.

Since its establishment in 2005, Dana Gas has expanded rapidly to become a medium-sized regional energy company. As at 31 December 2012, Dana Gas and its wholly-owned subsidiaries employed around 210 employees and 39 contractors, and the companies in which Dana Gas has a joint venture interest employed around 875 employees and 388 contractors, of which Dana Gas's net interest was 569 employees and 340 contractors. The vast majority of these employees and contractors are based in Egypt, the Kurdistan Region of Iraq and Sharjah.

Dana Gas has an issued and fully paid up share capital of 6,602,001,300 common shares of AED1.00 each. All shares are of the same class and carry equal voting rights. Only one shareholder of Dana Gas, Crescent (which owned 20.12 per cent. as at 31 December 2012), owns more than 5 per cent. of the share capital of Dana Gas. The remaining shares are held by a number of high net worth individuals, institutions and retail investors across the Gulf Cooperation Council ("**GCC**") countries and internationally. In accordance with UAE law, a minimum of 51 per cent. of the share capital of Dana Gas must be held by GCC nationals and/or legal entities controlled by GCC nationals.

Business Overview

Dana Gas has built gas businesses in Egypt, the Kurdistan Region of Iraq and the UAE. Each of these businesses is intended to be an individual profit centre, as well as to allow for the integration between upstream, midstream and downstream business segments (as explained below). Dana Gas believes that it is able to obtain more value from upstream business assets when they are combined with midstream and downstream opportunities, and *vice versa*. Dana Gas believes that this integration allows it to maximise the value extracted from its assets by participating in all aspects of the natural gas chain.

Upstream Segment

The "upstream segment", which constitutes the significant majority of Dana Gas's business in terms of revenue, primarily includes gas exploration and production and encompasses Dana Gas's activities in Egypt through its wholly-owned subsidiary Dana Gas Egypt Ltd. ("**Dana Gas Egypt**"); in the Kurdistan Region of Iraq through the activities of Dana Gas and Pearl Petroleum Company Limited ("**Pearl**"), in which Dana Gas holds a 40 per cent. shareholding; and in the UAE through its wholly-owned subsidiary Dana Gas Sharjah Offshore Ltd.

- ***Egypt***: Dana Gas engages in production of natural gas in Egypt under a production sharing regime with the Government of Egypt, through its wholly-owned subsidiary Dana Gas Egypt, which operates in three concession areas in the Nile Delta region of Egypt known as the El Manzala, West El Manzala and West El Qantara concessions, and a 50 per cent. interest in one concession area in the Upper Egypt region known as the Komombo concession. A total of 14 development leases have been granted to Dana Gas Egypt: three under the El Manzala concession; eight under the West El Manzala concession; two under the West El Qantara concession; and one under the Komombo concession.
- ***Kurdistan Region of Iraq***: Dana Gas, as joint operator and as a shareholder in Pearl, is engaged in the appraisal, development and production of petroleum and gas resources from within the Kor Mor and Chemchemal gas fields in the Kurdistan Region of Iraq, under a risk service arrangement with the KRG.
- ***United Arab Emirates***: Dana Gas is engaged in the exploration, development and production of gas and condensate in the UAE through its 100 per cent. interest in the Sharjah Western Offshore concession, under a royalty regime with the government of Sharjah. Dana Gas Explorations FZE, a wholly-owned subsidiary of Dana Gas, is the legal holder of the concession interest, while Dana Gas Sharjah Offshore Ltd., another wholly-owned subsidiary of Dana Gas, is the unit operator of the concession. The

concession covers a total area of over 1,000 sq km and includes part of the Zora gas field, which is located approximately 33 km offshore and has established gas reserves. The Zora gas field extends outside of the concession area into neighboring Ajman.

The table below sets out the details of the daily production levels of Dana Gas by geographic segment during the year ended 31 December 2012:

	Year ended 31 December 2012		
	Gas (boed)	**Condensate and oil (boed)**	**LPG (boed)**
Egypt:			
El Manzala	5,806	714	616
West El Manzala	18,259	2,791	1,650
West El Qantara	2,158	–	–
Komombo	–	243	–
EBGDCo	–	–	100[(1)]
Kurdistan Region of Iraq:			
Kor Mor[(2)]	20,732	5,630	1,121
Chemchemal	–	–	–
United Arab Emirates:			
Sharjah Western Offshore	Not yet producing	Not yet producing	Not yet producing

Note:
(1) Propane and butane (natural gas liquids).
(2) Values relate to Pearl, in which Dana Gas has a 40 per cent. shareholding.

Midstream Segment

The "midstream segment" includes the transportation and processing of natural gas and gas liquids, including liquefied petroleum gas ("**LPG**") and condensates. This encompasses gas processing plants in El Wastani and South El Manzala in Egypt operated by Dana Gas Egypt, an LPG processing plant in Kor Mor in the Kurdistan Region of Iraq owned and operated by Pearl and its interest in a gas liquids extraction plant in Egypt owned and operated by Egyptian Bahraini Gas Derivative Company S.A.E. ("**EBGDCo**"), which became operational in August 2012, and gas transmission and reception facilities in the UAE owned and operated by United Gas Transmissions Company Limited ("**UGTC**").

Downstream Segment

The "downstream segment" involves the sale of gas and liquids to end-user industries, including the petrochemicals business, and captures Dana Gas's ownership of natural gas and petroleum resources by-products, which includes its gas resource ownership and merchant operations in Dubai, Sharjah and the Northern Emirates. It also incorporates Dana Gas's plans in relation to the development and promotion of gas-related petrochemical and industrial complexes ("**Gas Cities**"). Gas Cities are intended to be integrated industrial cities designed for the systematic and comprehensive utilisation of natural gas as fuel and feedstock, proposed to be developed by Gas Cities Limited, a joint venture company established by Dana Gas and Crescent. Gas Cities Limited is currently pursuing Gas Cities projects in the Kurdistan Region of Iraq, Yemen and Egypt.

History of Dana Gas

In July 2005, prior to the incorporation of Dana Gas, certain individuals and institutions transferred their shareholdings in SajGas and UGTC to a company under formation known as Dana Gas (the "**Company under Formation**"). Crescent also transferred a shareholding of 35 per cent. in Crescent National Gas Corporation Limited ("**CNGCL**") in addition to its shareholdings in SajGas and UGTC for shares in the Company under Formation. Such transfer represented an aggregate of 32.7 per cent. of the total share capital of the Company under Formation.

In July 2005, the Company under Formation participated in a private placement of shares amounting to a further 33.0 per cent. of its share capital at the time to its founding shareholders, raising AED1.98 billion. In October 2005, the Company under Formation completed an initial public offering for the remaining 34.3 per cent. of the total share capital of the Company under Formation, raising AED2.06 billion.

Dana Gas was incorporated on 20 November 2005 in the Emirate of Sharjah in the UAE as a public joint stock company pursuant to incorporation decree number 429/2005 issued by the Ministry of Economy and in accordance with the provisions of UAE Federal Law No. (8) of 1984 Concerning Commercial Companies, as

amended. On 6 December 2005, Dana Gas's shares were admitted to the official list of the Abu Dhabi Securities Market (now known as the Abu Dhabi Securities Exchange).

In January 2006, Dana Gas, signed a Memorandum of Understanding with the Federal Electricity and Water Authority of the UAE and the Sharjah Electricity and Water Authority and CNGCL for the implementation and utilisation of the Hamriyah Gas Pipeline Project (see "*– Business Segments – United Arab Emirates – UGTC Joint Venture Project with Emarat*").

In January 2007, Dana Gas completed the U.S.$1.1 billion acquisition of Calgary-based Centurion Energy, with assets in Egypt, Tunisia and Nigeria/Sao Tome. The acquisition of Centurion Energy by Dana Gas was, at the time, the largest acquisition of an international energy company by a UAE-listed company (see "*– Business Segments – Egypt*").

In April 2007, Dana Gas entered into a Strategic Alliance Protocol with the Kurdistan Regional Government (the "**KRG**"), under the terms of which the KRG, Dana Gas and Crescent agreed jointly to review the natural gas resources in the Kurdistan Region of Iraq to optimise, develop and utilise those resources. Dana Gas was awarded a risk service contract called "Heads of Agreement" in relation to the Kor Mor and Chemchemal gas fields (the "**Kurdistan Region Authorisation**"), and was engaged to develop, to process and to transport natural gas from the Kor Mor gas field on a fast-track basis in order to fuel domestic electrical power generation plants near Erbil and Sulaymaniya, and also to appraise and develop the Chemchemal gas field (see "*– Business Segments – Kurdistan Region of Iraq*"). The validity of the Kurdistan Region Authorisation was duly affirmed by the Kurdistan Region Oil & Gas Council for purposes of the then recently enacted Kurdistan Region Oil & Gas Law in December 2007; and subsequent thereto in January 2008, the Kurdistan Region Authorisation was amended and amplified.

In June 2007, Dana Gas acquired a 26.4 per cent. effective shareholding in Egyptian Bahraini Gas Derivative Company S.A.E. ("**EBGDCo**"), an entity developing a gas liquids extraction plant in Ras Shukeir, Egypt. The joint venture partners in EBGDCo are the state-owned Egyptian Natural Gas Holding Company ("**EGAS**") and APICORP, an inter-governmental regional financial institution owned by the member states of the Organisation of Arab Petroleum Exporting Countries. EBGDCo's gas liquids extraction plant commenced operations in August 2012 (see "*– Business Segments – Egypt – Production Facilities*").

In October 2007, Dana Gas issued its Sharia-compliant U.S.$1 billion Exchangeable Trust Certificates (*Sukuk al-Mudarabah*) (the "**Existing Certificates**"), traded on the Professional Securities Market of the London Stock Exchange. The issue of the Existing Certificates was approved by Dana Gas's shareholders at an Extraordinary General Meeting held in July 2007. The Existing Certificates matured on 31 October 2012, although Dana Gas defaulted on the payment due at such time. In December 2012, Dana Gas, pursuant to the signing of a lockup and standstill agreement with representatives of the Certificateholders, announced the terms of the refinancing of the Existing Certificates (see "*– Restructuring of the Existing Certificates*" and "*Risk Factors – Dana Gas has recently defaulted on payment of principal and accrued periodic distribution amounts due on 31 October 2012 in respect of its U.S.$1 billion Exchangeable Trust Certificates as a result of challenges faced in collecting outstanding receivables, and there is a significant risk that Dana Gas may continue to face such challenges*").

In March 2008, Dana Gas entered into a 25-year agreement with the Emirate of Sharjah for the exploration and development of the Western Offshore concession in Sharjah. The concession agreement covers a total offshore area of over 1,000 square kilometres, and includes the development of the Zora gas field in Sharjah, which was discovered in 1979 (see "*– Business Segments – United Arab Emirates – Exploration and Production – Sharjah*"). In November 2012, Dana Gas entered into a unitisation agreement with the Government of Sharjah, the Government of Ajman and Ajman Petroleum Investment Company LLC ("**APIC**") dealing with the sharing of natural gas from the Zora gas field between the two governments. At the same time, Dana Gas also entered into a unitisation and unit operating agreement with APIC and a gas sales and purchase agreement with Sharjah Petroleum Council and the Government of Sharjah.

In May 2009, Dana Gas and Crescent concluded a strategic partnership with two leading Central European integrated oil and gas groups, OMV Upstream International GmbH, a subsidiary of OMV AG, ("**OMV**"), one of Austria's largest listed industrial companies, and MOL Hungarian Oil and Gas Company ("**MOL**"), one of Hungary's largest listed companies. Pursuant to this arrangement each of OMV and MOL became a 10 per cent. shareholder in Pearl, the entity holding Dana Gas's upstream interests in the Kurdistan Region of Iraq.

In December 2012, Dana Gas announced that it had made two new onshore gas discoveries in the West El Manzala concession in Egypt. Initial estimates by Dana Gas indicated that together the two discoveries could be

expected to increase Dana Gas's reserves by between 17 (proved) and 95 (proved & probable) MMboe in future (see "*– Summary of Reserves*"). As of the date of these Listing Particulars, Dana Gas has filed a declaration of commerciality and development plans for the two discoveries, which will be tied in to the nearby pipelines also owned by Dana Gas.

Restructuring of the Existing Certificates

In November 2012, due to certain liquidity challenges that emerged as a result of challenging external macro-economic and political circumstances in the region, including the problems of payment delays on the part of certain of Dana Gas's counterparties in countries in which Dana Gas operates (namely the KRG in the Kurdistan Region of Iraq (see "*Dana Gas – Business Description – Business Segments – Kurdistan Region of Iraq*") and various government-owned national oil companies in Egypt (see "*Dana Gas – Business Description – Business Segments – Egypt*")), Dana Gas announced that it had defaulted on the payment of the face amount of its U.S.$1 billion Trust Certificates due on 31 October 2012 (the "**Existing Certificates**"), and the accrued profit thereon in an amount of U.S.$18.75 million. In November 2012, Dana Gas also announced that it was in ongoing discussions, with a view to refinancing the Existing Certificates, with an ad-hoc committee of the holders of the Existing Certificates (the "**Ad-hoc Committee**") comprising the holders of a majority in aggregate outstanding principal amount of the Existing Certificates.

In December 2012, Dana Gas, pursuant to the execution of a lockup and standstill agreement (the "**Lock-up and Standstill Agreement**") with the members of the Ad-hoc Committee, announced that it had reached an agreement with the members of the Ad-hoc Committee on the key commercial terms of a refinancing of the Existing Certificates. As part of the agreement reached with the members of the Ad-hoc Committee, Dana Gas agreed to seek the consent of the holders of the Existing Certificates to amend certains terms and conditions of the Existing Certificates to allow the exchange of the Existing Certificates with the Ordinary Certificates and the Exchangeable Certificates (the terms of which are described under "*Terms and Conditions of the Exchangeable Certificates*" and "*Terms and Conditions of the Ordinary Certificates*"). The Ordinary Certificates and the Exchangeable Certificates described in these Listing Particulars have been issued as part of the refinancing of the Existing Certificates and pursuant to the refinancing arrangement agreed between Dana Gas and the members of the Ad-hoc Committee in the Lock-up and Standstill Agreement.

Recent Developments

In February 2013, Dana Gas announced the sale of 1.675 million of its shares held in MOL, realising gross proceeds of U.S.$134 million. Following this sale, Dana Gas held a remaining interest in MOL of 1.486 million shares, representing approximately 1.4 per cent. of the share capital of MOL. The proceeds will be used by Dana Gas to fund business development and short-term obligations.

Summary of Reserves

Gaffney, Cline & Associates ("**GCA**") has produced an independent assessment for Dana Gas of the oil and gas reserves held by Dana Gas Egypt and for the Zora gas field in the Sharjah Western Offshore concession and the net present value of those volumes as at 31 December 2012 (the "**GCA Report**"). The GCA Report presents an independent assessment of the oil and gas reserves held by Dana Gas. These include Dana Gas Egypt and the Zora gas field. The required data to perform the assessment on Pearl were not available to be included in the GCA Report. The GCA report is based on the data set made available by Dana Gas including geological, geophysical, petrophysical and engineering data and reports, together with financial data and other information pertaining to the fiscal and contracual terms applicable to the concessions held by Dana Gas. GCA has accepted, without independent verification, the accuracy and completeness of these data.

The reserves specified in the GCA Report were based upon reserves considered proved, probable and possible under the joint definitions of the Society of Petroleum Engineers/World Petroleum Council/American Association of Petroleum Geologists/Society of Petroleum Evaluation Engineers Petroleum Resources Management System document, approved in March 2007:

- ***Proved reserves***: Proved reserves are those quantities of petroleum, which by analysis of geoscience and engineering data can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations. If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are

used, there should be at least a 90 per cent. probability that the quantities actually recovered will equal or exceed the estimate.

- ***Probable reserves***: Probable reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves ("**2P**"). In this context, when probabilistic methods are used, there should be at least a 50 per cent. probability that the actual quantities recovered will equal or exceed the 2P estimate.
- ***Possible reserves***: Possible reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible ("**3P**"), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10 per cent. probability that the actual quantities recovered will equal or exceed the 3P estimate.

There are a number of uncertainties inherent in estimating quantities of proved, probable and possible reserves, including many factors beyond Dana Gas's control, such as commodity pricing. Therefore, the reserve information in the GCA Report represents only estimates. Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact manner. The accuracy of any reserve estimate is a function of a number of variable factors and assumptions many of which are beyond Dana Gas's control, including the quality of available data and of engineering and geological interpretation and judgment. As a result, estimates of different engineers may vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, due to the inherent uncertainties and the necessarily limited nature of reservoir data and the inherently imprecise nature of reserves estimates, the initial reserve estimates are often different from the quantities of oil and natural gas that are ultimately recovered. The meaningfulness of such estimates depends primarily on the accuracy of the assumptions upon which they were based. Thus, investors should not place undue reliance on the ability of the GCA Report to predict actual reserves or on comparisons of similar reports concerning companies established in other economic systems. In addition, except to the extent that Dana Gas acquires additional properties containing proved, probable and possible reserves or conducts successful exploration and development activities, or both, Dana Gas's proved, probable and possible reserves will decline as reserves are produced (see "*Risk Factors – There are numerous risks relating to gas operations and production*" and "*Risk Factors – Natural gas and energy reserve valuations are inherently subjective and uncertain and are based on estimates*").

The following table sets out a summary of Dana Gas's gas reserves in Egypt and the UAE, as at 31 December 2012:

Concession	**Gross gas reserves (Bcf)**[(1)(2)]			**Dana Gas entitlement gas reserves (Bcf)**		
	Total proved	**Proved plus probable**	**Proved plus probable plus possible**	**Total proved**	**Proved plus probable**	**Proved plus probable plus possible**
Egypt:						
El Manzala	48	76	126	23	35	53
West El Manzala	220	354	635	105	168	276
West El Qantara	102	182	281	49	86	116
Fuel gas[(3)]	8	12	19	–	–	–
Sharjah:						
Sharjah Western Offshore[(4)]	100	192	386	50	96	193
TOTAL	**478**	**816**	**1,447**	**227**	**385**	**638**

Notes:
(1) Gross for El Manzala, West El Manzala and West El Qantara means 100 per cent. of field (i.e., Dana Gas's working interest is 100 per cent.).
(2) Gas volumes consumed in operations as fuel have been included at zero cost in accordance with the terms of the production sharing agreements.
(3) The identification of fuel gas volumes, at no cost, does not affect the calculation of net entitlement gas reserves.
(4) The Zora gas field extends beyond the permit boundary into Ajman. Gross field is 100 per cent. of the field. Dana Gas entitlement for Sharjah is based on 50 per cent. of the field, being the Sharjah Western Offshore concession.

The following table sets out a summary of Dana Gas's oil and field condensate reserves in Egypt and the UAE, as at 31 December 2012:

Concession	Gross oil and field condensate reserves (MMstb)[1][2]			Dana Gas entitlement oil and field condensate reserves (MMstb)		
	Total proved	Proved plus probable	Proved plus probable plus possible	Total proved	Proved plus probable	Proved plus probable plus possible
Egypt:						
El Manzala	1.0	1.6	2.7	0.5	0.6	0.9
West El Manzala	6.0	9.9	17.2	2.4	3.5	5.0
West El Qantara	1.9	4.2	7.0	0.9	1.8	2.6
Komombo[3]	0.4	1.0	1.7	0.1	0.3	0.5
Sharjah:						
Sharjah Western Offshore[4]	0.7	1.3	2.5	0.3	0.6	1.3
TOTAL	**9.9**	**17.9**	**31.2**	**4.2**	**6.8**	**10.3**

Notes:
(1) Gross for El Manzala, West El Manzala and West El Qantara means 100 per cent. of field (i.e., Dana Gas's working interest is 100 per cent.).
(2) Gross for Komombo means 100 per cent. of total field.
(3) Dana Gas Entitlement Oil Reserves for Komombo equal the entitlement volumes times Dana Gas's 50 per cent. interest.
(4) The Zora gas field extends beyond the permit boundary into Ajman. Gross field is 100 per cent. of the field. Dana Gas entitlement for Sharjah is based on 50 per cent. of the field, being the Sharjah Western Offshore concession.

The following table sets out a summary of Dana Gas's LPG reserves in Egypt as at 31 December 2012 (there are no LPG reserves in the Zora gas field in Sharjah):

Concession	Gross LPG reserves (MMbbl)[1][2]			Dana Gas entitlement LPG reserves (MMbbl)		
	Total proved	Proved plus probable	Proved plus probable plus possible	Total proved	Proved plus probable	Proved plus probable plus possible
Egypt:						
El Manzala	0.8	1.3	2.0	0.4	0.6	0.9
West El Manzala	2.0	4.0	7.4	1.0	1.9	3.2
West El Qantara	1.6	3.0	4.7	0.8	1.4	2.0
TOTAL	**4.4**	**8.3**	**14.1**	**2.1**	**3.9**	**6.0**

Notes:
(1) The LPG volumes include the liquids that are extracted from the export gas stream prior to the sale of the gas but after the removal of field condensates. These volumes are the quantities of hydrocarbons that will be sold in the liquid phase at elevated conditions of pressure.
(2) Gross for El Manzala, West El Manzala and West El Qantara means 100 per cent. of field (Dana Gas's working interest is 100 per cent.).

The following table sets out a summary of Dana Gas's propane reserves in Egypt as at 31 December 2012 (there are no propane reserves in the Zora gas field in Sharjah):

Concession	Gross propane reserves (MMbbl)[1][2]			Dana Gas entitlement propane reserves (MMbbl)		
	Total proved	Proved plus probable	Proved plus probable plus possible	Total proved	Proved plus probable	Proved plus probable plus possible
Egypt:						
El Manzala	0.1	0.2	0.4	0.1	0.1	0.2
West El Manzala	0.6	1.0	2.2	0.3	0.5	1.0
West El Qantara	0.4	0.9	1.5	0.2	0.4	0.6
TOTAL	**1.1**	**2.1**	**4.1**	**0.5**	**1.0**	**1.8**

Notes:
(1) The propane volumes are a commercial grade product that will be extracted from the export gas stream prior to the sale of the gas but after removal of field condensated. These volumes are the quantities of hydrocarbons that will be sold in the liquid phase at elevated condiions of pressure. The propane will be piped to a separate sales centre.
(2) Gross for El Manzala, West El Manzala and West El Qantara means 100 per cent. of field (Dana Gas's working interest is 100 per cent.).

Competitive Strengths

Dana Gas believes that its competitive strengths are as follows:

A strategically positioned independent gas company with strong local relationships

Dana Gas is an independent gas company with established operations in the MENA Region. Dana Gas has a track record of significant operating experience in the UAE, Egypt and the Kurdistan Region of Iraq. It has also developed strong relationships with local governmental entities, including the Government of Sharjah, the

Egyptian Ministry of Petroleum and Mineral Resources and the KRG, and strategic partnerships with local and international oil and gas companies, such as EGAS and APICORP in the case of the EBGDCo joint venture in Egypt (see "*– Business Segments – Egypt – Production Facilities*") and OMV and MOL in the case of the Pearl joint venture in the Kurdistan Region of Iraq (see "*– Business Segments – Kurdistan Region of Iraq*").

Dana Gas believes that its track record and relationships provide it with access to opportunities to capitalise on the growing international dependence on the gas resources in the MENA Region. In spite of numerous political and other challenges, the MENA Region is currently undergoing a significant phase of growth and expansion, the economy of the MENA Region seeing growth of 5.3 per cent. in 2012 according to the IMF's annual World Economic Outlook. This growth and expansion is combined with economic diversification and rapidly growing populations. The MENA Region has an established gas exploration and production industry, and with high oil prices widely expected to continue, and environmental considerations growing in importance, demand for natural gas is rapidly increasing. Natural gas demand in the MENA Region has more than doubled in the last decade and is expected to grow even faster going forward, with hundreds of billions of dollars of investments required in the natural gas industry across the region.

Dana Gas believes that each of these factors combine to provide it with a viable platform to grow its upstream portfolio in Egypt, Iraq, the UAE and the MENA Region generally.

Track record of efficient production and reserve growth

Dana Gas's management and technical team has demonstrated execution capability through strong production and reserve growth in Dana Gas's development leases. Dana Gas has consistently achieved an exploration success rate of over 50 per cent. in Egypt (adjusted for production volumes) and has more than doubled its reserves in Egypt since its acquisition of Centurion Energy in January 2007 by leveraging its technical, operational and financial capabilities.

In addition, Dana Gas's responsiveness and flexibility enabled it to deliver a fast-track solution tailored to the requirements of the KRG in developing the Kor Mor gas field and to lay over 180 km of pipeline in a relatively short timeframe of 18 months. The success of this development underpins the ability of Dana Gas to further appraise and develop gas fields in the Kurdistan Region of Iraq in which it operates and further grow its resource and production base.

Board and management team with strong local representation complemented by regionally based experienced personnel

The Board of Directors, International Advisory Board and major shareholders of Dana Gas, which comprise leading industry figures from across the GCC region, the wider Arab world and the West, have extensive oil and gas experience as well as strong ties to the countries in which Dana Gas operates, and extensive experience working in those countries. This combined industry and regional expertise enables Dana Gas to develop beneficial working relationships with local companies, governments, local authorities and communities, supporting its international growth. Dana Gas's current Chairman, former Chairman, Vice-Chairman and acting Chief Executive Officer have decades of combined oil and gas experience, including a long history of managing and financing oil and gas operations in the MENA Region. Additionally, Dana Gas's senior management team has extensive industry experience, including with, among others, British Petroleum, Mobil Oil, Royal Dutch Shell, Emirates General Petroleum Corporation and Kuwait Petroleum Company.

Dana Gas's management team has a strong reputation in the oil and gas industry, having expanded Dana Gas's market position and profitability since Dana Gas's establishment in 2005. This expansion has, in turn, increased Dana Gas's profile within the industry, enabling Dana Gas to recruit and retain industry veterans and experienced personnel, including strong technical and engineering teams. In addition, in all operational locations, Dana Gas benefits from full-service offices staffed primarily by locally-based employees. This local presence provides Dana Gas with direct insight into local issues, as well as allowing Dana Gas to react to operational matters promptly and effectively.

A private sector strength

Dana Gas believes that as a medium-sized private sector entity it has the flexibility to capitalise on opportunities within the countries in which it operates and to respond quickly through streamlined decision making to tailor solutions to the needs of its customers across the Natural Gas Value Chain, while having the resources available to it to complete challenging operations. Dana Gas believes that its responsiveness and flexibility in accessing

and delivering a solution tailored to the specific requirements of the KRG was an important consideration in being awarded the Kurdistan Region Authorisation to develop and produce natural gas in the Kurdistan Region of Iraq and to supply natural gas to the Erbil and Sulaymaniya power stations. Due to the lean structure of Dana Gas's management, Dana Gas was successfully able to develop the natural gas fields and to lay over 180 km of pipeline in a relatively short timeframe in order to enable gas to flow to the power stations by October 2008 (see "*– Business Segments – Kurdistan Region of Iraq – Operations and Production*").

Poised to take advantage of future opportunities

Dana Gas believes that, in the MENA Region, its structure complements the strategic aspirations of the regional National Oil Companies ("**NOCs**") and International Oil Companies ("**IOCs**"). As discussed above, Dana Gas's track record and relationships, its accomplished Board of Directors and senior management team and diversified regional shareholding enable Dana Gas to efficiently enter new markets that IOCs and regional NOCs may, for various reasons, be reluctant or unable to enter. Dana Gas therefore believes that by developing partnerships and alliances, it can further develop a network of strategic partnerships and cooperation agreements in the Middle East, North Africa and South Asia (the "**MENASA Region**").

Strong corporate governance

Dana Gas strongly believes in the role of proper corporate governance and its importance in defining appropriate strategic objectives and business plans. In April 2006, a few months after the incorporation of Dana Gas, Dana Gas commissioned the World Bank's advisory group, the International Finance Corporation, to assess corporate governance practices within Dana Gas with a view to improving the efficiency and effectiveness of the Board of Directors by strengthening the control environment and ensuring that Dana Gas's disclosure and transparency practices were consistent with international standards. To this end, Dana Gas continues to develop and apply policies in relation to environmental and social responsibilities and corporate governance.

The Board of Directors of Dana Gas is committed to ensuring long-term value growth for its shareholders and strongly believes in the role of corporate governance in the realisation of continued growth and in defining appropriate strategic objectives and the business plans furthering such growth. Dana Gas amended its articles of association in 2010 to comply with the requirements of UAE Ministerial Resolution 518-2009 relating to corporate governance standards. The Board of Directors and senior management of Dana Gas implement and follow-up corporate governance practices as a means to developing and improving the standards of transparency, internal control and professional conduct and to enhance the confidence of shareholders and investors.

Strategy

Dana Gas's goal is to be the leading private-sector integrated natural gas company combining upstream, midstream and downstream business segments operating in the MENASA Region, with a reputation for safety and cost efficiency and to continue to increase its development portfolio across key gas-producing regions. Dana Gas intends to achieve its goal by focusing on the following core strategies:

Focus on the natural gas business in the MENA Region

Dana Gas is focused on the natural gas business and believes that this focus provides it with a competitive advantage over energy investment companies in the MENA Region which have a less focused energy portfolio. According to the International Energy Agency's World Energy Outlook 2012, natural gas is currently the fastest growing non-renewable sector of the global energy industry. Within the MENA Region the rate of this growth is faster than the global average, growing at 6.9 per cent. during 2012, according to APICORP, a subsidiary of the Organisation of Arab Petroleum Exporting Countries. The MENA Region currently has around 88 Tcm, or 42 per cent., of the world's proven gas reserves.

Dana Gas has defined its sphere of operation as being in those countries in the MENA Region with the most immediate and significant need for investment in the natural gas industry. Dana Gas intends to focus on sustainable growth in the MENA Region across the natural gas value chain. One such opportunity in the MENA Region is reflected in Dana Gas's involvement in the development and promotion of Gas Cities, which are intended to be integrated industrial cities designed for the systematic and comprehensive utilisation of natural gas as fuel and feedstock.

Leverage development track record and continue to focus on operating efficiency

Dana Gas seeks to be the operator on the majority of its projects and will continue to do so, such that it can develop drilling programs and optimisation projects that add value through reserve and production growth and future operational synergies. In addition, Dana Gas seeks to maximise its value by leveraging its technical track record and experienced workforce. Dana Gas also believes the concentration of its interests within certain project areas provides it with the opportunity to capture economies of scale by utilising existing infrastructure and expertise in new projects. Dana Gas's management team is also focused on continuous improvement of Dana Gas's operating efficiency and has significant experience in successfully converting early-stage resource opportunities into reserves with value potential, as evidenced by Dana Gas's discovery of a number of new fields in Egypt from its exploration activities, such as the Allium and Balsam fields in the West El Manzala concession in Egypt, the discovery of which Dana Gas announced in December 2012. Dana Gas will continue to exert downward pressure on its finding and development costs and which Dana Gas anticipates, together with its low cost structure, will contribute to higher margins.

Focus on asset preservation

As a result of acquisitions and expansion in recent years, Dana Gas's operations have grown significantly, increasing its participation in the MENA Region in accordance with its previously defined strategy. Given the current unsettled economic and political environment in a number of the countries in which it operates, Dana Gas's strategy is to re-invest cash flows that arise through receivable collections into activities that will preserve and protect the value of its assets.

Focus on being a full-service provider

Dana Gas is focused on being a full-service provider along the natural gas value chain, which encompasses exploration, production, processing and marketing activities in Egypt, the Kurdistan Region of Iraq and the UAE. Dana Gas believes that this positioning and ability set it apart and differentiate it from the competition. For example IOCs operating in the region are often focused on the export of natural gas rather than domestic industrial use and NOCs in the region are often focused on specific sectors or within confined national boundaries. Dana Gas also engages in risk service contract arrangements in the upstream business segment that give it access to midstream and downstream opportunities, as is the case in the Kurdistan Region of Iraq.

Participation in partnerships and joint ventures

It is Dana Gas's strategy to continue to grow its reserve and production portfolio, as it has done previously through partnerships with local companies and accretive acquisitions. In balance with Dana Gas's established production and development platform, it has also assembled an exploration portfolio, including within its development leases in Egypt. Dana Gas intends to continue creating quality opportunities, pursuing a full-cycle exploration and production business model of re-investing a portion of internally generated revenues to deliver organic reserves development growth. The natural gas business requires large long-term investments. Strategic partnerships and alliances are an integral part of Dana Gas's business strategy. Dana Gas seeks to leverage its regional strengths by building partnerships with both NOCs as well as IOCs, in a manner that will enable it to capture opportunities and enter new markets in the MENASA Region.

In addition, over the past few years Dana Gas has gained a reputation in the regions in which it operates for its technical, operational and financial capabilities, making it an attractive partner in the exploration and development of assets. Dana Gas believes that increasing governmental promotion of local participation in the development of natural resources places it in a favorable position in key areas of operation, creating unique opportunities for growth.

Business Segments

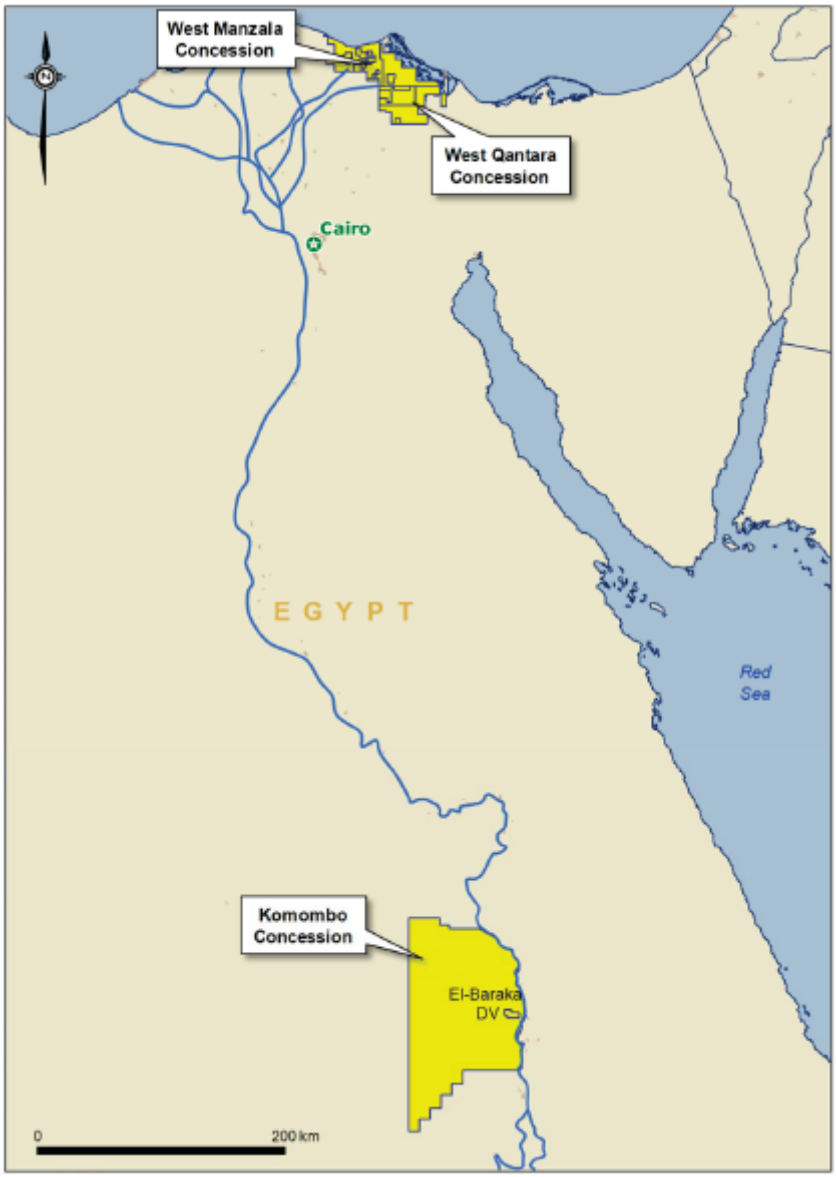
Dana Gas considers the business from a geographic perspective and divides its business into three geographical segments, both from a strategic and accounting perspective. These geographical segments are Egypt, the Kurdistan Region of Iraq and the UAE.

Egypt

Dana Gas is engaged in upstream, midstream and downstream activities in Egypt. Dana Gas engages in exploration, production and processing of natural gas through its wholly-owned subsidiary Dana Gas Egypt, which operates in three concession areas in the Nile Delta region of Egypt and a 50 per cent. interest in one concession area in the Upper Egypt region, LPG extraction and processing at the El Wastani gas processing plant

in the Nile Delta region of Egypt and through its 26.4 per cent. effective interest in EBGDCo's gas liquids extraction plant in Ras Sukhier in the Gulf of Suez, and the marketing and sale of gas and condensate through Dana Gas Egypt.

The following map illustrates the concessions held by Dana Gas in the Upper Egypt and Nile Delta Regions of Egypt:



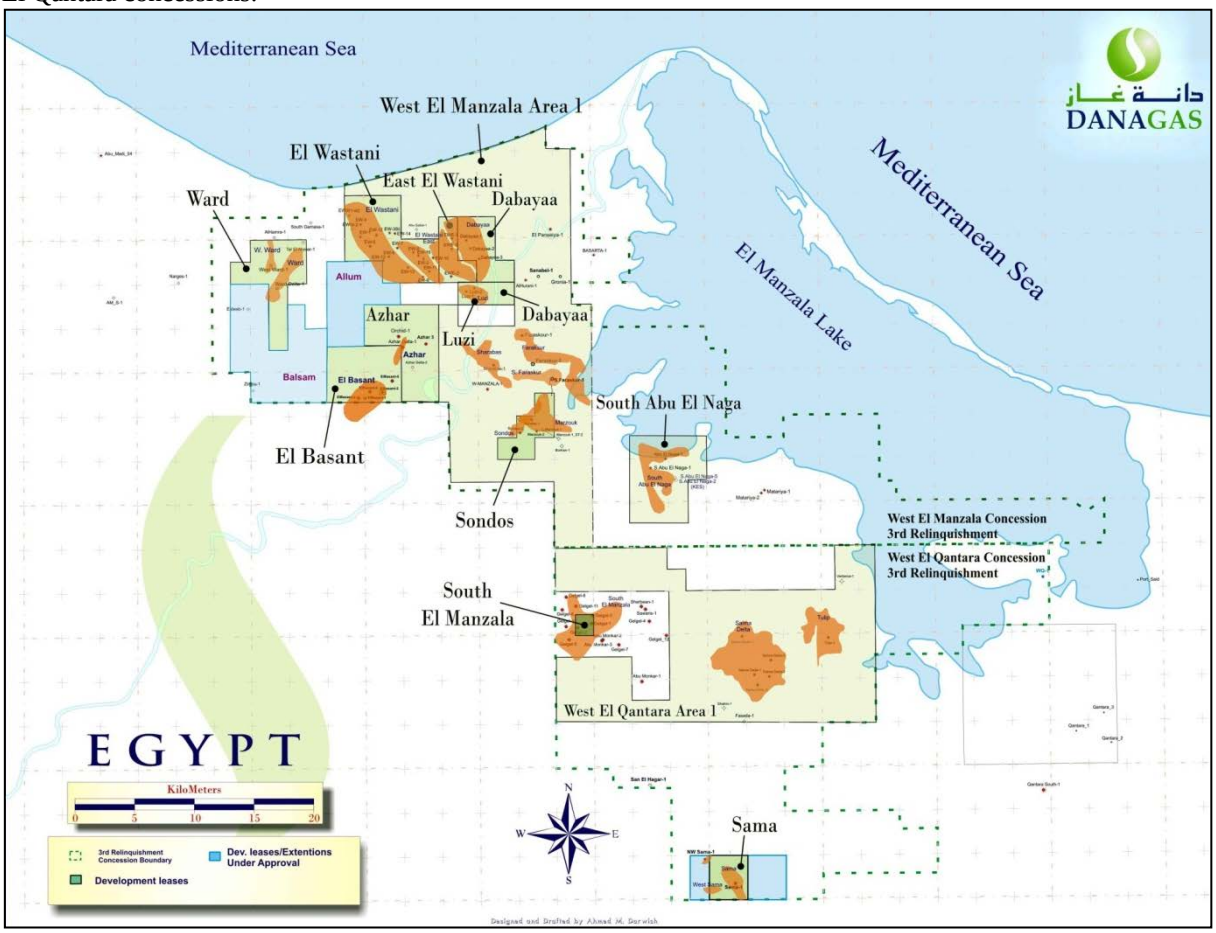
Exploration and Production

Nile Delta region: Dana Gas, through the operations of Dana Gas Egypt, is engaged in the exploration, development and production of gas, condensate and LPG in the Nile Delta region and owns a 100 per cent. interest in three concessions in this region, the El Manzala, West El Manzala and West El Qantara concessions. A total of 13 development leases have been granted in the Nile Delta region of Egypt; three under the El Manzala concession, eight under the West El Manzala concession and two under the West El Qantara concession. In addition, two applications for a development lease have been lodged with EGAS under the West El Manzala concession, and are pending approval as well as one extension under the West Qantara concession. These development leases have resulted in 12 producing fields.

The rich gas from the fields under the El Manzala, West El Manzala and West El Qantara concessions is processed at the El Wastani gas processing plant, where the condensate and LPG from the gas stream is extracted. Dry gas from El Manzala and West El Manzala is processed at the South El Manzala gas processing

plant (see "*– Business Segments – Egypt – Production Facilities*"). All of the natural gas products from these fields are currently sold domestically within Egypt through either the state-owned Egyptian General Petroleum Corporation ("**EGPC**") (under the El Manzala concession) or EGAS (under the West El Manzala and West El Qantara concessions), with which Dana Gas has entered into gas sales agreements, although under various amendments to the gas sales agreement entered into with EGAS in respect of the West El Manzala concession, Dana Gas has the right to sell gas to third parties in Egypt (see "*– Business Segments – Egypt – West El Manzala Concession*").

The following map illustrates the development leases under each of the El Manzala, West El Manzala and West El Qantara concessions:



Upper Egypt: Dana Gas, through the operations of Dana Gas Egypt, is also engaged in the exploration, development and production of gas and condensate in Upper Egypt and owns a 50 per cent. interest in one concession in this region, the Komombo concession. Sea Dragon Energy (Kom Ombo) Limited ("**Sea Dragon**"), a subsidiary of Sea Dragon Energy, Inc., an international oil and gas company whose principal operations are in Egypt, holds the remaining interest in the Komombo concession and Dana Gas Egypt and Sea Dragon entered into a Joint Operating Agreement in June 2010, defining their respective rights and obligations in respect of their operations in the Komombo concession. To date, one development lease has been granted under the Komombo concession, Al Baraka, which was awarded in October 2007 and under which production started in October 2007. The oil produced from the Komombo concession is sold to the state-owned Ganoub El Wadi Petroleum Holding Company ("**Ganope**") pursuant to the terms of a letter dated 28 February 2008 from Ganope to Dana Gas Egypt.

Description of Dana Gas's concessions in Upper Egypt and the Nile Delta Region

The details of the development leases held by Dana Gas in the Nile Delta and Upper Egypt are set out in the table below:

Development lease	Effective Date	First Production	Co-holder	Percentage participation by Dana Gas	sq km	Current Phase Expiration Date
NILE DELTA						
El Manzala concession:						
El Wastani	June 2001	March 2002	EGPC	100 per cent.	40.7	June 2021
East El Wastani	April 2002	December 2004	EGPC	100 per cent.	12.0	April 2022
South El Manzala	April 2002	October 2003	EGPC	100 per cent.	65.0	April 2022
West El Manzala concession:						
Luzi	December 2006	June 2007	EGAS	100 per cent.	20.0	December 2026
Dabayaa	August 2007	September 2007	EGAS	100 per cent.	17.5	August 2027
El Basant	December 2008	March 2009	EGAS	100 per cent.	30.7	December 2028
Sondos	March 2009	June 2009	EGAS	100 per cent.	14.6	March 2029
Azhar Delta	November 2009	December 2009	EGAS	100 per cent.	34.0	November 2029
West El Manzala	April 2010	September 2010	EGAS	100 per cent.	312.7	April 2030
Ward Delta	October 2010	March 2011	EGAS	100 per cent.	29.5	October 2030
South Abu El Naga	December 2012	January 2013	EGAS	100 per cent.	40.7	December 2032
Balsam	Under application		EGAS	100 per cent.	–	–
Allium	Under application		EGAS	100 per cent.	–	–
West El Qantara concession:						
Sama	August 2009	February 2010	EGAS	100 per cent.	11.6	August 2029
West El Qantara Area 1	April 2010	Not applicable	EGAS	100 per cent.	285.0	April 2030
West Sama	Under application					
UPPER EGYPT						
Komombo concession:						
Al Baraka	October 2007	October 2007	Ganope, Sea Dragon	50 per cent.	50.0	October 2027
West Al Baraka	Under application		Ganope, Sea Dragon	50 per cent.	68.6	–

Dana Gas Egypt's average daily production from these development leases decreased from 34,700 boed in the year ended 31 December 2009 to 32,200 boed in the year ended 31 December 2012, which represented a decline of 7.2 per cent. During the year ended 31 December 2012, over 81 per cent. of production (on a boe basis) was gas, with the remainder being oil, condensates and LPG.

GCA carried out an independent evaluation of Dana Gas Egypt's hydrocarbon reserves and estimated that the gross proved reserves (1P) of these development leases as at 31 December 2012 were 77 million MMboe. They estimated that the gross proved and probable reserves (2P) of these development leases as at 31 December 2012 were 130 MMboe. They estimated that the gross proved, probable and possible reserves (3P) of these development leases as at 31 December 2012 were 223 MMboe. See "– *Summary of Reserves*".

El Manzala Concession

The concession agreement for El Manzala was awarded in May 1995. Dana Gas Egypt (then operating as Centurion) began operations in Egypt in 1997, when it entered into a farm-in agreement with Marathon Petroleum in the El Manzala concession, earning a 40 per cent. interest. In September 1999, Centurion purchased the remaining 60 per cent. interest, to become sole licence holder and operator of the El Manzala concession. The exploration period under the concession agreement expired in 2002 following the award of three development leases: El Wastani field (awarded in 2001, with first production in March 2002), El Wastani East field (awarded in 2002, with first production in December 2004) and South El Manzala field (awarded in 2002, with first production in October 2003). The term of each development lease is, in the case of a commercial oil discovery, 20 years from the date of such commercial discovery, and in the case of a commercial gas discovery, 20 years from the date of first delivery of gas locally or for export, each with an option to extend the development leases for an additional five years subject to notice to EGPC prior to the expiry of the 20-year period and the approval of the Egyptian Minister of Petroleum.

The fields are a combination of structural/stratigraphic traps and multiple reservoirs and have been mapped and developed by Dana Gas Egypt through drilling and reservoir modelling techniques. The El Wastani development lease contains 53 sq km of land included within its boundaries and represents approximately 22 per cent. of Dana Gas Egypt's current production in Egypt. The El Wastani field's daily production during the year ended 31 December 2012 averaging approximately 35 MMscfpd of gas, 714 boed of condensate and 616 boed of LPG. The natural gas produced by the El Wastani field is transported to and processed by the El Wastani gas processing plant (see "*– Business Segments – Egypt – Production Facilities – El Wastani Gas Processing Plant*"). The shut-in and not currently producing El Wastani East field and South El Manzala field together contain around 470 sq km of land within their boundaries. The development leases under the El Manzala concession produce approximately 22 per cent. of the natural gas produced by Dana Gas Egypt.

The table below sets out the details of the daily production levels of each development lease in the El Manzala concession during the year ended 31 December 2012:

	Year ended 31 December 2012			
	Gas (MMscfpd)	**Condensate (boed)**	**LPG (boed)**	**Total (boed)**
Development lease:				
El Wastani[(1)]	34.8	714	616	7,136
South El Manzala	0	0	0	0
Total	34.8	714	616	7,136

Note:
(1) Aggregated with East El Wastani production levels.

Dana Gas Egypt is looking at deeper geological sections of the areas in which it has rights under the development leases in order to grow its inventory and gas reserves; however, during 2012, two workovers were performed on existing wells.

Under the terms of the El Manzala concession agreement, Dana Gas Egypt receives both a cost recovery portion and profit portion of the hydrocarbons produced. The cost recovery portion is limited to the lesser of (i) 30 per cent. of gross sales, and (ii) 20 per cent. of non-recovered capital costs plus 100 per cent. of current operating costs. The remaining portion is deemed the "profit portion" which Dana Gas Egypt and the Government of Egypt share at an agreed rate, depending on production levels. Egyptian corporate taxes are paid on Dana Gas's behalf by EGPC (see "*Material Agreements Relating to Dana Gas's Assets – Egypt – El Manzala Concession Agreement*").

Dana Gas Egypt's share of the hydrocarbons pursuant to the El Manzala concession are sold to EGPC. The sales of LPG and condensates are made pursuant to the concession agreement and no separate sale contracts are in place. The condensate is sold as Western Desert crude oil and is priced at the average Brent price for the given month less a discount per barrel, while the LPG is sold at the prevailing market prices for propane and butane less a percentage discount. The sale of natural gas is made pursuant to two separate gas sales agreements that Dana Gas Egypt entered into with EGPC on 10 September 2005. These agreements provide that Dana Gas Egypt will make predetermined volumes sourced from the El Wastani field and East El Wastani field (the "**El Wastani GSA**") and the South El Manzala field (the "**South El Manzala GSA**") available to EGPC. The amounts in respect of this natural gas are to be invoiced monthly and payable in U.S. dollars. The gas price formula is the same under both the Wastani GSA and South El Manzala GSA and uses a sliding price scale depending on production.

West El Manzala Concession

The West El Manzala concession was awarded on 29 June 2005 and currently includes 1,927 sq km of exploration land. Under the terms of the concession there was an initial exploration period of three years, followed by two successive extensions to the initial exploration period for periods of two years each. The exploration period under the concession agreement expired on 28 December 2012. Given the current turmoil in Egypt and significant slowdown in collections in 2011 and 2012, which have hampered Dana Gas's exploration efforts in the West El Manzala concession, Dana Gas has approached the Government of Egypt for approval to extend the exploration period to allow it to continue with exploration in unexplored areas in the West El Manzala concession. Dana Gas has been granted an extension of up to six months to complete the drilling and testing of the Begonia-1 well in the West El Manzala concession. In case of either discovering commercial gas or achieving negative results, Dana Gas is required to relinquish the exploration areas of the concession to the extent that it has not been granted a development lease.

Dana Gas has been granted the following development leases in the West El Manzala concession: Luzi field (awarded in 2006, with first production in June 2007), Dabayaa field (awarded in 2007, with first production in September 2007), El Basant field (awarded in 2008, with first production in March 2009), Sondos field (awarded in 2009, with first production in June 2009), Azhar Delta, which includes Azhar Delta field and Orchid field (awarded in 2009 in relation to Azhar Delta field, with first production in December 2009 and subsequently expanded in October 2010 to include the Orchid field), West El Manzala, which includes the Sharabas, Faraskur, Marzouk and El Panseiya fields (awarded in 2010, with first production in September 2010), Ward Delta, which includes the Ward Delta and West Ward fields (awarded in 2010, with first production in March 2011) and South Abu El Naga field (awarded in December 2012). Dana Gas has also applied for development leases in relation to each of the Balsam and Allium fields; the applications have been lodged with EGAS and are pending ministerial approval.

The development leases run for a period of, in the case of a commercial oil discovery, 20 years from the date of such commercial discovery, and in the case of a commercial gas discovery, 20 years from the date of first delivery of gas locally or for export, each with an option to extend the development leases for an additional five years subject to notice to EGPC prior to the expiry of the 20-year period and the approval of the Egyptian Minister of Petroleum.

The fields are a combination of structural/stratigraphic traps and multiple reservoirs and have been mapped and developed by Dana Gas Egypt through drilling and reservoir modelling techniques. All of the fields above, with the exception of the Orchid field, are producing, with total daily production for these development leases during the year ended 31 December 2012 averaging approximately 109 MMscfpd of gas, 2,791 boed of condensate and 1,650 boed of LPG. The development leases under the West El Manzala concession produce approximately 70 per cent. of the natural gas produced by Dana Gas Egypt.

The table below sets out the details of the daily production levels of each development lease in the West El Manzala concession during the year ended 31 December 2012:

	Year ended 31 December 2012			
	Gas (MMscfpd)	**Condensate (boed)**	**LPG (boed)**	**Total (boed)**
Development lease:				
Luzi	4.1	92	86	870
Dabayaa	8.6	86	150	1,664
El Basant	30.8	775	495	6,417
Sondos	2.5	Dry gas	Dry gas	423
Azhar Delta	7.6	190	129	1,591
West El Manzala	54.2	1648	790	11,471
Ward Delta	1.6	Dry gas	Dry gas	263
Total	**109.4**	**2,791**	**1,650**	**22,699**

During 2012, two wells were drilled in Faraskur field, which are both currently in production and one well was drilled in the South Abu El Naga field dry gas reservoir which is connected to the South El Manzala gas processing plant. Dana Gas plans to conduct workover activity on some of its existing wells in order to maintain production levels. In addition, the two existing wells in the South Abu El Naga field rich gas reservoir are expected to be brought onstream early in the second quarter of 2013.

In December 2012, Dana Gas announced that it had made two new onshore gas discoveries in the West El Manzala concession in Egypt. Initial estimates indicated that together the two discoveries, known as Allium and Balsam, could be expected to increase Dana Gas's reserves by between 17 (proved) and 95 (proved & probable) MMboe in future. As of the date of these Listing Particulars, Dana Gas has filed a declaration of commerciality and development plans for the two discoveries, which will be tied in to the nearby pipelines also owned by Dana Gas.

Under the terms of the West El Manzala concession agreement, Dana Gas Egypt receives both a cost recovery portion and profit portion of the hydrocarbons produced. The cost recovery portion is limited to the lesser of (i) 30 per cent. of gross sales, and (ii) 20 per cent. of non-recovered capital costs plus 100 per cent. of current operating costs. The remaining portion is deemed the "profit portion" which Dana Gas Egypt and the Government of Egypt share at an agreed rate depending on production levels. Egyptian taxes are paid on Dana Gas's behalf by EGAS (see "*Material Agreements Relating to Dana Gas's Assets – Egypt – West El Manzala Concession Agreement*").

Dana Gas Egypt's share of the hydrocarbons pursuant to the West El Manzala concession is sold to EGAS. The sales of LPG and condensates are made pursuant to the concession agreement and no separate sale contracts are in place. The condensate is sold as Western Desert crude oil and is priced at the average Brent price for the given

month less a discount per barrel, while the LPG is sold at the prevailing market prices for propane and butane less a percentage discounted. The sale of natural gas is made pursuant to a separate gas sales agreement which Dana Gas Egypt entered with EGAS on 18 June 2007 (the "**Luzi GSA**"). The Luzi GSA specifies that Dana Gas Egypt will make predetermined volumes sourced from the development area covered under the Luzi field available to EGAS. The amount in respect of the natural gas provided to EGAS under the agreement is to be invoiced monthly and payable in U.S. dollars. The gas price formula is based on a sliding price scale depending on production.

As additional discoveries have been made in the West El Manzala concession, a series of six amendments have been made to the Luzi GSA which give Dana Gas Egypt the right to elect to supply its entitlement of gas from the Sondos, Dabayaa, El Basant, Azhar Delta, West El Manzala and Ward Delta development leases to any other buyers of gas in Egypt. However, the legislative framework in Egypt currently precludes Dana Gas Egypt from exercising this option.

West El Qantara Concession

The West El Qantara concession was awarded in June 2005, and currently includes 1,293 sq km of exploration land. Under the terms of the West El Qantara concession, there was an initial exploration period of three years, followed by two successive extensions to the initial exploration period for periods of two years each. The final exploration period expired on 28 December 2012. Given the ongoing political instability in Egypt and significant slowdown in collections in 2011 and 2012 (see "*– Business Segments – Egypt – Receivables*") which have hampered Dana Gas's exploration efforts in the West El Qantara concession, Dana Gas has approached the Government of Egypt for an approval to extend the exploration period to allow Dana Gas to continue with exploration in unexplored areas in the West El Qantara concession. In case of either discovering commercial gas or achieving negative results, Dana Gas is required to relinquish the exploration areas of the concession to the extent that it has not been granted a development lease.

Dana Gas has been granted two development leases in the West El Qantara concession: Sama field (awarded in 2009, with first production in February 2010) and the West El Qantara development lease, which includes the fields of Salma Delta, Salma North and Tulip (awarded in 2010, with first production expected in October 2013). The development leases run for a period of, in the case of a commercial oil discovery, 20 years from the date of such commercial discovery, and in the case of a commercial gas discovery, 20 years from the date of first delivery of gas locally or for export, each with an option to extend the development leases for an additional five years subject to notice to EGAS prior to the expiry of the 20-year period and the approval of the Egyptian Minister of Petroleum. Dana Gas has also applied for a development lease in relation to the West Sama field; the application has been lodged with EGAS and is pending ministerial approval.

The fields are a combination of structural/stratigraphic traps and multiple reservoirs and have been mapped and developed by Dana Gas Egypt through drilling and reservoir modelling techniques. The Sama field commenced production in February 2010, with daily production for this field during the year ended 31 December 2012 averaging approximately 13 MMscfpd of gas. The exploration well West Sama 1 drilled in August 2012 successfully hit a dry gas accumulation in the Kafr el Sheick formation, which was tested at 12 MMscfd. This discovery led to the request for an extension of Sama Development Lease and was put in production in October 2012 averaging approximately 2.2 MMscfd during the year ended 31 December 2012. The development leases under the West El Qantara concession produce approximately 8 per cent. of the natural gas produced by Dana Gas Egypt.

The table below sets out the details of the daily production levels of each development lease in the West El Qantara concession during the year ended 31 December 2012:

	Year ended 31 December 2012			
	Gas (MMscfpd)	**Condensate (boed)**	**LPG (boed)**	**Total (boed)**
Development lease:				
Sama	12.9	Dry gas	Dry gas	2,158
West El Qantara Area 1	Not in production	Not in production	Not in production	Not in production
Total	12.9	0	0	2,158

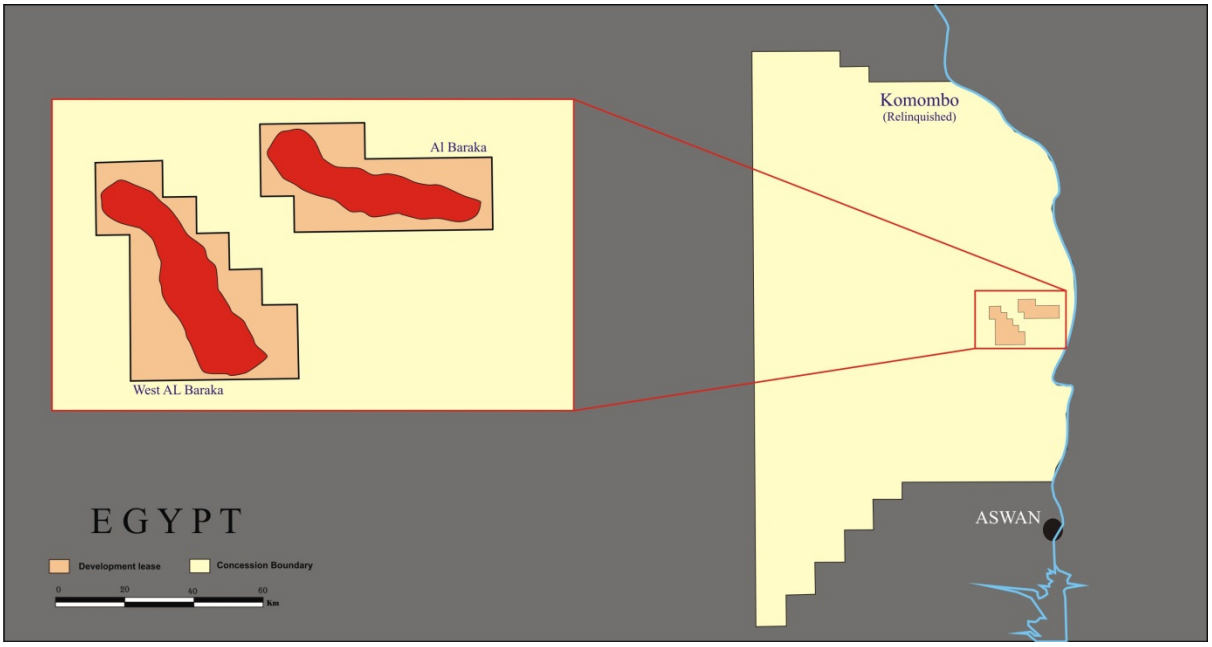
Under the terms of the West El Qantara concession agreement, Dana Gas Egypt receives both a cost recovery portion and profit portion of the hydrocarbons produced. The cost recovery portion is limited to the lesser of (i) 30 per cent. of gross sales, and (ii) 20 per cent. of non-recovered capital costs plus 100 per cent. of current operating costs. The remaining portion is deemed the profit portion which Dana Gas Egypt and the Government of Egypt share at an agreed rate, depending on production level. Egyptian taxes are paid on Dana Gas's behalf by

EGAS (see "*Material Agreements Relating to Dana Gas's Assets – Egypt – West El Qantara Concession Agreement*").

Dana Gas Egypt's share of the hydrocarbons pursuant to the West El Manzala concession is sold to EGAS. The sale of LPG and condensates is made pursuant to the concession agreement and no separate sale contracts are in place. The condensate is sold as Western Desert crude oil and is priced at the average Brent price for the given month less a discount per barrel, while the LPG is sold at the prevailing market prices for propane and butane, less a discounted percentage. The sale of natural gas is made pursuant to a separate gas sales agreement which Dana Gas Egypt entered with EGAS on 14 July 2010 (the "**Sama GSA**") and which provides that Dana Gas Egypt will make predetermined volumes sourced from the development area covered under the Sama development lease available to EGAS. The amounts in respect of natural gas to be supplied under the Sama GSA are to be invoiced monthly and payable in U.S. dollars. The gas price formula is priced according to a formula which uses a sliding price scale depending on production.

Komombo Concession

The Komombo concession was awarded on 18 July 2004 and currently includes over 23,000 sq km of exploration land. The exploration period under the concession agreement expired on 17 January 2013. One development lease, Al Baraka, has been granted under the Komombo concession. The Al Baraka development lease was awarded in October 2007 and production started in October 2007. The development lease, which covers an area of over 50 sq km, as shown on the map below, is due to expire on 16 October 2027, subject to an extension period of five years, subject to the approval of the Egyptian Minister of Petroleum. Dana Gas has also applied for a development lease in relation to the West Al Baraka field; the application has been lodged with Ganope and is pending ministerial approval.



The Al Baraka field is now delineated by 14 wells, 12 of which are producing oil. During the year ended 31 December 2012, total oil production from these wells averaged 485 bpd of oil, of which Dana Gas's share is 243 bpd. The oil from these wells is gathered via infield flowlines to central processing facilities located next to the well designated as AB-1. After processing, the oil is transported and sold to the Assuit Refinery, 450 km north of the Al Baraka field. The oil is sold to the state-owned Ganope pursuant to the terms of a letter dated 28 February 2008 from Ganope to Dana Gas Egypt.

The table below sets out the details of the daily production levels of the Al Baraka development lease in the Komombo concession during the year ended 31 December 2012:

	Year ended 31 December 2012			
	Oil 100 per cent. bpd	Oil (Dana Gas share) (bpd)	Condensate (boed)	Total (boed)
Development lease:				
Al Baraka	485	243	0	243

Dana Gas Egypt receives both a cost recovery portion and profit portion of the hydrocarbons produced. The cost recovery portion is limited to the lesser of (i) 40 per cent. of gross sales, and (ii) 25 per cent. of non-recovered capital costs plus 100 per cent. of current operating costs. The remaining portion is deemed the profit portion which Dana Gas Egypt and the Government of Egypt share at an agreed rate, depending on production levels. Egyptian taxes are paid on Dana Gas's behalf by Ganope, its governmental counterparty in the concession (see "*Material Agreements Relating to Dana Gas's Assets – Egypt – Komombo Concession Agreement*").

Summary of Fiscal Terms for Egyptian Concessions

The following table sets out a summary of the fiscal terms in respect of the El Manzala, West El Manzala, West El Qantara and Komombo concessions:

	El Manzala		West El Manzala, West El Qantara		Komombo	
Fiscal regime	Production Sharing Agreement		Production Sharing Agreement		Production Sharing Agreement	
Cost limit recovery	30 per cent.		30 per cent.		40 per cent.	
CAPEX recovery	20 per cent. p.a.		20 per cent. p.a.		25 per cent. p.a.	
Production sharing – Oil	Mbbld	Contractor share	Mbbld	Contractor share	Mbbld	Contractor share
	0–25	25 per cent.	0–10	25 per cent.	0–25	35 per cent.
	25–50	22 per cent.	10–25	23 per cent.	> 25	30 per cent.
	50–75	19 per cent.	25–50	22 per cent.		
	75–100	16 per cent.	50–100	20 per cent.		
	> 100	13 per cent.	> 100	18 per cent.		
Production sharing – Gas and LPG	Contractor share 25 per cent.		MMscfd	Contractor share	MMscfd	Contractor share
			0–125	25 per cent.	0–150	35 per cent.
			125–250	22.5 per cent.	> 150	30 per cent.
			> 250	20 per cent.		
Corporate tax	Borne by EGPC		Borne by EGAS		Borne by Ganope	

Production Facilities – Egypt

El Wastani Gas Processing Plant

The El Wastani gas processing plant was built in three phases. The third and final phase was completed in December 2006, with the first shipment of LPG also being sold in December 2006. The El Wastani gas processing plant was initially built to process gas from the El Wastani and El Wastani East fields. It now also handles the gas production of the nine natural gas fields situated in the West El Manzala concession.

The natural gas from each of the fields reaches the El Wastani gas processing plant through pipes built by Dana Gas Egypt, which run from each field directly into the gas processing plant. Once the natural gas reaches the gas processing plant, it is processed with impurities being removed and LPG and condensates extracted.

Production at the El Wastani gas processing plant has increased as additional development leases have been granted. The El Wastani gas processing plant is currently able to handle 180 MMscfpd of gas, 5,000 boed of condensate per day and 215 t/d of LPG. Onsite there are storage tanks for 28,000 bbl of condensate and 1,500 tonnes of LPG storage. Approximately 3 MMscpd of gas is used for fuel at the plant.

Natural gas processed at the El Wastani gas processing plant is delivered to the national grid through a 600m, 16-inch diameter pipeline to the tie-in point at which it joins the national grid's main 24-inch diameter gas pipeline. Stabilised condensate and LPG volumes are delivered to the Petroleum Pipelines Company network though separate 27 km, 10-inch and 6-inch diameter pipelines.

Expansion of the El Wastani gas processing plant is planned to increase the capacity of the plant to 200 MMscfpd and allow it to collect and treat the additional gas production from the Salma Delta, Salma North and Tulip fields in the West El Qantara concession and the South Abu El Naga field in the West El Manzala concession. This project is also expected to involve the construction of a new gathering network for the four fields to allow the gas to be piped to the El Wastani gas processing plant. The new transmission system is

expected to pass through areas which presently have no dedicated rich-gas infrastructure, with the added benefit that new discoveries made in these areas could be quickly marketed.

A propane extraction train is planned to be installed in the El Wastani gas processing plant, which will enable propane to be extracted from rich gas fields in all development leases. The project is expected to be completed in 2015 and will include a new 15 km flow to deliver the propane to the nearest export point.

South El Manzala Gas Processing Plant

The South El Manzala gas processing plant was built in 2003 to the east of the Nile River in the El Manzala concession. The plant is designed to handle only dry gas from the Gelgel and Abu Monkar fields and currently handles production from the Sondos and the South Abu El Naga (dry gas reservoir) fields, each in the West El Manzala concession and the Sama and West Sama fields in the West El Qantara concession, where the gas is dehydrated prior to sale. The sales gas from the South El Manzala gas processing plant is transported through a gas transportation system consisting of 32 km, 8-inch diameter export pipelines to the sales point at the metering station in Al Hourani.

The dry gas from each of the fields reaches South El Manzala gas processing plant through pipelines built by Dana Gas Egypt that run from each field directly into the plant. The South El Manzala gas processing plant consists of an inlet manifold, test and production separators, dehydration, compression and metering and can currently process up to 80 MMscfpd of dry gas, with compression used as necessary to handle variations in the national grid pressures.

Gulf of Suez Gas Liquids Extraction Plant

Dana Gas, through its 26.4 per cent. effective ownership of EBGDCo, is involved in a joint venture with EGAS and APICORP to build and operate a gas liquids extraction plant in the Ras Shukheir area of the Gulf of Suez region in Egypt. The plant began production in August 2012 and during 2012, the average supply was around 75 MMscfd of gas, resulting in total production of around 11,000 tonnes of propane and 1,400 tonnes of Butane. The first shipment from the plant took place in October 2012 and comprised 2,025 tonnes of propane. Since then, four shipments have taken place. The plant receives feed gas from the nearby Unit 104 plant of EGPC at a rate of between 55 MMscfd and 100 MMscfd.

The gas liquids extraction plant is designed to extract 120,000 tonnes per annum of propane and 15,000 tonnes of butane from a gas stream of 150 MMscfd. As at the date of these Listing Particulars, the gas stream to the plant is approximately 75 MMscfd. The feed gas rate is expected to increase gradually once gas is received from gas fields in and around Ras Shukheir area in 2013 and 2014. The gas liquids extraction plant is expected to enable EBGDCo to extract value from pipeline gas in the form of petroleum liquid products for export and domestic markets, and will return the lean gas to the pipeline for onwards sale to end-consumers. EBGDCo has signed a 15-year gas supply contract with EGPC for the supply of natural gas feedstock. The pipeline network used for the input and export of natural gas from the plant is part of the Egyptian national grid operated by the Egyptian Natural Gas Company, an affiliate of EGAS. The liquid propane is exported by ship to European markets in the Mediterranean, France, Spain, Italy and Turkey.

The cost for the project was estimated to be U.S.$125 million and project financing has already been provided in an amount of U.S.$86.5 million from Commercial International Bank (Egypt) SAE. Most of the remaining cost has already been provided by loan and equity contributions from EBGDCo's shareholders of around U.S.$28.5 million, with the remaining amount of U.S.$10 million to be paid from internal cash flow.

Receivables – Egypt

Due to the effect of continuing political turmoil on the finances of the Government of Egypt, EGPC, EGAS and Ganope have found and continue to find it challenging to fulfil their contractual obligations under the gas sales agreements described above. During 2011 and 2012, Dana Gas Egypt was required to reduce its capital expenditure significantly in line with the reduction in collections, which led to a slowdown in revenue. In 2012, EGPC assigned the proceeds from the sale of crude oil in favour of Dana Gas Egypt and another unrelated third party in order to partially satisfy its outstanding obligations. This resulted in payment of receivables to the extent of U.S.$53 million. In early 2012, Dana Gas Egypt entered into an agreement with EGAS whereby EGAS committed to pay U.S.$30 million per quarter to Dana Gas Egypt on the basis that such amount would be re-invested in field development in Egypt. Dana Gas Egypt received the first two of these instalments from EGAS in May 2012 and September 2012 respectively. In December 2012, Dana Gas Egypt received U.S.$10 million of

the U.S.$30 million instalment falling due in November 2012. Dana Gas Egypt is also due payment of an additional U.S.$30 million, which fell due in January 2013. As at the date of these Listing Particulars, Dana Gas Egypt has received payments amounting to U.S.$39 million, of which U.S.$31 million was paid in Egyptian pounds. Dana Gas Egypt is currently in discussions with EGAS and EGPC for establishment of a new payment schedule for 2013. See "*– Recent Revelopments*" and "*Risk Factors – Dana Gas has recently defaulted on payment of principal and accrued periodic distribution amounts due on 31 October 2012 in respect of its U.S.$1 billion Exchangeable Trust Certificates as a result of challenges faced in collecting outstanding receivables, and there is a significant risk that Dana Gas may continue to face such challenges*".

In the twelve months ended 31 December 2012, Dana Gas billed EGPC, EGAS and Ganope for U.S.$171 million and collected U.S.$163 million in respect of its operations in Egypt. In the twelve months ended 31 December 2011, Dana Gas billed EGPC, EGAS and Ganope for U.S.$206 million and collected U.S.$75 million in respect of its operations in Egypt. As of 31 December 2012, Dana Gas was owed U.S.$236 million in outstanding receivables in respect of its operations in Egypt.

Kurdistan Region of Iraq

Dana Gas, as joint operator with Crescent and as a shareholder in Pearl, is engaged in and has interests in upstream, midstream and downstream activities in the Kurdistan Region of Iraq, including exploration, production and processing of natural gas, gas transmission and the sale of petroleum products (including gas) in the Kurdistan Region of Iraq.

Background

In the Kurdistan Region Authorisation, the KRG granted the contractor thereunder the exclusive right to appraise, develop and produce petroleum and gas resources within the Kor Mor and Chemchemal contract areas, as well as the rights to build and operate a pipeline to deliver the initially produced and processed gas to the 500 MW single cycle gas-fired power station at Erbil and the 760 MW combined cycle gas fired power station at Sulaymaniya (the capacities and configuration of both of which have subsequently been amended and increased).

The term of the Kurdistan Region Authorisation is for a duration to be agreed by the contractor and the KRG that will be no less than the maximum duration of gas supply to any independent power producer or the duration of a standard KRG risk-reward contract. A standard production sharing contract granted by the KRG would provide a minimum development period of 25 years, which can be extended.

On 17 October 2007, Dana Gas assigned a 50 per cent. participation interest in the Kurdistan Region Authorisation to Crescent. In December 2007, the Kurdistan Region Oil & Gas Council affirmed the continuing validity of the Kurdistan Region Authorisation in accordance with its terms and pursuant to the requirements of the Kurdistan Region Oil and Gas Law. On 5 February 2009, Dana Gas and Crescent, as contractors, assigned their respective 50 per cent. interest in the Kurdistan Region Authorisation to Pearl, whose shares at that stage were held 50 per cent. each by Dana Gas and Crescent. On 15 May 2009, Dana Gas and Crescent each sold 5 per cent. of the share capital of Pearl to each of OMV and MOL, respectively.

In partnering with MOL and OMV, Dana Gas and Crescent obtained the benefit of OMV's and MOL's skills and experience in the oil and gas industry, including in the Kurdistan Region of Iraq where each of OMV and MOL already held production sharing contracts awarded by the KRG. As at the date of these Listing Particulars, 40 per cent. of Pearl's shareholding is held by Dana Gas, 40 per cent. is held by Crescent, 10 per cent. is held by OMV and 10 per cent. is held by MOL. Dana Gas and Crescent conduct operations as joint operators on behalf of Pearl.

There are certain unresolved issues between Dana Gas, Pearl and the KRG concerning the interpretation of the Kurdistan Region Authorisation. With respect to these issues, the contractor parties have obtained advice as to their legal position and anticipate a satisfactory outcome. Due to the terms of a confidentiality agreement with the KRG which binds the contractor parties, Dana Gas is restrained from disclosing details of these issues, including the processes for their resolution. See "*Risk Factors – There are certain unresolved issues concerning the interpretation of the Kurdistan Region Authorisation*".

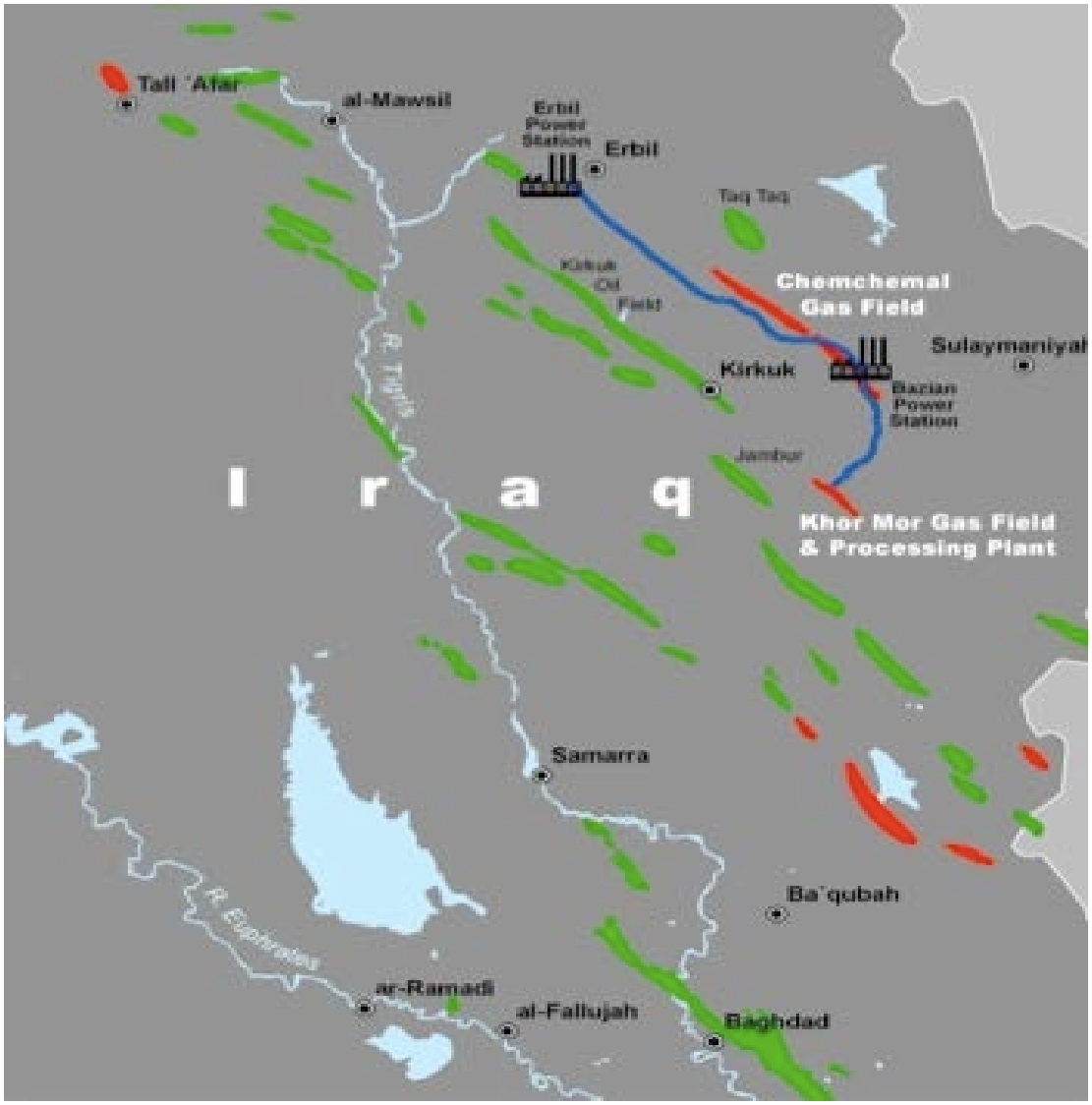
Operations in the Kor Mor gas field to produce, process and transport gas to the independent power producers have continued without interruption and the KRG has made some payments on account to the contractor under the Kurdistan Region Authorisation for produced petroleum product,s although these payments fall far short of what is contractually due (see "*– Business Segments – Kurdistan Region of Iraq – Receivables*").

Terms of the Kurdistan Region Authorisation

For details regarding the terms of the Kurdistan Region Authorisation please see "*– Material Agreements Relating to Dana Gas's Assets – Kurdistan Region of Iraq*".

Operations and Production

The 180 km pipeline from Kor Mor gas field to the Erbil and Sulaymaniyah power stations was completed in September 2008 and the early production facilities were successfully completed to allow gas deliveries to the power stations to commence on 1 October 2008. The route of this pipeline and the location of the power stations are shown on the map below.



The Kor Mor gas field currently has six wells in production, with one newly drilled well that is not yet in production. During the year ended 31 December 2012, the contractor's average daily production of natural gas from the Kor Mor gas field was 310 MMscf. This was an increase of 102 per cent. from the year ended 31 December 2010 in which the average daily production of natural gas was 154 MMscf. The Chemchemal gas field has not yet been fully appraised or developed and no wells are currently in production.

The first train of the LPG plant was put into operation in the first quarter of 2011. The second train was put into operation in the third quarter of the same year. The LPG plant has capacity to produce approximately 1000 MT/day of mixed LPG.

Dana Gas anticipates that the revenues generated by the sale of condensates and LPG extracted from the produced natural gas will allow the contractor to cover its operating costs and to recover the remainder of its current development and production costs. After the recovery of the development and production costs, the contractor will earn a specified fee which includes a contractually defined rate of return under the terms of the Kurdistan Region Authorisation. The surplus revenue in any year, over and above cost recovery and the permitted contractual return, shall be repayable to the KRG.

Receivables – Kurdistan

While, to date, the contractor under the Kurdistan Region Authorisation has received significant payments from the KRG, this has not satisfied all contractually outstanding amounts due under the Kurdistan Region Authorisation, and, as at 31 December 2012, the contractor was still owed U.S.$885 million by the KRG in respect of the supply of condensates and LPG. The contractual liability of the KRG to make payments under the Kurdistan Region Authorisation is not in any way conditional on the KRG receiving payments from the Federal Government of Iraq; but the KRG has nonetheless attributed its deferral of payments to delayed payment by the Federal Government.

Since 2009 there have been intermittent payments by the Federal Government of Iraq to KRG to compensate producing petroleum contractors in the Kurdistan region for their costs. Most recently, in October 2012, the Federal Government of Iraq made a payment of U.S.$540 million to the KRG. In December 2012, Dana Gas, through the contractor, received a share of payments made by Iraq's Federal Government to the KRG. The contractor received U.S.$120 million, of which Dana Gas's share of 40 per cent. was U.S.$48 million.

In the twelve months ended 31 December 2012, a total amount of U.S.$644 million was invoiced to the KRG by the contractor under the Kurdistan Region Authorisation, and the contractor collected U.S.$358 million in receivables from the KRG during this period, of which Dana Gas's share of 40 per cent. amounted to U.S.$143 million. In the twelve months ended 31 December 2011, a total amount of U.S.$565 million was invoiced to the KRG by the contractor under the Kurdistan Region Authorisation, and the contractor collected U.S.$255 million in receivables from the KRG during this period, of which Dana Gas's share of 40 per cent. amounted to U.S.$102 million.

As of 31 December 2012, the contractor under the Kurdistan Region Authorisation has received an aggregate amount of U.S.$641 million from the KRG (including U.S.$358 million received in 2012) (see "*Risk Factors – Dana Gas has recently defaulted on payment of principal and accrued periodic distribution amounts due on 31 October 2012 in respect of its U.S.$1 billion Exchangeable Trust Certificates as a result of challenges faced in collecting outstanding receivables, and there is a significant risk that Dana Gas may continue to face such challenges*").

United Arab Emirates

Dana Gas is engaged in upstream, midstream and downstream activities in the UAE. Dana Gas is engaged in the exploration, development and production of gas and condensate in the UAE through its 100 per cent. interest in the Sharjah Western Offshore concession. Dana Gas is also engaged in gas transmission through UGTC, gas processing through SajGas and gas marketing and trading through CNGCL.

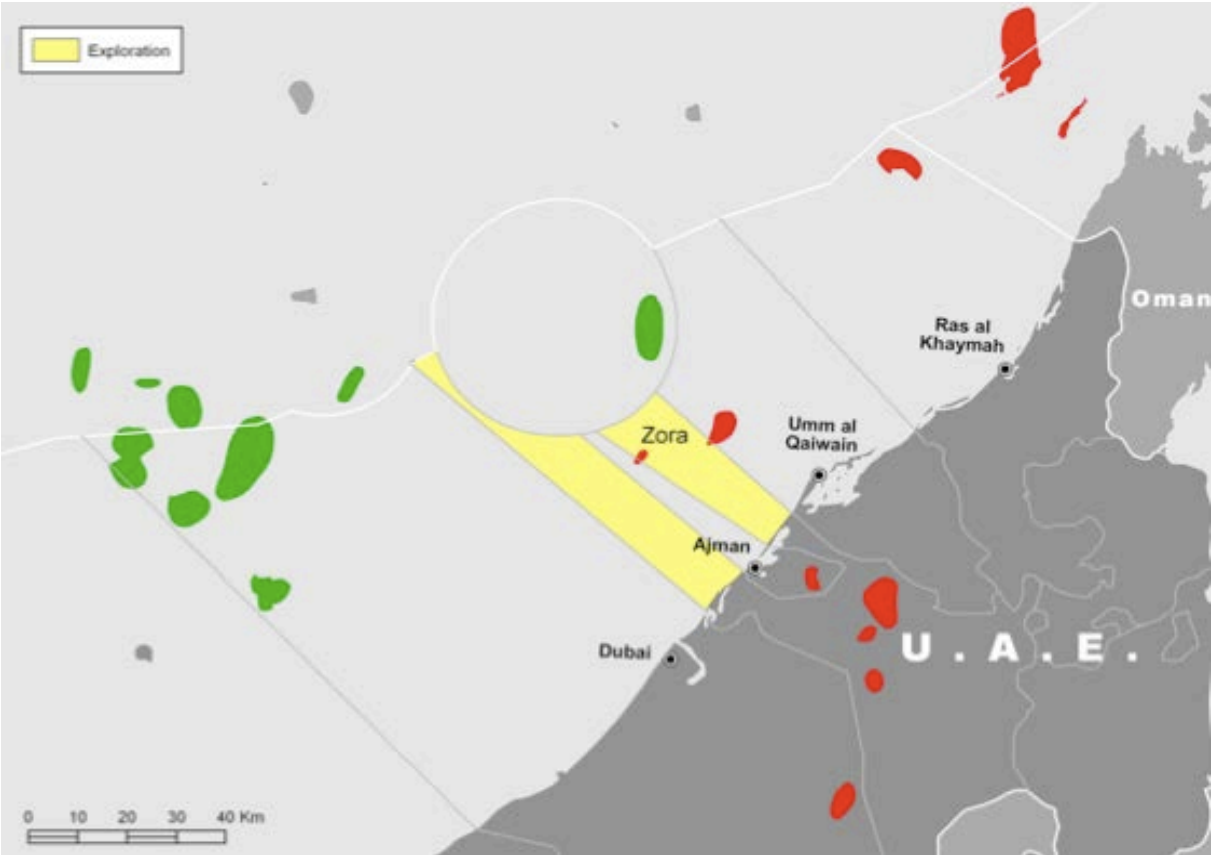
Exploration and Production – Sharjah

Dana Gas is engaged in the exploration, development and production of gas and condensate in the UAE through its 100 per cent. interest in the Sharjah Western Offshore concession, under a royalty regime with the government of Sharjah. Dana Gas Explorations FZE, a wholly-owned subsidiary of Dana Gas, is the legal holder of the concession interest, while Dana Gas Sharjah Offshore Ltd., another wholly-owned subsidiary of Dana Gas, is the unit operator of the concession.

The Sharjah Western Offshore concession was awarded to Dana Gas on 12 March 2008, granting Dana Gas exclusive rights to explore, develop, produce, store, transport, export and sell natural gas produced from within the concession area for a period of 25 years. The concession agreement covers a total area of over 1,000 sq km and includes part of the Zora gas field, which is located approximately 33 km offshore and has established gas reserves. The Zora gas field extends outside of the concession area into the neighbouring Emirate of Ajman ("**Ajman**"), as illustrated in the map below.

In November 2012, Dana Gas entered into a unitisation agreement with the Government of Sharjah, the Government of Ajman and APIC dealing with the sharing of natural gas from the Zora gas field between the two governments. Based on this agreement, the initial unitisation rate is 50 per cent. each, to be shared between the Government of Ajman and Government of Sharjah. At the same time, Dana Gas also entered into a unitisation and unit operating agreement with APIC and a gas sales and purchase agreement with Sharjah Petroleum Council and the Government of Sharjah (see "*– Material Agreements Relating to Dana Gas's Assets – United Arab Emirates*").

In February 2013, Dana Gas assigned its legal interest in the Sharjah Western Offshore concession to its wholly-owned subsidiary, Dana Gas Explorations FZE.



Pursuant to the concession agreement, Dana Gas is required to develop one wellhead platform, consisting of two horizontal wells in the main development area, as well as drilling one exploration well outside the main development area. Pursuant to a side letter to the concession agreement, Dana Gas is required to develop the Zora gas field within a period of 19 months from November 2012. Dana Gas has already issued key tenders in respect of the platform, pipeline and onshore gas processing plant and expects to award the relevant project contracts early in the second quarter of 2013.

The wellhead platform will be located in about 80 ft of water and will be an unmanned facility with preventative maintenance being carried out via boat transportation. The platform will have a multiphase flow meter, a wellhead manifold and control system, a launching platform, corrosion inhibition system, chemical injection system, vent and drain systems, hydrate inhibition and a deck crane capable of handling maintenance and similar equipment. The platform processing facilities are designed for a gas throughput of 60 MMscfpd, although the initial flow rate is targeted at 40 MMscfpd.

Under the terms of the Sharjah Western Offshore concession, title to petroleum produced from within the concession area passes to Dana Gas at the wellhead, in return for which Dana Gas pays a royalty to the Government of Sharjah equal to a percentage of the value of natural gas produced, such percentage being based on the amount of natural gas produced by Dana Gas in the concession area.

The following table sets out a summary of the fiscal terms for the Sharjah Western Offshore concession:

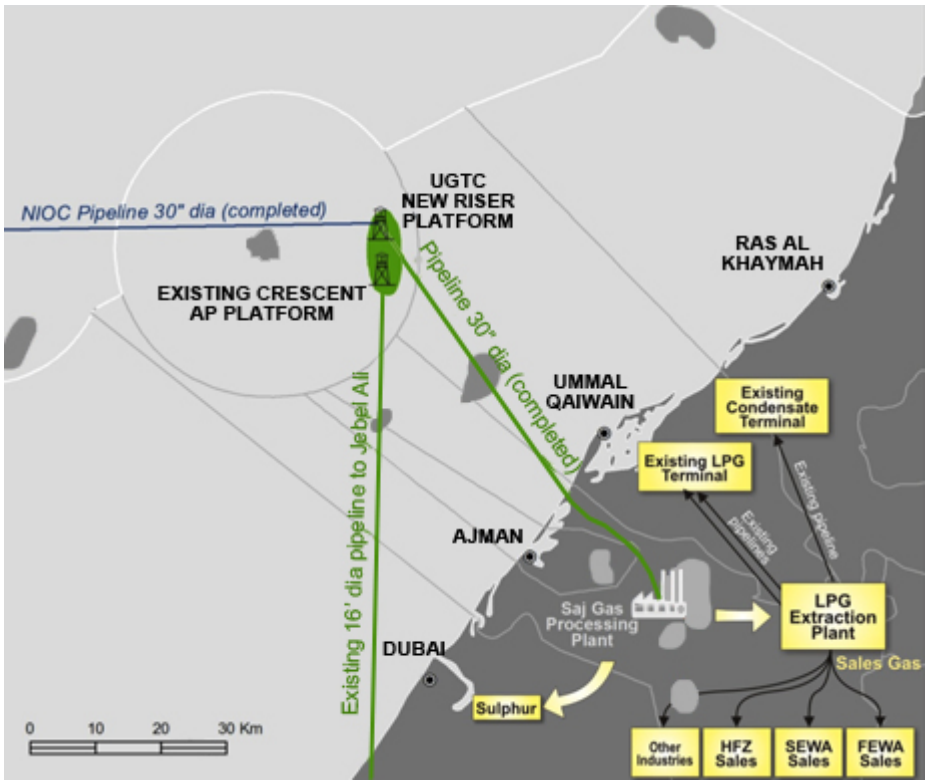
	Sharjah Western Offshore concession	
Fiscal regime	Royalty/tax	
Royalty	MMboed	Rate
	0–10	12.5 per cent.
	10–20	13.0 per cent.
	20–30	13.5 per cent.
	30–50	14.0 per cent.
	50–100	16.0 per cent.
	100–200	18.0 per cent.
	> 200	20.0 per cent.
Bonus	U.S.$2 million when production reaches 20 MMboed and if maintained for 30 consecutive days.	
Rental payment	U.S.$0.1 million per year until export commencement	
Income tax	MMboed	Rate
	0–10	50 per cent.
	10–20	60 per cent.
	20–30	75 per cent.
	30–50	80 per cent.
	> 50	85 per cent.
Definition of boe	The conversion unit for 1 Mscf of gas into boe for the calculation of royalties and income tax is defined in the concession by multiplying 1 Mscf of gas with: Gas Price per Mscf/Oil Price per Bbl	

It is currently intended that the gas will be transported from the platform through a proposed 33 km, 12-inch diameter subsea pipeline and then through a 4 km onshore pipeline to a new onshore gas processing plant constructed within the Sharjah Hamriyah Free Zone Area. The plant will remove hydrogen sulphide, carbon dioxide and moisture from the gas. The gas price has already been fixed for the first year following commencement of production, and will be revised thereafter based on mutual agreement. The condensate will be stored and then sold separately. It is anticipated that the first expected date of gas production will be in July 2014.

The total cost of the planned development is estimated to be in the region of U.S.$133 million, of which U.S.$29 million had been incurred by Dana Gas as at 31 December 2012, and U.S.$2 million committed for the purchase of long lead items related to the project. APIC is required to contribute an equivalent amount covering the equity portion. It is expected that the rest of the project costs will be financed through project finance. Dana Gas and APIC have both obtained commitment letters for financing from local banks for around U.S.$40 million (or its equivalent) each, subject to terms and conditions to be agreed.

The UAE Gas Project

The UAE Gas Project, which was announced in November 2005, anticipates the purchase of imported gas in the Arabian Gulf by Dana Gas from Crescent for onward transportation to Sharjah, where it is processed to sweeten the gas and extract LPG and condensate for sales within the UAE. While Dana Gas has built the required facilities, the UAE Gas Project continues to await the supply of gas to CNGCL by CGCL, which, in turn, is awaiting the supply of gas by the National Iranian Oil Company ("**NIOC**"). Revenue for Dana Gas from the UAE Gas Project is currently zero. In July 2010, NIOC introduced gas into its completed transmission network and Dana Gas's UGTC pipeline and SajGas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system which needs rectification. This repair may take several months. Notwithstanding this, Crescent is continuing with international arbitration to seek a ruling on its 25-year gas supply contract with NIOC.



The following subsidiaries and affiliates of Dana Gas are involved in the UAE Gas Project:

CNGCL

CNGCL is a gas marketing and trading company. It has signed a 25-year gas purchase and sale contract with CGCL, a Crescent affiliate, for the supply of gas, which contract is underpinned by a long-term imported gas supply contract between CGCL and NIOC, pursuant to the UAE Gas Project.

CNGCL has also secured a number of long-term take-or-pay supply contracts to deliver 600 MMscfpd of natural gas to end-users if the UAE Gas Project commences, including the power and desalination plants of the Federal Electricity and Water Authority of the UAE, the Sharjah Electricity and Water Authority and other industrial end-users in the Hamriyah Free Zone. CNGCL's business also includes the marketing and trading of LPG, condensates and sulphur.

UGTC

UGTC has completed gas transmission facilities comprising a new gas receiving riser platform (offshore Sharjah) to receive the gas, a 52 km, 30-inch diameter offshore gas pipeline to the shore at Hamriyah Free Zone, continuing from there a further 28 km to the onshore processing facilities in the Sajaa area operated by SajGas. The capacity of the pipeline is 600 MMscfpd.

The riser platform and the pipeline are currently held in a "readiness mode" awaiting commencement of gas supplies. UGTC has entered into a contract with Crescent for the management and operation of these assets. The offshore pipeline is recorded as an asset of UGTC in Dana Gas's balance sheet.

UGTC has also implemented a joint venture project with Emirates General Petroleum Corporation ("**Emarat**") on a 50:50 basis to construct and operate a 32 km, 48-inch diameter pipeline with capacity of 1,000 MMscfpd from Dana Gas's processing facilities in the Sajaa area to end-users in Hamriyah Free Zone, Sharjah. Emarat was established by the UAE government in 1981 to market and distribute petroleum and is an established and experienced gas pipeline operator in Sharjah and the Northern Emirates. The pipeline was completed in April 2008 and is one of the largest in the UAE, with a design capacity of 1,000 MMscfpd. The pipeline capacity will be utilised by three end-users: the Federal Electricity and Water Authority of the UAE, the Sharjah Electricity and Water Authority and CNGCL, in each case under 25-year contracts.

Total capital investment by UGTC in the UGTC and Emarat pipelines to date has been approximately U.S.$112 million.

SajGas

SajGas has constructed a modern gas processing plant located in the Sajaa area in Sharjah. The plant was built in 18 months by Petrofac Limited (an integrated international service provider to the oil and gas industry) to process sour gas by providing gas sweetening, sulphur recovery and sulphur pastillation facilities. The plant extracts hydrogen sulphide and carbon dioxide from the input sour gas and produces sulphur in the form of pastilles as a residual by-product. The resultant sweetened gas will then be measured and sent for further processing to an LPG plant in the Sajaa area before its distribution to Sharjah and the Northern Emirates gas grid. The facility can process upwards of 600 MMscfpd with onsite expansion potential to handle up to 1,000 MMscfpd and has been built with onsite power generation facilities to minimise its reliance on external utility providers.

SajGas has a long-term contract in place with CNGCL for the processing of gas from the UAE Gas Project from which SajGas will derive its revenue, if the UAE Gas Project becomes operational. The title to feedstock gas, processed gas and sulphur is retained by CNGCL. The sulphur pastilles produced by the plant are either to be sold into the local market or exported for use in the fertiliser industry. The work to connect the plant to the distribution pipeline system has already been completed by SajGas.

The total investment by SajGas in plant and utilities to date has been approximately U.S.$132 million. SajGas owns surplus industrial land which has been valued by an independent third party at approximately U.S.$28 million as at 31 December 2012. The gas processing plant is recorded as an asset of SajGas in Dana Gas's balance sheet. The gas processing plant is currently held in a "preservation mode" awaiting the commencement of gas supplies. The plant is maintained in a state of preservation by storing certain components in nitrogen gas to keep the integrity of the equipment stable until commissioning can begin.

Other MENA-Based Activities

Gas Cities Project

Dana Gas has a 50 per cent. shareholding in Gas Cities Limited, a joint venture company with Crescent, which is responsible for the development of a series of Gas Cities across the MENA Region to more effectively utilise natural gas as feedstock and maximise industrial output. In Gas Cities, available natural gas is converted into economically viable petroleum-related products and derivatives by utilising the operational synergies and economies of scale arising from geographically clustered industrial units.

In 2009, Gas Cities Limited signed a memorandum of understanding to carry out a series of pre-feasibility studies to establish gas and land allocations for a potential Gas City in the Al Hudaydah Region of Yemen. Pursuant to the memorandum of understanding, Gas Cities Limited would act as the master developer of the Gas City and assist in its planning and development, which would include Yemen's first large scale methanol and fertiliser plants.

Yemen's political issues in 2011 have slowed progress with the Government of Yemen; however, Gas Cities Limited continues to hold discussions with the relevant ministries, including the Ministry of Petroleum and Minerals. Gas Cities Limited is currently negotiating a project implementation agreement which would allocate the prerequisite land and gas to formally launch a series of feasibility studies as envisioned in the memorandum of understanding.

In January 2013, Gas Cities Limited entered into a joint venture agreement with CPC International, a subsidiary of the Saudi Binladin Group, for the development of self-sufficient, fully serviced industrial parks ranging between 2 and 5 sq km in size. The joint venture company is scheduled to be incorporated just prior to achieving financial close for its initial project in 2013, with primary focus on potential industrial park projects in Egypt, India and Southern Iraq. Gas Cities will provide a complete utilities solution to the industrial park, with gas as the primary fuel of choice.

LPG Shipping and Trading

Dana Gas has been and remains a medium-sized producer of LPG since the commissioning of the El Wastani gas processing plants in Egypt and the two LPG trains in the Kurdistan Region of Iraq. The commissioning of

EBGDCo's gas liquids extraction plant in the Ras Shukheir area of the Gulf of Suez region in Egypt has further increased Dana Gas's access to LPG.

Dana Gas anticipates that regional LPG trading and shipping opportunities will increase due to increased demand for LPG in the developing economies and as a feedstock in the growing MENA Region petrochemical sector. Dana Gas is currently investigating opportunities for the sale of its LPG production. In November 2012, EBGDCo concluded a propane lifting agreement with a leading international commodity trading company.

Future Growth Opportunities in the Petrochemical and other Gas-Utilisation Industries

Gas is a feedstock to the petrochemical industry, and the MENA Region is rapidly emerging as a global petrochemical and gas-utilisation industry hub. On the one hand, regional countries seek to exploit access to low-cost gas as a means to monetise their gas reserves, while, on the other hand, international companies seek to relocate their plants and manufacturing businesses close to the gas resource so as to remain competitive in the global market.

Dana Gas believes that Gas Cities may represent a future growth opportunity in the gas-utilisation industry. Gas Cities are intended to be integrated industrial cities designed for the systematic and comprehensive utilisation of natural gas as fuel and feedstock. In a Gas City, natural gas is treated to remove impurities such as nitrogen, carbon dioxide and hydrogen sulphide. The wet gas is then separated into its hydrocarbon components. Natural gas produced from different gas fields shows large variations in its composition. Generally, the main component is methane, while ethane and other heavier components are present in far lower proportions.

Methane has become a preferred fuel for power generation for various sectors of the manufacturing industry as well as being used as a petrochemical feedstock. Dana Gas envisages that in a Gas City, methane will be used to run the combined cycle power plants and as a fuel of choice for the various heavy, medium and light industries that will be established, which include the iron and steel industry, the cement, glass, ceramic- and brick-manufacturing industries, the textile industry and chemicals and pharmaceuticals. As a petrochemical feedstock, methane will be used to produce ammonia (which is a valuable raw material for the production of fertilisers and other industrial products) and methanol, a valuable base chemical for producing many derivatives used in various industries. Ethane will be used as a feedstock to steam crackers to produce ethylene and propylene which are base chemicals for numerous secondary and tertiary derivatives that will provide feedstock to various different industries housed in the industrial cluster of the Gas City. Propane and other heavier hydrocarbons will also be used as feedstock to produce basic chemicals and derivatives to satisfy various industries within the Gas City, and for domestic markets as well as for export.

Insurance

Dana Gas and its subsidiaries have properties and projects located in the UAE, Egypt and the Kurdistan Region of Iraq. Dana Gas secures insurance coverage which is reasonable and consistent with the normal industry practice.

For projects that are in the construction phase, Dana Gas's strategy is to secure insurance from reputed insurers primarily through an owner-controlled insurance programme ("**OCIP**"). The OCIP includes the builder's all-risks insurance for the full replacement value of the construction contracts, marine cargo all-risks insurance (including war risks) covering the importation of materials to the work sites, operator extra expense insurance (which includes cost of control, seepage and pollution, redrilling) and appropriate third-party liability insurance.

During the operating phase, insurance is arranged to cover all risks of physical loss or damage to the properties, including third-party liability insurance covering legal liabilities to third parties for injury or damage resulting from the operations, operator extra expense insurance (cost of control, seepage and pollution, redrilling) and other locally required insurances. The levels of insurance coverage in respect of the operations are as per industry standards. Third-party liability insurance is governed by the applicable laws and by any contractual requirements with third parties.

In addition, Dana Gas also maintains employee-related insurances such as medical, life, personal accident, employers liability and workmen's compensation policies, as appropriate. Furthermore, where considered appropriate, Dana Gas secures sabotage and terrorism insurance.

The following table summarises Dana Gas's key current insurance policies by operating unit, type of coverage and level of coverage:

Operating unit and type of coverage	Level of coverage (U.S.$)
United Arab Emirates:	
Physical damage	349,950,000[1]
Business interruption	Not applicable
Operator's extra expense	50,000,000[2]
Third-party liabilities	125,000,000[3]
Construction	Not taken up
Dana Gas Egypt:	
Physical damage	23,795,808
Business interruption	Not applicable
Operator's extra expense	6,000,000
Third-party liabilities	5,000,000
Construction	Not applicable
Wasco:	
Physical damage	274,494,124
Business interruption	180,000,000
Operator's extra expense	6,000,000
Third-party liabilities	5,000,000
Construction	Not taken up
Kurdistan Region of Iraq[4]:	
Physical damage	581,200,000
Business interruption[5]	474,000,000
Operator's extra expense	25,000,000
Third-party liabilities	25,000,000
Construction	Not applicable

Notes:

(1) Comprising U.S.$115.3 million in relation to UGTC gas transmission facilities, U.S$2.6 million in relation to Sharjah operations, U.S.$54 million in relation to the UGTC/Emarat joint venture, and U.S.$178 million in relation to the SajGas gas processing plant.

(2) Coverage in relation to Sharjah operations only.

(3) Comprising U.S.$25 million in relation to UGTC gas transmission facilities and Sharjah operations, U.S.$50 million in relation to the UGTC/Emarat joint venture, and U.S.$50 million in relation to the SajGas gas processing plant.

(4) Values relate to 100 per cent. of Pearl, in which Dana Gas has a 40 per cent. stake.

(5) Terms of business interruption cover in the Kurdistan Region of Iraq are currently being negotiated with insurance brokers and are expected to be finalised in the second quarter of 2013.

Dana Gas maintains business interruption insurance in relation to Wasco, which covers operations at the El Wastani gas processing plant, and in relation to Pearl, which covers Dana Gas's Kurdistan operations. Once production commences in the Zora gas field, Dana Gas intends to obtain business interruption insurance in relation to its UAE operations.

Information Technology

Dana Gas is in the process of modernising its Information Technology ("**IT**") infrastructure in order to assist in the efficient running of its business and ensure that Dana Gas operates at optimum service levels. The IT system, once modernised, should provide real-time and near real-time data to support executives and senior managers in making informed decisions and provide users with a wider access to information across the network. Dana Gas is also investing in the development and training of staff in connection with its investments in infrastructure.

The threats to security from both internal and external abuse will be monitored and appropriate measures have been enacted to prevent such threats. Controls have also been put in place to ensure the appropriate levels of confidentiality to information. Dana Gas is also in the process of preparing a disaster recovery plan to deal with any loss of critical IT services.

Enterprise Risk Management

Dana Gas is committed to an effective risk management approach that protects Dana Gas's assets, business and reputation while enhancing shareholder value. One of the key components of Dana Gas's overall risk management strategy is the Enterprise risk management ("**ERM**") framework, which is mandatory and operates throughout Dana Gas.

The board-approved risk management framework is based on ISO 31000 (Risk Management Standard), and is an integral part of good management practice, reflecting the statutory requirements of the UAE and other international Corporate Governance Codes. The Risk Framework considers strategic, operational, financial and compliance risks. It covers projects, assets, business units, countries and corporate functions. The significant risks at each level are escalated upwards on a regular basis.

The ERM framework has been established to identify, evaluate and assist in the management of the risks faced by Dana Gas. The process operates on a mandatory basis across Dana Gas and provides its Board of Directors with assurance that the major risks faced by Dana Gas have been identified and are regularly assessed, and that wherever possible, there are controls in place to eliminate, reduce or manage these risks.

The Board of Directors of Dana Gas receives minimum quarterly reports on the significant risks facing the business and the mitigation strategies in place to manage the risks. At the management level, a Risk Committee was established in 2011 composed of key members of the Executive Leadership Team. The terms of reference of the Risk Committee include oversight and monitoring of the significant risks facing the business and review of the proposed mitigation strategies. The Committee meets once every quarter to review Dana Gas and business risk maps and registers. The key outputs of the risk committee are available to the Board of Directors and senior management of Dana Gas.

Environmental issues

Dana Gas Egypt follows ISO 14001 requirements (an international standard against which organisations are assessed) and has its own approved environmental policy. Dana Gas believes that it is in compliance with all applicable environmental laws and regulations.

Dana Gas had seven hydrocarbon releases (more than one barrel of chemical or hydrocarbon released to the environment) during 2012, the majority of which resulted from pinhole pipeline leaks in the Northern Egypt fields. Dana Gas only had one significant spill in 2011, during which 190 bbl was spilled in a non-sensitive environment during a pipeline operation. The flaring of LPG has been ongoing since the incident that occurred in June 2012 at the Khor Mor facility (see "*– Kor Mor LPG Plant Incident*").

Operating Risk Management System

Dana Gas developed an operating risk management system ("**ORMS**") in 2011, which describes how it intends to integrate the management of risks to health, safety, security, environment, social responsibility and asset integrity into the working of Dana Gas. The system was developed after a review of management systems from other oil and gas producers as well as through a review of major industrial accident root causes. The ORMS policy and system structure were approved by the Board of Directors of Dana Gas in the fourth quarter of 2010, and the detailed system rolled out in the first and second quarters of 2011. Dana Gas intends to roll out the second version of ORMS during 2013.

ORMS provides a systematic, structured and demonstrable basis for managing health, safety, security and environment ("**HSSE**") asset integrity risks. ORMS comprises a series of managing processes that address internationally recognised HSSE management system standards and contain minimum mandatory management system requirements to be met by each business unit of Dana Gas. The ORMS is supplemented by operational practices standards requirements issued by the CEO, nine of which were issued in 2011 and 2012, including processes and procedures in relation to HSSE and operational risk, security risk, crisis and business continuity, project assurance, reporting, investigations and management of change.

Gap assessments against the system are conducted across Dana Gas and its subsidiaries, resulting in risk-based compliance improvement plans. A series of externally led audits will periodically review compliance of Dana Gas and its subsidiaries and any sites at which they operate. A comprehensive data set for HSSE incidents is remitted to Dana Gas on a monthly basis. This data set is analysed and a monthly report is sent to senior management.

Operating HSSE Performance

In relation to personnel safety, Dana Gas benchmarks itself against the annual worldwide results of the International Oil and Gas Producers Association, an organisation established to promote safe, responsible, and sustainable operations on behalf of international oil and gas exploration and production companies. At the end of 2012, Dana Gas's Total Recordable Injury Frequency was 0.75 against the benchmark (OGP) of 0.35 per year, and 0.35 at the end of 2011. The increase in incidents reported represents a continual positive change in the culture of Dana Gas towards one where all incidents are reported and lessons learned, building a platform to improve upon in 2013. It should be noted that the frequency for 2012 includes five fatalities that occurred in June 2012 at the Khor Mor facility (see "*– Kor Mor LPG Plant Incident*" below). In relation to process safety, in

2012 there were 67 loss of primary containment incidents, of which only one was classified as high potential. There were five high potential incidents in 2012, reduced from 12 in 2011.

Dana Gas Egypt follows ISO 14001 requirements (an international standard against which organisations are assessed) and has its own approved environmental policy. Dana Gas believes that it is in compliance with all applicable environmental laws and regulations. All operating facilities in remote areas have medically trained personnel onsite. In Dana Gas's Kor Mor facility, a state of the art stabilisation and treatment facility is manned by internationally experienced paramedics. Occupational exposure has also been a focus in 2012, with all employees in the Kor Mor facility having been assessed for occupational exposure risks.

Dana Gas's activities in the Kurdistan Region of Iraq are at risk from malicious acts. Dana Gas, together with its joint venture partners, employs internationally experienced security staff who work closely with the oil field police supplied by the KRG. The perimeter is protected by a series of manned gates and guard posts, as well as roving patrols. Dana Gas's facilities in Egypt have continued to operate throughout the political turmoil in 2011. While non-malicious industrial disputes have occurred, these have been rapidly settled through negotiation.

Kor Mor LPG Plant Incident

In June 2012, an LPG road tanker, belonging to a local LPG trader and offtaking LPG on behalf of and under contract with the KRG, exploded and caused a fire during filling at the loading facility of the Kor Mor LPG plant in the Kurdistan Region of Iraq. The incident resulted in five fatalities and caused extensive damage to the LPG loading facility as well as two other third-party road tankers. Detailed and comprehensive investigations conducted by an independent and internationally recognised expert have confirmed that the incident was caused by a latent welding defect in the third-party tanker, which caused it to rupture during normal filling operations.

While the rest of the plant was not damaged, as a precautionary operational measure the plant was temporarily shut down for less than 24 hours. Since then, the plant resumed gas production and within three days returned to over 90 per cent. of the pre-incident gas and condensate production levels. In view of the damage to the LPG loading facility, LPG production has been suspended. Revenues from LPG sales are expected to resume on completion of the restoration of the damaged LPG loading facilities, which is expected in the second quarter of 2013.

Dana Gas has awarded the contract for the reconstruction of the damaged loading bay facility to an EPC contractor. Dana Gas has estimated that the cost of reconstruction will be approximately U.S.$20 million. Subject to the terms and conditions of the insurance policies, Dana Gas's insurers have confirmed their commitment to reimburse the costs incurred for the restoration of the damaged LPG loading facility.

Legislative Compliance

Dana Gas's facilities operate in full compliance with national laws across all locations, with the exception of one minor noncompliance. While construction of the facilities at Kor Mor was conducted pursuant to an Environmental and Social Impact Assessment ("**ESIA**"), there was a failure to submit an ESIA to the KRG prior to actually commencing operations at Kor Mor. The operational ESIA has been requested and is expected to be granted since no significant environmental damage has been caused by the development and operation of this facility.

Litigation and Arbitration

Breach of Contract Claim by Oman Chemicals & Pharmaceuticals LLC

In July 2005, CNGCL entered into a gas sales and purchase agreement with Oman Chemicals & Pharmaceuticals LLC ("**OCP**"), under which CNGCL was to sell gas to OCP for 24 years, commencing on 1 January 2007. The gas intended to be sold under this agreement was the gas to be purchased from NIOC by Crescent Gas Corporation Limited ("**CGCL**"), a subsidiary of Crescent, pursuant to the UAE Gas Project.

In 2012, OCP commenced proceedings in the Sharjah courts against CGCL, CNGCL and certain executives of Crescent, alleging breach of contract and claiming historical damages of AED23.5 billion and monthly damages of AED36.8 million. The defendants deny any liability to OCP on a number of legal grounds and expect a favourable outcome.

The proceedings are currently in the preliminary procedural phase. At the most recent hearing of this matter on 20 January 2013, OCP applied to include further executives of Crescent as additional defendants. Counsel submitted powers of attorney to the court on 26 February 2013. The next procedural hearing in this matter was scheduled to take place on 24 March 2013.

Arbitration Proceedings Relating to Breach of Confidentiality Agreements

In December 2010, Dana Gas brought arbitration proceedings in the London Court of International Arbitration against a third party relating to breach of two confidentiality agreements by that third party. This ongoing arbitration is subject to the terms of a strict confidentiality agreement between Dana Gas and the third party and Dana Gas is unable to disclose further details of the arbitration proceedings in these Listing Particulars. As it is the plaintiff in these arbitration proceedings, Dana Gas does not expect to incur any further material liability pursuant to this arbitration.

Other than as described above, Dana Gas is not currently party to any other material litigation or arbitration proceedings.

Competition

Dana Gas has identified that its key regional competitors are as follows:

United Arab Emirates

*DNO International ASA ("**DNO**")*

DNO is an independent international upstream oil and gas company listed on the Oslo Stock Exchange. DNO operates exploration licences and producing assets in Yemen and the Kurdistan Region of Iraq. In January 2012, DNO merged with RAK Petroleum Public Company Limited ("**RAK Petroleum**"), an unlisted public oil and gas company registered in Ras Al Khaimah Free Trade Zone. DNO has entered into a number of production sharing contracts with the KRG. In addition, as a result of the merger, DNO holds an interest in and is operator of four concessions in the Sultanate of Oman and three in the Emirate of Ras Al Khaimah.

*Abu Dhabi National Energy Company ("**TAQA**")*

TAQA is listed on the Abu Dhabi Stock Exchange and is 51 per cent. owned by Abu Dhabi Water and Electricity Authority (ADWEA). TAQA is the sixth largest independent power producer in the world, and provides 98 per cent. of the water and electricity requirements of the Emirate of Abu Dhabi. TAQA has two main business streams, power generation and oil and gas. The power generation operations are also located in Ghana, India, Morocco and the Kingdom of Saudi Arabia, and the oil and gas operations are located in North America, the UK and the Netherlands and comprise crude oil and natural gas exploration, production, processing, transmission and storage. TAQA's main focus of investment is in the companies engaged in power generation, water desalination, and production and storage of oil and gas. In addition, it has invested in the mining, metal and services sectors.

*Dolphin Energy Limited ("**Dolphin Energy**")*

Dolphin Energy is 51 per cent. owned by Mubadala Development Company (wholly owned by the Government of Abu Dhabi) and 24.5 per cent. owned by each of Total S.A. and Occidental Petroleum Corporation. Dolphin Energy's major strategic initiative, the Dolphin Gas Project, involves the production and processing of natural gas from Qatar's North field and the transportation of the dry gas by sub-sea pipeline to the UAE. The Dolphin Gas Project operates in parallel to the UAE Gas Project, both projects being necessary to develop an awareness of natural gas as fuel and feedstock in the UAE, and to grow the market for gas in the UAE in order to realise its full potential. Dolphin Energy owns facilities in Qatar and Abu Dhabi and is involved in production of raw gas, onshore processing, removal of valuable by-products and transmission of natural gas by export pipeline to the UAE, with subsequent distribution to customers across the Emirates and Oman.

Egypt

Kuwait Energy Company

Kuwait Energy Company is an independent oil and gas company focusing on acquiring a portfolio of producing assets or fields close to production, primarily in the MENASA Region. Its participation interests range from 15 per cent. to 100 per cent. across its 53 exploration, development and producing leases. Kuwait Energy currently operates 20 of these 53 leases across Egypt, Yemen, Iraq, Oman, Pakistan, Latvia, Russia and Ukraine. Kuwait Energy Company's portfolio of assets incorporates an oil to gas ratio of 60:40.

Petroceltic International

Petroceltic International is a UK listed oil and gas exploration and production business. Its activities are focused on North Africa, the Mediterranean and Black Sea regions. Petroceltic International and Melrose Resources merged in August 2012 to form a leading independent UK listed company with a focus on North Africa. The combined entity was relisted as Petroceltic International in October 2012 and has 100 per cent. interest in three onshore concessions in the Nile Delta: Mansoura, South East Mansoura and Qantara, as well as a 40 per cent. operated interest in the Mesaha exploration concession. Petroceltic also holds a 56.625 per cent. operated interest in the Isarene production sharing contract in Algeria which includes the Isarene and Ain Tsila gas fields. Petroceltic was awarded a 20 per cent. interest in the Dinarta and Shakrok exploration blocks in the Kurdistan Region of Iraq in 2012. Petroceltic also has production in the western Black Sea and exploration licences in Italy.

Kurdistan Region of Iraq

Genel Energy plc

Genel Energy plc was established as a result of the reverse acquisition of Genel Energy International Limited by the investment company Vallares PLC. The merger was completed with an issue of new shares to Genel Energy International Limited's existing owners and a prospectus was published in November 2011 in conjunction with the share issue in order for the shares to be admitted to the London Stock Exchange. Genel Energy Plc owns an interest in a number of production sharing contracts in the Kurdistan Region of Iraq, including interests in the Taq Taq, Tawke, Miran and Bina Bawi fields.

*WesternZagros Resources Ltd. ("**WesternZagros**")*

WesternZagros is a Calgary-based natural resources company engaged in acquiring properties and exploring for, developing and producing crude oil and natural gas. WesternZagros has entered into two production sharing contracts with joint venture partners and the KRG and, as a result, holds a 40 per cent. interest in the Kurdamir and Garmian concession areas. The Garmian concession area is operated by WesternZagros, while the Kurdamir concession area is operated by Talisman Energy Inc. The KRG holds a 20 per cent. interest in both production sharing contracts.

DNO

For a description of DNO see "*– Competition – United Arab Emirates*".

Petroceltic International

For a description of Petroceltic International see "*– Competition – Egypt*".

Material Agreements Relating to Dana Gas's Assets

The key terms of certain material contracts relating to Dana Gas's assets entered into in the ordinary course of business are described below. The following summaries of selected provisions are qualified in their entirety by reference to the full text of the actual agreements and should not be considered to be full statements of the terms and provisions of such agreements. The terms summarised below reflect the current terms of such agreements on the date of these Listing Particulars, unless otherwise indicated. Capitalised terms used below have the meaning ascribed to them in the relevant agreement, unless defined below.

Egypt

El Manzala Concession Agreement

On 3 May 1995, The Arab Republic of Egypt, The Egyptian General Petroleum Corporation and Marathon Petroleum Egypt, Ltd. entered into a concession agreement for petroleum exploration and exploitation in El Manzala Nile Delta Area (the "**El Manzala Concession Agreement**"). The El Manzala Concession Agreement was assigned from Marathon Petroleum Egypt, Ltd. to Centurion Petroleum Corporation (now known as Dana Gas Egypt) by way of two deeds of assignment, in 1997 (40 per cent.) and 1999 (60 per cent.).

The El Manzala Concession Agreement provides for an initial exploration period of three years, with two successive extensions of two years each at the option of Dana Gas Egypt with an additional six months for drilling and testing. Following any commercial oil or gas discovery, a 20-year development lease was established, with an optional extension of five years subject to approval by the Egyptian Ministry of Petroleum and Mineral Resources.

Costs and expenses in respect of all the exploration, development and related operations can be recovered by Dana Gas Egypt up to a cap of 30 per cent. of all petroleum (including gas) produced and saved from all development leases, or cost recovery petroleum. Dana Gas Egypt shall each quarter be entitled to, and own all, cost recovery petroleum, which shall be taken and freely exported, subject to the terms of the El Manzala Concession Agreement. The remaining 70 per cent. of petroleum (including gas) is to be shared between Dana Gas Egypt and EGPC in prescribed proportions which vary depending on levels of production.

In the event that EGPC is to be the buyer of LPG and gas produced under the El Manzala Concession Agreement, the disposition of gas shall be by virtue of a long-term gas sales agreement to be entered into by EGPC and Dana Gas Egypt (as sellers) and EGPC (as buyer). EGPC (as buyer) shall have the option to elect whether the payment for the gas which is subject to the gas sales agreement is to be made in cash or in kind.

Requisition of production (by Ministerial approval) or of concession area (by Presidential Decree) by the Government of Egypt is permitted in case of war, imminent expectation of war or internal causes. Such requisition will usually only be effected following a consultation period with EGPC and Dana Gas Egypt. In the event of any such requisition, the government shall indemnify EGPC and Dana Gas Egypt in full for the period during which the requisition is maintained, including all damages resulting from the requisition and full repayment each month for all petroleum extracted by the Government of Egypt less the royalty share of such production.

Non-performance under the El Manzala Concession Agreement by either EGPC or Dana Gas Egypt is excused by reason of *force majeure*. The period of any such non-performance or delay, together with such period as may be necessary for the restoration of any damage done during the delay, is added to the time given in the agreement for the performance of such obligation, but only with respect to the block or blocks affected. *Force majeure* is defined as "any order, regulation or direction of the Government of Egypt or the Government of the U.S.A. with respect to Contractor whether promulgated in the form of law or otherwise or any act of God, insurrection, riot, war, strike, and other labour disturbance, fires, flood or any cause not due to the fault or negligence of EGPC or Contractor, or either of them, whether or not similar to the foregoing, provided that such cause is beyond the reasonable control of EGPC or Contractor, or either of them".

South El Manzala Development Lease – Gas Sales Agreement

On 10 September 2005, EGPC and Centurion (now known as Dana Gas Egypt) entered into a gas sales agreement under the terms of the El Manzala Concession Agreement, pursuant to which Dana Gas Egypt has agreed to sell to EGPC gas produced and saved from the development area (i.e., the portions of the concession area encompassing the South El Manzala Development Lease).

The term of the agreement is until the production of gas from the development area is no longer, in the sole judgement of Dana Gas Egypt, economically sustainable as to Dana Gas Egypt or until the expiration of the El Manzala Concession Agreement, whichever occurs first. Rights, duties and obligations of either party incurred during the term of the agreement shall survive the termination and remain binding until final settlement.

The gas delivered to and purchased by EGPC shall be valued at a price determined in accordance with the El Manzala Concession Agreement, which states as follows:

PG = F x H

Where:
PG = the value of the gas in U.S. dollars per thousand cubic feet.
H = the number of million British Thermal Units per thousand cubic feet of gas.
F = a value in U.S. dollars per million British Thermal Units determined monthly according to the price of Brent.

If the price of Brent (U.S.$/bbl):

(a) is less than or equal to 10, F = 1.5
(b) is between 10 and 20, F = Brent price x (0.1665-0.0017 x Brent Price)
(c) is equal to or greater than 20, F = 2.65

Any provisions not specifically covered in the gas sales agreement are governed by the provisions of the El Manzala Concession Agreement and, in the event of any conflict, the terms of the El Manzala Concession Agreement shall prevail.

El Wastani and East El Wastani Development Leases – Gas Sales Agreement

On 10 September 2005, EGPC and Centurion (now known as Dana Gas Egypt) entered into a gas sales agreement under the terms of the El Manzala Concession Agreement, pursuant to which Dana Gas Egypt has ageed to sell to EGPC gas produced and saved from the development area (i.e., the portions of the concession area encompassing the El Wastani and East El Wastani Development Leases).

The term of the agreement is until the production of gas from the development area is no longer, in the sole judgement of Dana Gas Egypt, economically sustainable as to Dana Gas Egypt, or until the expiration of the El Manzala Concession Agreement, whichever occurs first. Rights, duties and obligations of either party incurred during the term of the agreement shall survive the termination and remain binding until final settlement.

The gas delivered to and purchased by EGPC shall be valued at a price determined in accordance with the El Manzala Concession Agreement, which states as follows:

PG = F x H

Where:
PG = the value of the gas in U.S. dollars per thousand cubic feet.
H = the number of million British Thermal Units per thousand cubic feet of gas.
F = a value in U.S. dollars per million British Thermal Units determined monthly according to the price of Brent.

If the price of Brent (U.S.$/bbl):

(a) is less than or equal to 10, F = 1.5
(b) is between 10 and 20, F = Brent price x (0.1665-0.0017 x Brent Price)
(c) is equal to or greater than 20, F = 2.65

Any provisions not specifically covered in the gas sales agreement are governed by the provisions of the El Manzala Concession Agreement and, in the event of any conflict, the terms of the El Manzala Concession Agreement shall prevail.

West El Manzala Concession Agreement

On 29 June 2005, The Arab Republic of Egypt, The Egyptian Natural Gas Holding Company, Centurion Petroleum Company and CTIP Oil and Gas entered into a concession agreement for gas and crude oil exploration and exploitation in West El Manzala Area, Nile Delta (the "**West El Manzala Concession Agreement**"). A 50 per cent. interest in the West El Manzala Concession Agreement was assigned from CTIP Oil and Gas to Centurion Petroleum Corporation (now known as Dana Gas Egypt) in March 2006.

The West El Manzala Concession Agreement provides for an initial exploration period of three years, with two successive extensions of two years each at the option of Dana Gas Egypt with an additional six months for drilling and testing. Following any commercial oil or gas discovery, a 20-year development lease was established, with an optional extension of five years subject to approval by the Egyptian Ministry of Petroleum and Mineral Resources. In case of either discovering commercial gas or achieving negative results, Dana Gas is

required to relinquish the exploration areas of the concession to the extent that it has not been granted a development lease.

The West El Manzala Concession Agreement provides that the contractor was required to provide EGAS with a guarantee guaranteeing the execution of its minimum exploration obligations in the exploration period. This guarantee is no longer outstanding.

Costs and expenses in respect of all the exploration, development and related operations can be recovered by Dana Gas Egypt up to a cap of 30 per cent. of all petroleum (including gas) produced and saved from all development leases, or cost recovery petroleum. Dana Gas Egypt shall each quarter be entitled to, and own all, cost recovery petroleum, which shall be taken and freely exported, subject to the terms of the West El Manzala Concession Agreement. The remaining 70 per cent. of petroleum (including gas) is to be shared between Dana Gas Egypt and EGAS in prescribed proportions which vary depending on levels of production.

In the event that EGAS is to be the buyer of LPG and gas produced under the West El Manzala Concession Agreement, the disposition of gas shall be by virtue of a long-term gas sales agreement to be entered into by EGAS and Dana Gas Egypt (as sellers) and EGAS (as buyer). EGAS (as buyer) shall have the option to elect whether the payment for the gas which is subject to the gas sales agreement is to be made in cash or in kind.

Requisition of production (by Ministerial approval) or of concession area (by Presidential Decree) by the Government of Egypt is permitted in case of war, imminent expectation of war or internal causes. Such requisition will usually only be effected following a consultation period with EGAS and Dana Gas Egypt. In the event of any such requisition, the Government shall indemnify EGAS and Dana Gas Egypt in full for the period during which the requisition is maintained, including all damages resulting from the requisition and full repayment each month for all petroleum extracted by the Government of Egypt less the royalty share of such production.

Non-performance under the West El Manzala Concession Agreement by either EGAS or Dana Gas Egypt is excused by reason of *force majeure*. The period of any such non-performance or delay, together with such period as may be necessary for the restoration of any damage done during the delay, is added to the time given in the agreement for the performance of such obligation, but only with respect to the block or blocks affected. *Force majeure* is defined as "any act of God, insurrection, riot, war, strike, and other labour disturbance, fires, flood or any cause not due to the fault or negligence of EGAS or Contractor, or either of them, whether or not similar to the foregoing, provided that such cause is beyond the reasonable control of EGAS or Contractor, or either of them".

Luzi Development Lease – Gas Sales Agreement

On 18 July 2007, EGAS and Centurion (now known as Dana Gas Egypt) entered into a gas sales agreement under the terms of the West El Manzala Concession Agreement, pursuant to which Dana Gas Egypt has agreed to sell to EGAS gas produced and saved from the development area (i.e., the portions of the concession area encompassing the Luzi Development Lease).

The term of the agreement is until the production of gas from the development area is no longer, in the sole judgement of Dana Gas Egypt, economically sustainable as to Dana Gas Egypt or until the expiration of the West El Manzala Concession Agreement, whichever occurs first. Rights, duties and obligations of either party incurred during the term of the agreement shall survive the termination and remain binding until final settlement.

The gas delivered to and purchased by EGAS shall be valued at a price determined in accordance with the West El Manzala Concession Agreement, which states as follows:

PG = F x H

Where:
PG = the value of the gas in U.S. dollars per thousand cubic feet.
H = the number of million British Thermal Units per thousand cubic feet of gas.
F = a value in U.S. dollars per million British Thermal Units determined monthly according to the price of Brent.

If the price of Brent (U.S.$/bbl):

(a) is less than or equal to 10, F = 1.5

(b) is between 10 and 22, F = 1.5 + (Brent price – 10) x 0.0833
(c) is equal to or greater than 22, F = 2.5

Any provisions not specifically covered in the gas sales agreement are governed by the provisions of the West El Manzala Concession Agreement and, in the event of any conflict, the terms of the West El Manzala Concession Agreement shall prevail.

Six amendment agreements have been entered into by the parties in respect of the Luzi GSA, which gives Dana Gas Egypt the right to elect to supply its entitlement of gas from the Sondos, Dabayaa, El Basant, Azhar Delta, West El Manzala and Ward Delta development leases, respectively, to any other buyers of gas in Egypt. However, the legislative framework in Egypt currently prevents Dana Gas Egypt from exercising this option.

West El Qantara Concession Agreement

On 29 June 2005, The Arab Republic of Egypt, The Egyptian Natural Gas Holding Company, Centurion Petroleum Company and CTIP Oil and Gas entered into a concession agreement for gas and crude oil exploration and exploitation in West El Qantara Area, Nile Delta (the "**West El Qantara Concession Agreement**"). A 50 per cent. interest in the West El Qantara Concession Agreement was assigned from CTIP Oil and Gas to Centurion Petroleum Corporation (now known as Dana Gas Egypt) in March 2006.

The West El Qantara Concession Agreement provides for an initial exploration period of three years, with two successive extensions of two years each at the option of Dana Gas Egypt with an additional six months for drilling and testing. Following any commercial oil or gas discovery, a 20-year development lease was established, with an optional extension of five years subject to approval by the Egyptian Ministry of Petroleum and Mineral Resources. In case of either discovering commercial gas or achieving negative results, Dana Gas is required to relinquish the exploration areas of the concession to the extent that it has not been granted a development lease.

The West El Qantara Concession Agreement provides that the contractor was required to provide EGAS with a guarantee guaranteeing the execution of its minimum exploration obligations in the exploration period. This guarantee is no longer outstanding.

The commercial terms of the West El Qantara Concession Agreement are materially identical to the West El Manzala Concession Agreement.

Sama Development Lease – Gas Sales Agreement

On 14 July 2010, EGAS and Centurion (now known as Dana Gas Egypt) entered into a gas sales agreement under the terms of the West El Qantara Concession Agreement, pursuant to which Dana Gas Egypt has agreed to sell to EGAS gas produced and saved from the development area (i.e., the portions of the concession area encompassing the West El Qantara Development Lease).

The term of the agreement is until the production of gas from the development area is no longer, in the sole judgement of Dana Gas Egypt, economically sustainable as to Dana Gas Egypt or until the expiration of the West El Qantara Concession Agreement, whichever occurs first. Rights, duties and obligations of either party incurred during the term of the agreement shall survive the termination and remain binding until final settlement.

The gas delivered to and purchased by EGAS shall be valued at a price determined in accordance with the West El Qantara Concession Agreement, which states as follows:

PG = F x H

Where:
PG = the value of the gas in U.S. dollars per thousand cubic feet.
H = the number of million British Thermal Units per thousand cubic feet of gas.
F = a value in U.S. dollars per million British Thermal Units determined monthly according to the price of Brent.

If the price of Brent (U.S.$/bbl):

(a) is less than or equal to 10, F = 1.5
(b) is between 10 and 22, F = 1.5 + (Brent price – 10) x 0.0833

(c) is equal to or greater than 22, F = 2.5

Any provisions not specifically covered in the gas sales agreement are governed by the provisions of the West El Qantara Concession Agreement and, in the event of any conflict, the terms of the West El Qantara Concession Agreement shall prevail.

Komombo Concession Agreement

On 18 July 2004, The Arab Republic of Egypt, Ganoub El Wadi Holding Company and Centurion Petroleum Company (now known as Dana Gas Egypt) entered into a concession agreement for petroleum exploration and exploitation in Komombo Area "Block 2" (the "**Komombo Concession Agreement**"). Dana Gas Egypt currently holds a 50 per cent. interest in the Komombo concession, with Sea Dragon Energy (Kom Ombo) Limited holding the remaining 50 per cent.

The Komombo Concession Agreement provides for an initial exploration period of two years, with two successive extensions of three years each at the option of Dana Gas Egypt with an additional six months for drilling and testing. Following any commercial oil or gas discovery, a 20-year development lease was established, with an optional extension of five years subject to approval by the Egyptian Ministry of Petroleum and Mineral Resources. In case of either discovering commercial gas or achieving negative results, Dana Gas is required to relinquish the exploration areas of the concession to the extent that it has not been granted a development lease.

Costs and expenses in respect of all the exploration, development and related operations can be recovered by Dana Gas Egypt up to a cap of 40 per cent. of all petroleum (including gas) produced and saved from all development leases, or cost recovery petroleum. Dana Gas Egypt shall each quarter be entitled to, and own all, cost recovery petroleum, which shall be taken and freely exported, subject to the terms of the Komombo Concession Agreement. The remaining 60 per cent. of petroleum (including gas) is to be shared between Dana Gas Egypt and Ganope in prescribed proportions, which vary depending on levels of production.

Ganope and Dana Gas Egypt have the right to dispose of crude oil in accordance with the terms of the Komombo Concession Agreement. Priority shall be given to meet the requirements of the Egyptian market from Dana Gas Egypt's share of crude oil produced and Ganope shall have the preferential right to purchase such crude oil. The amount of crude oil so purchased will be proportional to the contractual share of the total production of crude oil from the concession areas that are subject to Ganope's preferential right to purchase. Priority shall be given to meet the requirements of the local market, as determined by Ganope. In the event that Ganope is to be the buyer of LPG and gas produced under the Komombo Concession Agreement, the disposition of gas shall be by virtue of a long-term gas sales agreement to be entered into by Ganope and Dana Gas Egypt (as sellers) and Ganope (as buyer). Ganope (as buyer) shall have the option to elect whether the payment for the gas which is subject to the gas sales agreement is to be made in cash or in kind.

Requisition of production (by Ministerial approval) or of concession area (by Presidential Decree) by the Government of Egypt is permitted in case of war, imminent expectation of war or internal causes. Such requisition will usually only be effected following a consultation period with Ganope and Dana Gas Egypt. In the event of any such requisition, the Government shall indemnify Ganope and Dana Gas Egypt in full for the period during which the requisition is maintained, including all damages resulting from the requisition and full repayment each month for all petroleum extracted by the Government of Egypt less the royalty share of such production.

Non-performance under the Komombo Concession Agreement by either Ganope or Dana Gas Egypt is excused by reason of *force majeure*. The period of any such non-performance or delay, together with such period as may be necessary for the restoration of any damage done during the delay, is added to the time given in the agreement for the performance of such obligation, but only with respect to the block or blocks affected. *Force majeure* is defined as "any act of God, insurrection, riot, war, strike, and other labour disturbance, fires, flood or any cause not due to the fault or negligence of Ganope or Contractor, or either of them, whether or not similar to the foregoing, provided that such cause is beyond the reasonable control of Ganope or Contractor, or either of them".

Joint Operating Agreement in Relation to Komombo Concession

On 24 June 2010, Dana Gas Egypt and Sea Dragon Energy (Kom Ombo) Ltd. entered into an agreement to define the respective rights and obligations of the parties with respect to their operations under the Komombo

Concession Agreement (the "**Joint Operating Agreement**"). The term of the Joint Operating Agreement is until all of the following occur: (a) the Komombo Concession Agreement terminates; (b) all materials, equipment used in connection with the Joint Operating Agreement are removed; and (c) final settlement under the terms of the Joint Operating Agreement.

Under the terms of the Joint Operating Agreement, each party will have a 50 per cent. participating interest as contractor under the terms of the Komombo Concession Agreement. Any party not in default may at its option withdraw from the Joint Operating Agreement and the Komombo Concession Agreement at any time after the third extension of the exploration period under the Komombo Concession Agreement.

EBGDCo Shareholders' Agreement

On 3 January 2006, EGAS, Danagaz W.L.L. and APICORP entered into a shareholders' agreement to form EBGDCo, an Egyptian-incorporated joint stock company to carry out and run the design, construction, commissioning and operation of facilities for the deep cut extraction and fractionation of NGL, including storage, marine loading and pipelines, and the conduct of NGL trading and marketing activities as contemplated in the memorandum of understanding dated 29 December 2001 between EGAS and Danagaz W.L.L. relating to the Gulf of Suez Natural Gas Liquids Project.

The initial participation of the shareholders in EBGDCo is as follows: 40 per cent. held by EGAS, 40 per cent. held by Danagaz W.L.L. and 20 per cent. held by APICORP. The shareholders will cause EBGDCo to implement the project on an 85/15 (debt/equity) ratio finance basis, unless agreed otherwise. Equity finance requires each of the shareholders, in proportion to their equity interest in EBGDCo, to provide all funds for the construction, completion, operation and commissioning of the NGL Facilities, winding up the affairs of EBGDCo and any other duly authorised activity of EBGDCo. Any project expansion requires the unanimous agreement of the shareholders regarding the appropriate source of financing and capital structure.

Termination shall occur, *inter alia*, upon the written agreement of the shareholders, if Dana Gas is dissolved or if one party becomes the sole shareholder of Dana Gas.

Kurdistan Region of Iraq

Kurdistan Region Authorisation

Dana Gas, as a 40 per cent. shareholder in Pearl, holds a significant interest in the Kurdistan Region Authorisation, a risk service contract dated 4 April 2007 originally entered into between Dana Gas, as contractor, and the KRG. The Kurdistan Region Authorisation confers exclusive rights for the development and production of petroleum resources, including natural gas, from two blocks, Kor Mor and Chemchemal, in the Kurdistan Region of Iraq with the priority objective of delivering gas by pipeline from Kor Mor to independent power plants in Erbil and Sulaymaniya in the Kurdistan Region of Iraq.

The Kurdistan Region Authorisation sets out the contractor's rights to gas in excess of the specified requirements of the power plants; and provides for the remuneration of the contractor under the Kurdistan Region Authorisation from the marketing and export of such excess gas with priority to be given to local industrial requirements in the Kurdistan Region of Iraq; and further, allows the marketing and export of petroleum, including condensates and LPGs, from Kor Mor by the contractor, from the proceeds of which the contractor shall recover its full costs and expenses. Provision is included for the KRG to underwrite the pricing of such petroleum at international FOB mid-market prices if cross-border marketing is prevented. The term of the contract is the longer of the maximum duration of gas supply to the independent power plants or the duration of risk reward contracts normally applicable to this type of agreement (meaning production sharing contracts awarded by the KRG which provide for a minimum development period of 25 years, extendable).

The Kurdistan Region Authorisation includes general provisions customarily found in a petroleum contract of this nature, including, *inter alia*, protection for the contractor in certain circumstances, including legislation or certain other actions or omissions attributable to the relevant government, termination for breach, confidentiality and *force majeure*. The Kurdistan Region Authorisation is governed by English law and provides for international forum arbitration (after a period of mediation) before the London Court of Arbitration.

As referred to in "*– Business Segments – Kurdistan Region of Iraq*", there are certain unresolved issues between Dana Gas, Pearl and the KRG concerning the interpretation of the Kurdistan Region Authorisation. These issues are the subject of an ongoing dialogue with the Kurdistan Regional Government. The contractor parties

(including Dana Gas) under the Kurdistan Region Authorisation have assessed the legal position with advice from their legal advisers and are fully confident of the contractor's legal rights under the Kurdistan Region Authorisation in accordance with applicable law. The contractor parties' judgment based on such assessment and the progress of the continuing dialogue with the KRG is that these discussions should result in a satisfactory outcome.

Due to the terms of a confidentiality agreement with the KRG, which binds the parties thereto, Dana Gas is restrained from disclosing details of these issues, including the processes for their resolution. See "*Risk Factors – There are certain unresolved issues concerning the interpretation of the Kurdistan Region Authorisation*".

Pearl Joint Venture Agreement

On 15 May 2009, Crescent, Dana Gas, OMV, MOL and Pearl entered into an agreement to govern the relationship of Crescent, Dana Gas, OMV and MOL as shareholders in Pearl, and to define the parties' respective rights and obligations with respect of the conduct of operations under the Kurdistan Region Authorisation and the governance of Pearl. Pursuant to this agreement, Dana Gas and Crescent jointly conduct operations on behalf of Pearl.

United Arab Emirates

Sharjah Western Offshore Concession Agreement

On 12 March 2008, the Emirate of Sharjah and Dana Gas entered into a concession agreement granting Dana Gas the right to prospect, explore, and drill to develop, produce, store, transport and sell petroleum produced from within the Sharjah Western Offshore concession area (the "**Sharjah Western Offshore Concession Agreement**"). The term of the Sharjah Western Offshore Concession Agreement is a period of 25 years from and after the date of the agreement, subject to earlier termination pursuant to its terms. In February 2013, Dana Gas assigned its legal interest in the Sharjah Western Offshore concession to its wholly-owned subsidiary, Dana Gas Explorations FZE.

Title to petroleum produced from within the concession area passes to Dana Gas at the wellhead. Dana Gas has agreed to pay the Government a royalty equal to a percentage of the value of crude oil produced and saved in the concession area, such percentage varying based on the amount of crude oil produced by Dana Gas under the concession agreement, as follows:

MMboed	Rate
0–10	12.5 per cent.
10–20	13.0 per cent.
20–30	13.5 per cent.
30–50	14.0 per cent.
50–100	16.0 per cent.
100–200	18.0 per cent.
> 200	20.0 per cent.

Any natural gas produced may be flared to the extent that it is not used in petroleum operations, if the parties agree that the processing thereof would not be economically feasible. Under the Sharjah Western Offshore Concession Agreement, Dana Gas has also agreed to pay advance rental payments to the Government of Sharjah of U.S.$100,000 per annum until the earlier of the date of relinquishment of the concession or the date on which Dana Gas first commences regular exports of crude oil or natural gas from within the concession area.

The Government shall have the right to terminate the Sharjah Western Offshore Concession Agreement if Dana Gas fails to makes payments under the agreement within 60 days of receiving notice of such from the Government of Sharjah; if Dana Gas fails to conform to the provisions of an arbitration award in connection with the Sharjah Western Offshore Concession Agreement; or if Dana Gas does not remedy breaches of its work obligations under the agreement within 60 days of receiving notice of such from the Government of Sharjah.

If *force majeure* hinders, prevents or delays any party from performing any obligations under the Sharjah Western Offshore Concession Agreement, then such performance is excused and obligations are suspended while the *force majeure* continues and for a reasonable time thereafter, sufficient for the affected party to be in the same position as immediately prior to the *force majeure* event. The definition of *force majeure* includes, amongst other things, war, hostilities, riots, insurrection, expropriation and requisition.

On 19 March 2012, the Chairman of the Sharjah Petroleum Council gave notice to Dana Gas that Dana Gas had failed to implement the necessary development works in order to deliver natural gas within the time agreed under the Sharjah Western Offshore Concession Agreement. By way of subsequent correspondence, Dana Gas responded to this notice on the basis that Dana Gas's ability to perform its work obligations were hindered by the absence of key commercial and project arrangements in relation to the concession, such as a gas sales and purchase contract, a unitisation agreement for the Zora gas field, a unit operating agreement and a detailed development plan approved by both the Sharjah and the Ajman Governments. Subsequently, under a side letter to the Sharjah Western Offshore Concession Agreement dated 21 November 2012, the Government of Sharjah rescinded its notice of 19 March 2012 and agreed with Dana Gas to re-instate the Sharjah Western Offshore concession. In connection with this side letter, the further agreements listed below were also entered into on 21 November 2012 (see "*– Sharjah Western Offshore Gas Sale and Purchase Agreement*", "*– Zora Unitisation Agreement*" and "*– Zora Unitisation and Unit Operating Agreement*").

Sharjah Western Offshore Gas Sale and Purchase Agreement

On 21 November 2012, Dana Gas and the Sharjah Petroleum Council ("**SPC**") entered into a gas sale and purchase agreement (the "**Sharjah Western Offshore GSA**") giving Dana Gas the right to produce and sell gas from the Sharjah Western Offshore field. The term of the Sharjah Western Offshore GSA runs until the earlier of the expiry of the Sharjah Western Offshore Concession Agreement or the depletion of the economically recoverable reserves of the Sharjah Western Offshore field. Following the assignment by Dana Gas of its interest in the Sharjah Western Offshore concession to its wholly-owned subsidiary, Dana Gas Explorations FZE, in February 2013, Dana Gas also intends, in due course, to assign its interest in the Sharjah Western Offshore GSA to Dana Gas Explorations FZE.

Under the Sharjah Western Offshore GSA, Dana Gas has agreed to sell and deliver natural gas from the field to the SPC at the wellhead and the SPC shall purchase this gas at the contractual price. The contractual price in the first contract year is U.S.$4 per MMbtu. The contract price for each subsequent contract year is to be mutually agreed between Dana Gas and the SPC during the last quarter of each contract year, taking into consideration prevailing commodity prices of oil and gas markets in the region, failing which the contract price shall be determined by arbitration. Any gas supplied to the SPC is to be for use in Sharjah and Dana Gas may not sell such gas in the market to third parties to the detriment of the SPC's interests.

The Sharjah Western Offshore GSA provides for a daily contract quantity, which is set at 25,000 MMbtu, by reference to which the SPC may make nominations for the delivery of gas. At least three months prior to the commencement of each contract year, SPC is to nominate to Dana Gas the respective quantities of gas which it requires to be delivered. Such amount must not be greater than the daily contract quantity for each day and shall not be less than 50 per cent. of the daily contract quantity for each day.

The SPC is obliged to provide to Dana Gas and maintain in effect at all times an unconditional on-demand irrevocable revolving standby letter of credit in favour of Dana Gas in the amount of U.S.$9 million to guarantee the SPC's payment obligations under the Sharjah Western Offshore GSA. As of the date of these Listing Particulars, this letter of credit is due and will be provided with an effective date of the date of commencement in the Sharjah Western Offshore field.

Zora Unitisation Agreement

On 21 November 2012, the Emirate of Sharjah, the Emirate of Ajman, APIC and Dana Gas entered into a unitisation agreement, defining the production rights of Dana Gas and APIC from the Zora gas field (the "**Zora Unitisation Agreement**"). The Zora Unitisation Agreement is in force until the earliest of the following: the expiration, termination or revocation of either the Sharjah Western Offshore Concession Agreement or the corresponding concession granted to APIC by the Government of Ajman; the prior written agreement of all parties; or the termination of the Zora Unitisation and Unit Operating Agreement (see "*– Zora Unitisation and Unit Operating Agreement*").

Under the Zora Unitisation Agreement, the initial participation of each of Dana Gas and APIC in unit area is 50 per cent. for the first year following the start of production. Thereafter, the participation shall remain in effect until and unless there is evidence of a material change in the computed petroleum reserves of the Sharjah Western Offshore field. In such event, each party has the right to have the participation redetermined by an expert appointed in accordance with the Zora Unitisation and Unit Operating Agreement. Following such redetermination, the redetermined participation shall be submitted to the two governments for approval. If the governments do not approve the redetermined participation, the matter shall be referred to arbitration.

For the purposes of determining profit hydrocarbons and cost hydrocarbons under the two concessions, each holder's proportionate share of hydrocarbons produced from the unit area determined in accordance with its participation shall be deemed to have been produced and saved from a well located within the concession area covered by that holder's concession, regardless of the actual location of the well from which such hydrocarbons were produced.

Dana Gas and APIC have appointed Dana Gas as the unit area operator and have given Dana Gas the right to transfer its participation to an affiliate.

Zora Unitisation and Unit Operating Agreement

On 21 November 2012, and pursuant to the Zora gas field unitisation agreement described above, Dana Gas, Dana Gas Sharjah Offshore Ltd. and APIC entered into a unitisation and unit operating agreement in respect of the Zora gas field (the "**Zora Unitisation and Unit Operating Agreement**").

Under the Zora Unitisation and Unit Operating Agreement, Dana Gas Sharjah Offshore Ltd. was appointed as unit operator of the Zora gas field. The Zora Unitisation and Unit Operating Agreement governs, *inter alia*, the development and operation of the unit, the production of hydrocarbons and the handling and transportation thereof up to the relevant delivery point and the acquisition, construction, use, disposal and decommissioning of unit facilities.

Dana Gas Sharjah Offshore Ltd. has provided APIC with a performance guarantee of its obligations as unit operator, the form of which is scheduled in the Zora Unitisation and Unit Operating Agreement.

UGTC/Emarat Unincorporated Joint Venture

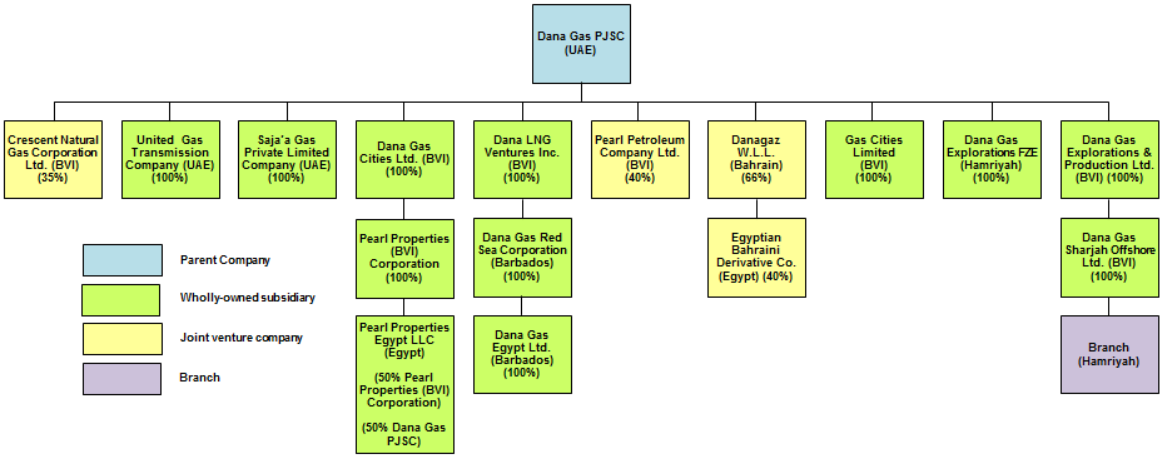
On 30 January 2008, UCGT and Emarat entered into an agreement to establish an unincorporated joint venture (50 per cent. each) for the purposes of a joint venture project to build, own and operate the Hamriyah Gas Pipeline and gas transmissions system between the Sajaa area and the Hamriyah Free Zone area. The term of the agreement is 25 years from 30 January 2008 until terminated by either party via not less than six months' written notice.

Each party shall contribute a proportion of the costs of the Project in accordance with its participating interest. Revenue from the project shall be paid directly to each party in accordance with its participating interest.

Corporate Structure

Principal Subsidiaries and Affiliates

The chart below shows Dana Gas's shareholdings in its material subsidiaries and affiliates as at the date of these Listing Particulars:



The following is a brief description of Dana Gas's material subsidiaries and affiliates as at the date of these Listing Particulars.

Crescent Natural Gas Corporation Limited

CNGCL was incorporated on 22 July 2003 as a limited liability company under the laws of the British Virgin Islands. Dana Gas holds 35 per cent. of the share capital of CNGCL, with the remaining 65 per cent. held by Crescent. CNGCL is a natural gas merchant which is intended to be responsible for the sale and marketing of gas received pursuant to the UAE Gas Project, if the project becomes operational (see "*– Business Segments – United Arab Emirates – The UAE Gas Project*").

CNGCL has long-term purchase agreements with CGCL, an affiliate of Crescent, and sale agreements in place with major UAE end-users, including the Federal Electricity and Water Authority of the UAE and the Sharjah Electricity and Water Authority. If the UAE Gas Project becomes operational, it is intended that CNGCL will purchase the natural gas from CGCL and arrange its transport and processing for eventual sale to end-users. CNGCL's business also includes the marketing and trading of LPG, condensates and sulphur (see "*– Business Segments – United Arab Emirates – The UAE Gas Project*").

United Gas Transmissions Company Limited

UGTC was established by an Emiri Decree of H.H. Sheikh Sultan Bin Mohamed Al Qasimi, the Ruler of Sharjah, on 12 October 2004 as an exempted company with limited liability under the laws of Sharjah. Dana Gas owns 99,999,999 shares of UGTC, with the remaining one share held by Crescent. UGTC owns and operates major gas reception and transmission facilities in the UAE that will be used for the UAE Gas Project, if the project becomes operational (see "*– Business Segments – United Arab Emirates – The UAE Gas Project*").

Sajaa Gas Private Limited Company

SajGas was established by an Emiri Decree of H.H. Sheikh Sultan Bin Mohamed Al Qasimi, the Ruler of Sharjah, on 22 June 2004 as an exempted company with limited liability under the laws of Sharjah. Dana Gas owns 105,999,999 shares of SajGas, with the remaining one share held by Crescent. SajGas owns a 600 MMscfpd sweetening, sulphur recovery and sulphur pastillation facility in Sharjah that will be used for the UAE Gas Project (see "*– Business Segments – United Arab Emirates – The UAE Gas Project*").

Dana LNG Ventures Ltd.

Dana LNG Ventures Ltd. is a wholly owned subsidiary of Dana Gas, incorporated on 15 November 2006 as a BVI Business Company under the laws of the British Virgin Islands. Dana LNG Ventures Ltd. is the holding company of Dana Gas Red Sea Corporation, which is the holding company of Dana Gas Egypt, which owns Dana Gas's Egyptian business. The remaining subsidiaries of Dana LNG Ventures Ltd. are inactive.

Dana Gas Red Sea Corporation

Dana Gas Red Sea Corporation is a wholly owned subsidiary of Dana Gas incorporated on 28 November 1995 as a limited company under the laws of Barbados. Dana Gas Red Sea Corporation is the holding company of the shares of Dana Gas Egypt. The remaining subsidiaries of Dana Gas Red Sea Corporation are inactive and do not own any material assets.

Dana Gas Egypt Ltd.

Dana Gas Egypt, formerly known as Centurion Petroleum Corporation, is a wholly owned subsidiary of Dana Gas incorporated on 2 October 1996 as a limited company under the laws of Barbados. Dana Gas Egypt, which is the upstream oil and gas division and platform of Dana Gas in Egypt, has been operating in Egypt since March 2002.

In April 2005, Dana Gas Egypt received an offer from Candax Energy Inc. for the purchase of its Tunisian assets. As the Tunisian oilfields were mature and Dana Gas Egypt believed that the remaining exploration prospects were small, it sold these assets to Candax. While Dana Gas Egypt initially retained the right to participate in the drilling for deeper reserves in the Ezzaouia and El Biban concessions in Tunisia, it sold this right to Candax Energy Inc. in November 2011.

Dana Gas Egypt is now engaged in the exploration, development, production and sale of oil, gas and condensate in Egypt. It holds three concessions in the Nile Delta region of Egypt and a 50 per cent. interest in one

concession in Upper Egypt and has the resources and project management ability to undertake complex exploration and development programmes.

Dana Gas Egypt owns a 50 per cent. shareholding of three joint venture operating companies in the Nile Delta and 25 per cent. of its joint venture operating company in Upper Egypt, each established under the terms of the Egypt concession agreements as operating companies and agents within the concession area:

- El Wastani Petroleum Company ("**Wasco**") in relation to the El Manzala concession agreement;
- El Manzala Petroleum Company ("**Mapetco**"), in relation to the West El Manzala concession agreement;
- El Qantara Petroleum Company ("**Petro Qantara**"), in relation to the West El Qantara concession agreement; and
- Komombo Petroleum Company ("**Kopco**") in relation to the Komombo concession agreement.

A 50 per cent. shareholding in Wasco is held by EGPC, a 50 per cent. shareholding in Mapetco and Petro Qantara is held by EGAS and a 50 per cent. shareholding in Kopco is held by Ganope. Each of the three Nile Delta joint operating companies has a board of eight directors, of whom four directors are appointed by Dana Gas Egypt and four directors are appointed by EGPC or EGAS (as applicable). In the Upper Egypt joint operating company, two directors are appointed by Dana Gas Egypt and the other two are appointed by Sea Dragon.

These joint operating entities were required to be set up under the terms of each concession agreement. However, they operate on an agency basis and are not entitled to hold assets or any share or interest in any of the concessions. Wasco was the first of the three entities to be established, while Mapetco and Petro Qantara were subsequently established under the terms of the West El Manzala and West El Qantara concession agreements, respectively. Wasco also operates those concessions, for and on behalf of Mapetco and Petro Qantara, through an agency agreement with these two entities. Wasco currently employs approximately 368 full-time staff and approximately 296 contractors. The decree establishing Kopco has been issued by the Minister of Petroleum in Egypt and the process of incorporation is ongoing.

Costs and expenses incurred by Dana Gas Egypt in the operation of each of these joint venture companies can be recovered under the cost recovery provisions of each concession agreement. The cost recovery portion is limited to either 30 or 40 per cent. of gross sales of petroleum produced from the development leases under that concession, such percentage varying depending on the relevant concession agreement (see "*– Business Segments – Egypt*").

Danagaz W.L.L.

Danagaz W.L.L. was incorporated on 12 August 2003 as a limited liability company under the laws of Bahrain. Dana Gas holds 66 per cent. of the share capital of Danagaz W.L.L., with the remaining 34 per cent. privately owned by H.E. Sheikh Hamad bin Ibrahim Al Khalifa and Sheikh Mohammed Al-Khalifa in their personal capacities. Danagaz W.L.L. holds 40 per cent. of the share capital of EBGDCo.

Egyptian Bahraini Gas Derivative Company S.A.E.

EBGDCo is a joint venture operation between Danagaz W.L.L., EGAS and APICORP for the purpose of building, owning and operating a gas liquids extraction plant in the Ras Shukheir area of the Gulf of Suez region in Egypt. The plant became operational in August 2012 and the first shipment was made in October 2012. Danagaz W.L.L. holds 40 per cent. of the share capital of EBGDCo. The remaining 60 per cent. of the share capital is held by EGAS (40 per cent.) and APICORP (20 per cent.).

Dana Gas (Saudi Arabia) LLC

Dana Gas (Saudi Arabia) LLC is a wholly owned subsidiary of Dana Gas incorporated in April 2007 as a limited liability company under the laws of Saudi Arabia. Due to a lack of upstream business opportunities in Saudi Arabia, the Board of Directors of Dana Gas has decided to discontinue Dana Gas's operations in Saudi Arabia. Dana Gas does not expect there to be significant wind-up costs in relation to the dissolution of Dana Gas (Saudi Arabia) LLC.

Pearl Petroleum Company Limited

Pearl is a special purpose vehicle incorporated on 19 January 2009 as a BVI Business Company under the laws of the British Virgin Islands. Following agreements in May 2009 with OMV and MOL, Dana Gas and Crescent each hold 40 per cent. of the share capital of Pearl, and OMV and MOL each hold 10 per cent. of the share capital of Pearl. Pursuant to a joint venture agreement dated 15 May 2009 between Pearl and its shareholders, Dana Gas and Crescent act as joint operators for the conduct of the operations in the Kurdistan Region of Iraq on behalf of Pearl, on a no profit, no loss basis, with all their costs and expenses reimbursed by Pearl.

Gas Cities Limited

Gas Cities Limited is a joint venture company incorporated on 4 February 2008 as a BVI Business Company under the laws of the British Virgin Islands. Dana Gas and Crescent each hold 50 per cent. of the share capital of Gas Cities Limited. Gas Cities Limited is responsible for the development of a series of Gas Cities across the MENA Region.

Dana Gas Explorations FZE

Dana Gas Explorations FZE is a wholly owned subsidiary of Dana Gas incorporated as a Free Zone Establishment on 22 January 2007 in Hamriyah Free Zone, Sharjah. Dana Gas Explorations FZE is the legal holder of the 100 per cent. interest in the Sharjah Western Offshore concession. This interest was assigned to Dana Gas Explorations FZE by Dana Gas in February 2013.

Dana Gas Exploration & Production Ltd.

Dana Gas Exploration & Production Ltd. is a wholly owned subsidiary of Dana Gas incorporated as a BVI Business Company on 2 October 2007 as a limited company under the laws of Barbados. Dana Gas Exploration & Production Ltd. is the holding company of the shares of Dana Gas Sharjah Offshore Ltd. The remaining subsidiaries of Dana Gas Exploration & Production Ltd. are inactive and do not own any material assets.

Dana Gas Sharjah Offshore Ltd.

Dana Gas Sharjah Offshore Ltd. is a wholly owned subsidiary of Dana Gas Exploration & Production Ltd. incorporated as a BVI Business Company on 10 August 2009 in the British Virgin Islands. Dana Gas Sharjah Offshore Ltd. is the unit operator of the Sharjah Western Offshore concession. Dana Gas Sharjah Offshore Ltd. is also the owner of a branch in Hamriyah Free Zone, Sharjah, which was established to hold the leasehold land allocated to the Zora Gas Project.

Remaining subsidiaries of Dana Gas

The remaining subsidiaries of Dana Gas are currently inactive and either were originally formed for the purposes of holding licences, conducting financing and bidding on interests, or otherwise conducted operations in the past or held interests which are no longer active. No material activity is conducted, and no material asset is held, through any of these subsidiaries.

Relationship with Crescent

The largest shareholder in Dana Gas is Crescent, which owned 20.12 per cent. of Dana Gas's share capital as at 31 December 2012 and appoints two directors to the Board of Directors of Dana Gas. As at the date of these Listing Particulars, these two directors are Mr. Hamid Dhiya Jafar and Mr. Majid Hamid Jafar (who has been appointed by the Board of Directors of Dana Gas as the Non-Executive Managing Director). Crescent is headquartered in Sharjah and has been operating as a private upstream oil and gas company in the UAE for more than 40 years, engaging in the exploration and development of petroleum concessions and the production and sale of crude oil, petroleum products and natural gas.

In addition to being Dana Gas's largest shareholder, Crescent is also the joint venture partner of Dana Gas in a number of its subsidiaries. Crescent owns 40 per cent. of Pearl, which conducts Dana Gas's operations in the Kurdistan Region of Iraq, 65 per cent. of CNGCL, which is intended to conduct the sale and marketing of gas received pursuant to the UAE Gas Project, if the project becomes operational, and 50 per cent. of Gas Cities Limited, which is responsible for the development of the Gas Cities across the MENA Region. In addition, Crescent also holds one share in each of SajGas and UGTC. The natural gas intended to be processed and sold

by Dana Gas pursuant to the UAE Gas Project will also be supplied to Dana Gas by a Crescent affiliate, if such project ever becomes operational.

In October 2006, Crescent and Dana Gas entered into the Umbrella Agreement in order to promote the growth of Dana Gas, recognising that it would require time to recruit and build a team of technical and management professionals in Dana Gas, and allowing Dana Gas to take advantage of Crescent's in-house skills, experience and knowledge of petroleum business practices in the MENA Region.

Most of the provisions of the Umbrella Agreement expired in October 2011. The provisions of the Umbrella Agreement remaining in force relate to the governance of UGTC and Sajgas, two joint-venture companies between Dana Gas and Crescent. In particular, Dana Gas has agreed that it shall treat Crescent as a shareholder of UGTC and SajGas in relation to any shareholder decisions made by it in exercising its shareholder rights over those companies, such as any increase or reduction in capital, listing, winding up, creation of security and loan financing. In return, Crescent has agreed that it shall require the written consent of Dana Gas prior to taking any major shareholder decisions based on its majority shareholding in CNGCL.

DANA GAS – DIRECTORS, MANAGEMENT AND EMPLOYEES

Board of Directors

The management of Dana Gas is vested in its Board of Directors and in three committees: the Board Steering Committee, the Audit Committee and the Corporate Governance, Remuneration & Nominations Committee.

The duties and role of the Board of Directors of Dana Gas include, among other things:

- realising long-term value for the shareholders;
- establishment of the strategy and business plan;
- approval of the annual budget and the allocation of resources;
- defining investment priorities and approving business opportunities;
- supervising accuracy of financial results and reports and effectiveness of internal controls;
- establishing accountability procedures with appropriate powers;
- assessment of the performance of senior management; and
- deciding on the appointment and succession of senior executives.

As of the date of these Listing Particulars, the Board of Directors of Dana Gas consists of 17 members, including the Chairman and Vice-Chairman. Dana Gas has also elected an Honorary Chairman. The majority of the members of the Board of Directors of Dana Gas are leading businessmen from the GCC region, in addition to other members with extensive experience in the oil and gas sector. The Chairman leads the Board of Directors of Dana Gas in ensuring its effectiveness and availability of the necessary information for discharging its functions.

As of the date of these Listing Particulars, the Board of Directors of Dana Gas includes a majority of independent members and one executive member, Mr. Rashid Saif Al-Jarwan. Twelve of the directors have occupied their seats in the Board since the incorporation of Dana Gas in November 2005, one director was elected in February 2007, one director was elected in January 2008, two members were elected in April 2009 and two members were elected in June 2012.

The directors of Dana Gas are elected by the General Assembly every three years. The current Board of Directors of Dana Gas was elected on 7 June 2012.

The names, title and date of appointment of each member of Board of Directors of Dana Gas are set out in the table below:

Name	Position	Date of joining	Latest date of appointment
Sheikh Ahmed bin Sultan Al-Qasimi	Honorary Chairman	November 2005	June 2012
Dr. Adel Khalid Al-Sabeeh	Chairman	November 2005	June 2012
Dr. Tawfeeq Abdulrahman Almoayed	Deputy Chairman	November 2005	June 2012
Mr. Hamid Dhiya Jafar	Non-executive director	November 2005	June 2012
Sheikh Sultan bin Ahmed Al-Qasimi	Non-executive director	November 2005	June 2012
Mr. Varoujan Nerguizian	Non-executive director	November 2005	June 2012
Mr. Ziad Abdullah Ibrahim Galadari	Non-executive director	November 2005	June 2012
Mr. Abdulaziz Hamad Al-Jomaih	Non-executive director	November 2005	June 2012
Mr. Khalid Abdul Rahman Saleh Al-Rajhi	Non-executive director	November 2005	June 2012
Mr. Rashad Mohammed Al-Zubair	Non-executive director	November 2005	June 2012
Mr. Ahmed Rashid Al-Arbeed	Non-executive director	November 2005	June 2012
Mr. Said Arrata	Non-executive director	February 2007	June 2012
Mr. Majid Hamid Jafar	Non-executive director	November 2005	June 2012
Mr. Abdulla Al-Majdouie	Non-executive director	April 2009	June 2012
Mr. Nasser Al-Nowais	Non-executive director	April 2009	June 2012
Mr. Ahmed Al-Midfa	Non-executive director	June 2012	June 2012
Mr. Salah Al-Qahtani	Non-executive director	June 2012	June 2012
Mr. Rashid Saif Al-Jarwan	Executive Director	January 2008	June 2012

The business address of each member of the Board of Directors of Dana Gas is Crescent Tower, Corniche Road, P.O. Box 2011, Sharjah, United Arab Emirates. According to Dana Gas's articles of association, its Board of Directors meets every three months in compliance with the Corporate Governance Regulations. The Board of Directors of Dana Gas met eight times during the year 2012 on the following dates: 4 January, 22 February, 25 April, 7 June, 29 July, 26 September, 5 November and 18 November.

Sheikh Ahmed bin Sultan Al-Qasimi (Honorary Chairman)

Sheikh Ahmed bin Sultan Al-Qasimi is the Honorary Chairman of Dana Gas, having been appointed to this position in November 2005. Sheikh Ahmed is also the Deputy Ruler of Sharjah, the Chairman of Sharjah

Petroleum Council, Chairman of Sharjah LPG Company and has previously served as a Minister of State in the Federal Ministry of the UAE.

Dr. Adel Khalid Al-Sabeeh (Chairman)

Dr. Adel Khalid Al-Sabeeh is the Chairman of the Board of Directors of Dana Gas, having been appointed to this position in June 2012. He originally joined the Board of Directors in November 2005. He is the ex-Minister of Oil of Kuwait and former Chairman of Kuwait Petroleum Company (KPC). He is also the Chairman and Managing Director of National Industries Company (NIC) Kuwait, Chairman of Proclad Group International Ltd, subsidiary of National Industry Group (NIG), Chairman of NIC UK, Deputy Chairman of Ikarus Petroleum Industries Company Kuwait and Board Member of Kuwait Foundations for Advancement Science Kuwait.

He served in several Ministerial positions in Kuwait from 1997 to 2002, including the Ministries of Oil, Electricity and Water, Housing Affairs and Health. His last academic position was in 1997 as Vice President for Research and Graduate Studies at Kuwait University. Dr. Al-Sabeeh holds a PhD in Mechanical Engineering from North Carolina State University, Raleigh, North Carolina, U.S.A.

Dr. Tawfeeq Abdulrahman Almoayed (Deputy Chairman)

Dr. Tawfeeq Almoayed is the Deputy Chairman of the Board of Directors of Dana Gas, having been appointed to this position in June 2012. He originally joined the Board of Directors in November 2005. He also served as First Deputy Chairman of Bahrain Telecommunication Co. (BATELCO) and Executive Committee Member during the first ten years of its establishment. He is the Founding Chairman and Managing Director of Gulf Petro-Chemical Industries Co., the Ammonia-Urea joint venture between Bahrain, Kuwait and the Kingdom of Saudi Arabia. Dr. Almoayed is a Vice-Chairman of A.K. Almoayed Group WLL. He is the Chairman of Almoayed Wilhelmsen Ltd. Dr. Almoayed is also a former member of the Board of the Bahrain Chamber of Commerce & Industry, and Chairman of its Information Technology and e-commerce Subcommittee. He was awarded the Fellowship of the Institute of Electrical Engineering (FIEE) of Britain in 1984. Dr. Almoayed holds a bachelor's degree in Electrical Engineering with 1st Class Honours, and a PhD in Telecommunications, from London University.

Mr. Hamid Dhiya Jafar (Non-executive director)

Mr. Hamid Dhiya Jafar is a non-executive director of Dana Gas and is also Chairman of the Board of Crescent. He was previously Chairman of the Board of Directors of Dana Gas, having resigned from that position in April 2012. He was most recently re-elected to the Board of Directors in June 2012. He originally joined the Board of Directors in November 2005. Aside from his core business in oil and gas, he has a variety of regional and international commercial interests, including container shipping terminal operations, trucking, various other industrial undertakings, private equity and real estate.

Mr. Jafar is Chairman of Gulftainer Ltd, Board Member of Abraaj Capital and Director of the URUK Group, as well as having served as Managing Director of Intoil (Bahrain). He is the founder of the UAE Chapters of the Young Presidents' Organisation and the World Presidents' Organisation, and is also a member of the International Chief Executives' Organisation. Separately, Mr. Jafar has promoted important projects in higher education at Cambridge University, and serves as a Member of the Board of Trustees and Chairman of the Finance Committee of the American University of Sharjah (AUS). He is also an active supporter of many charities, particularly those in aid of handicapped children and cancer. Mr. Jafar holds a bachelor of Engineering degree from Cambridge University, as well as post-graduate studies in Thermodynamics and Fluid Flow in 1967, followed by a master's degree.

Sheikh Sultan bin Ahmed Al-Qasimi (Non-executive director)

H.H. Sheikh Sultan bin Ahmed Al-Qasimi is a non-executive director of Dana Gas, having been appointed to this position in November 2005. He was most recently re-elected to the Board of Directors in June 2012. Sheikh Sultan is also the Deputy Chairman of the Sharjah Petroleum Council, Chairman of Sharjah Pipeline Company (Anabeeb), Basma Group, Green Planet (Protecting the Environment) LLC, Sharjah Media Corporation, The Medical Waste Company (WEKAYA) LLC and Sharjah National Oil Company. Shaikh Sultan is Deputy Chairman at Sharjah LPG Co., and a member of Sharjah Executive Council. Formerly, he was the Deputy Chairman of Sharjah Equestrian and Racing Club, and Chairman of Sharjah Commerce & Tourism Development Authority. Sheikh Sultan holds a bachelor's degree in Business Administration from Arkansas State University

in Jonesboro, Arkansas, U.S.A. and a master's degree in Computer Information Systems from the University of Detroit Mercy, Michigan, U.S.A.

Mr. Varoujan Nerguizian (Non-executive director)

Mr. Varoujan Nerguizian is a non-executive director of Dana Gas, having been appointed to this position in November 2005. He was most recently re-elected to the Board of Directors in June 2012. Mr. Nerguizian is the Executive Director and General Manager of Bank of Sharjah, UAE and Chairman and General Manager of Emirates Lebanon Bank SAL Lebanon, a subsidiary of Bank of Sharjah. Mr. Nerguizian is a founding board member of Dana Gas and the Chairman of the Audit & Compliance Committee. In addition, he serves as director on the board of Growthgate PEF and several companies in the UAE and the wider GCC region. He is also Managing Director of Ginco Steel LLC, Polyco Ltd. and Wifco Financial Brokerage LLC, fully owned subsidiaries of Bank of Sharjah. Mr. Nerguizian graduated in Sciences Economiques from Université Saint-Joseph de Beyrouth, Lebanon, and from Université Lyon Lumière, France.

Mr. Ziad Abdullah Ibrahim Galadari (Non-executive director)

Mr. Ziad Abdullah Ibrahim Galadari is a non-executive director of Dana Gas, having been appointed to this position in November 2005. He was most recently re-elected to the Board of Directors in June 2012. Mr. Galadari is the Founder and Principal of Galadari & Associates, one of the largest local law firms in the MENA Region. He has been practicing since 1983 as an Advocate, Legal Advisor and Arbitrator with extensive experience in Financial, Civil, Corporate and Commercial Law in the UAE, specifically in construction, communications, aviation, infrastructure and other projects-related work. He is also the Chairman of Group Galadari Investments, is on the Supreme Committee for Dubai International Arabian Horse and Equestrian and Jebel Ali Equestrian and Race Federation and is a board member of the Dubai World Trade Center. He holds a BA in Law from the UAE University.

Mr. Abdulaziz Hamad Al-Jomaih (Non-executive director)

Mr. Abdulaziz Hamad Al-Jomaih is a non-executive director of Dana Gas, having been appointed to this position in November 2005. He was most recently re-elected to the Board of Directors in June 2012. Mr Aljomaih is the Managing Director for Investments of Aljomaih Group of Companies and is principally responsible for all investments on behalf of the group. He is also the Managing Director of Pergola Holding and its subsidiaries, Chairman of British Islamic Insurance Holdings in the United Kingdom, Chairman of Karachi Electric Supply Corporation Ltd. in Pakistan and Vice Chairman of Arcapita Bank in Bahrain. He is also on the Board of Directors of Bank Al-Bilad and Ettihad Etisalat Company in the KSA. Mr. Aljomaih holds a master's degree in Public Administration from the University of Southern California, U.S.A., and holds a bachelor of Engineering degree with a major in Architectural Engineering from King Saud University, Riyadh, Saudi Arabia.

Mr. Khalid Abdul Rahman Saleh Al-Rajhi (Non-executive director)

Mr. Khalid Abdul Rahman Saleh Al-Rajhi is a non-executive director of Dana Gas, having been appointed to this position in November 2005. He was most recently re-elected to the Board of Directors in June 2012. Mr Al-Rajhi is CEO of Al-Rajhi Partners, Dammam and Al-Rajhi Holdings in Bahrain. The companies invest in financial services, infrastructure, telecoms, real estate, oil, gas and natural resources both in Saudi Arabia and abroad. He serves on the boards of Bank Al-Bilad, Saudi Telecom and Saudi Cement Company in the Kingdom, as well as at Dana Gas. The origins of Mr. Al-Rajhi's core business lie in the Abdulrahman Saleh Al-Rajhi Establishment, which was established over 30 years ago with foreign exchange as its main activity. The firm operated a network of 53 branches spread throughout the Kingdom of Saudi Arabia. In 2005, it transferred its financial service activities to Bank Al-Bilad. Today, the company's more significant investments outside the Kingdom range from metals and mining (including Petra Diamonds and Eland Platinum in South Africa), to wood treatment (Accsys Technologies PLC in the United Kingdom), to biomedical companies in Singapore. Mr. Al-Rajhi holds a bachelor's degree in Finance from the King Fahd University for Petroleum & Minerals, Saudi Arabia.

Mr. Rashad Mohammed Al-Zubair (Non-executive director)

Mr. Rashad Mohammed Al-Zubair is a non-executive director of Dana Gas, having been appointed to this position in November 2005. Mr. Al-Zubair is the Chairman of The Zubair Corporation, which is one of the leading business conglomerates in the Sultanate of Oman. The Group's business interests include construction, tourism, automotive assets, banking and finance, telecommunications, and oil and gas, in addition to various

foreign holdings and ventures. Mr. Al-Zubair is the Chairman of Oman Arab Bank, a joint venture with The Arab Bank. He is Deputy Chairman of Ominvest, which is one of the largest institutional investment holding companies in Oman. He was a founding Director and Deputy Chairman of the Oman Business Council. He holds a number of Directorships in leading companies in Oman. Mr. Al-Zubair holds a bachelor's degree in Business Administration from the University of Colorado in the U.S.A.

Mr. Ahmed Rashid Al-Arbeed (Non-executive director)

Mr. Ahmed Rashid Al-Arbeed is a non-executive director of Dana Gas, having been appointed to the Board of Directors in November 2005. He was most recently re-elected to the Board of Directors in June 2012. He was previously Chief Executive Officer of Dana Gas, having resigned in August 2012 to become a non-executive director. Mr. Al-Arbeed has more than 30 years of experience in Kuwait and has served as Chairman and Managing Director of Kuwait Oil Company (KOC), as well as Kuwait Foreign Petroleum Exploration Company (KUFPEC). He also established the Oil Development Company (ODC) as a subsidiary of KPC, which was tasked with inviting foreign investments for Kuwait's oil fields development. Mr. Al Arbeed is a member of the Kuwait Engineering Society, Society of Petroleum Engineers in the U.S.A., and the Association of International Petroleum Negotiators. He has delivered many addresses at regional and international petroleum conferences. Mr. Al Arbeed holds a bachelor's degree in Petroleum and Natural Gas Engineering from Pennsylvania State University, U.S.A., having graduated in 1977.

Mr. Said Arrata (Non-executive director)

Mr. Said Arrata is a non-executive director of Dana Gas, having been appointed to this position in February 2007. He was most recently re-elected to the Board of Directors in June 2012. Mr. Arrata was Chairman and Chief Executive Officer of Centurion Energy International until its acquisition by Dana Gas. During more than forty years in the oil and gas industry, Mr. Arrata has held various management positions with major oil companies in Canada and overseas. Mr. Arrata was Founder and Chief Executive Officer of two major engineering firms, as well as three oil and gas companies, operating in Canada and internationally for more than two decades. He has also held management positions with major oil companies in North America and overseas, and was co-founder of a major oil and gas engineering and construction firm operating in North America and internationally for nearly two decades. Mr. Arrata also holds Directorship positions in three other companies, and is an active member of several professional engineering and industry associations. Mr. Arrata holds a bachelor's degree in Petroleum Engineering, along with several post-graduate accreditations at various universities in North America, as well as numerous oil and gas industry technical and management course diplomas.

Mr. Majid Hamid Jafar (Non-Executive Managing Director)

Mr. Majid Hamid Jafar is a non-executive director of Dana Gas, having been appointed to the Board of Directors of Dana Gas in November 2005 and the position of Non-Executive Managing Director in January 2013. He was most recently re-elected to the Board of Directors in June 2012. Mr. Jafar is CEO of Crescent and Vice-Chairman of the Crescent Group of companies. His previous experience was with Shell International's Exploration & Production and Gas & Power Divisions. In addition to his professional commitments, Mr. Jafar serves on the boards of the Arab Forum for Environment and Development (AFED), the Sharjah Chamber of Commerce, the Sharjah Expo, the Iraq Energy Institute, the Iraqi-British Friendship Society and the New Leaders of the International Institute of Education (IIE). He is also an active member of the Royal Institute for International Affairs in London and of the Young Arab Leaders (UAE Chapter). Mr. Jafar attended Eton College and graduated from Cambridge University (Churchill College) with bachelor's and master's degrees in Engineering (Fluid Mechanics and Thermodynamics). He also holds an MA (with Distinction) in International Studies and Diplomacy from the University of London's School of Oriental & African Studies (SOAS), and an Master of Business Administration degree (with Distinction) from Harvard Business School, where he served as President of the Energy Club, Section Senator and representative to the Harvard Graduate Council.

Mr. Abdulla Al-Majdouie (Non-executive director)

Mr. Abdullah Al-Majdouie is a non-executive director of Dana Gas, having been appointed to this position in April 2009. He was most recently re-elected to the Board of Directors in June 2012. Mr. Al-Majdouie has been the President of the Al-Majdouie Group since 1986. He is Chairman of several establishments, including Al-Majdouie production sharing contract, Heavy Lift Co. in Bahrain, Al-Majdouie De Rijke Logistic Co., Rabigh Petrochemical Logistic LLC, Maxx Logistics in Dubai, and Star Marine Services in Dubai. Mr. Al-Majdouie has been involved in several board memberships, such as Arbah Capital Investment Company, Prince Mohammed Bin Fahad University, and Makhazen Co. in Abu Dhabi, besides being a consulting member of Tharawat in

Dubai. Mr. Al-Majdouie holds a bachelor's degree from the College of Industrial Management, King Fahad University for Petroleum & Minerals (KFUPM), Dhahran, having graduated in 1986, and a Master of Business Administration degree from the College of Industrial Management, KFUPM in 1991.

Mr. Nasser Al-Nowais (Non-executive director)

Mr. Nasser Al-Nowais is a non-executive director of Dana Gas, having been appointed to this position in April 2009. He was most recently re-elected to the Board of Directors in June 2012. Mr. Al-Nowais is the Managing Director of Abu Dhabi Trade Center, and Chairman of Aswaq Management & Services. He is the Chairman for Rotana Hotel Management Corp. Ltd. and was previously the Chairman of Abu Dhabi National Hotels Company for many years. Mr. Al-Nowais also served as Under-Secretary at the UAE Ministry of Finance, Chairman of the Arab Insurance Group, as well as General Manager at the Abu Dhabi Fund for Development. Mr. Al-Nowais holds a bachelor's degree in Business & Public Administration from New York University, U.S.A., having graduated in 1974.

Mr. Ahmed Al-Midfa (Non-executive director)

Mr. Ahmed Al-Midfa is a non-executive director of Dana Gas, having been appointed to this position in June 2012. Mr. Al-Midfa is the Chairman of Sharjah Chamber of Commerce & Industry and Expo Centre Sharjah. He is also Chairman of the International Association of Exposition Management (IAEM) Arabian Gulf Chapter, Chairman of Ruwad Establishment at Sharjah and Co-Chairman of the UAE–Germany Joint Business Council. Mr. Al-Midfa is a board member of the UAE Federation of Chambers of Commerce and Industry, the University of Sharjah and the Arab Federation for Protection of Intellectual Property Rights. He is also a board member of the Joint Portuguese–Arab Chamber of Commerce, the Germany–Arab Chamber of Commerce, the National US–Arab Chamber of Commerce, the Italy–Arab Chamber of Commerce, the Egyptian–UAE Business Council, the Oman–UAE Business Council and the Tunisian–UAE Business Council.

Mr. Salah Al Qahtani (Non-executive director)

Mr. Salah Al Qahtani is a non-executive director of Dana Gas, having been appointed to this position in June 2012. Mr. Al Qahtani is the Vice-Chairman of Abdel Hadi Abdullah Al-Qahtani & Sons Group of Companies and Chairman of Young Arab Leaders. Mr. Al Qahtani is also a board member and founder of UGTC, a board member of Evolvence Capital, Merchant Bridge & Company, the Strategic Planning Committee of FFA Private Bank, "Business Owner Union" (Islamic Chamber of Commerce & Industry, Jeddah, ICC) and the National Committee for Saudi Red Crescent. He holds a bachelor's degree in Business Administration from the University of Houston, U.S.A.

Mr. Rashid Saif Al-Jarwan (Executive Director)

Mr. Rashid Saif Al-Jarwan is the Executive Director of Dana Gas, having been appointed to the Board of Directors in January 2008. He was most recently re-elected to the Board of Directors in June 2012. Mr. Al-Jarwan is also a board member of the Emirates General Petroleum Corporation (Emarat) and Oman Insurance Company. His extensive experience in oil and gas extends to more than 30 years, having latterly held the position of General Manager of ADGAS, Deputy General Manager of ADCO, as well as Assistant General Manager of ZADCO, each affiliates of the Abu Dhabi National Oil Company. Mr. Al-Jarwan also served as a board member of the National Petroleum Construction Co., the National Drilling Co. in Abu Dhabi and the Sharjah Industrial Development Co. Mr. Al-Jarwan holds a bachelor's degree in Petroleum & Natural Gas Engineering from Pennsylvania State University, U.S.A., having graduated in 1977.

International Advisory Board

Dana Gas has an International Advisory Board, which meets twice per year. The purpose of the International Advisory Board is to provide strategic advice to the Board of Directors and the senior management of Dana Gas, as well as to identify specific business opportunities and build an international network of contacts and relationships worldwide at a business development level. This is aimed at raising the profile of Dana Gas in the gas industry.

The name and title of each member of the International Advisory Board are set out in the table below:

Name	Position
Sir Graham Hearne CBE	Chair
Lord Simon of Highbury CBE	Member

Dr. Burckhard Bergmann	Member
H.E. Nordine Ait-Laoussine	Member
Mr. Kai Hietarinta	Member
Dr. Nader Sultan	Member
Dr. Joseph Stanislaw	Member
Ms. Razan Jafar	Secretary

Sir Graham Hearne (Chair)

Sir Graham Hearne is the Chair of the International Advisory Board. He was previously the Chairman of Enterprise Oil plc (1991–2002), and Chief Executive (1984–1991). He was appointed a CBE in 1990 and made a Knight Bachelor in 1998 for services to the oil industry.

Lord Simon of Highbury (Member)

Lord Simon of Highbury has previously served as the Chairman of BP plc (1995–1997) and Group Chief Executive of BP plc (1992–1995). In 1997 he was appointed Minister of State in H.M. Treasury and Minister for Trade and Competitiveness in Europe for the DTI. He retired from ministerial office in 1999 to become an adviser to the Cabinet Office. Lord Simon has been a Vice President of the European Round Table and a member of the CBI Presidents Committee. He was also a non-executive director of the Bank of England, RTZ and Grandmet. Lord Simon has been a member of the Advisory Boards of Deutsche Bank, Allianz, Fortis and LEK, and also a member of the Supervisory Board of Volkswagen AG. He is currently a director of the Unilever Group and the Suez Group. Lord Simon is a Senior Advisor of Morgan Stanley Europe, and an Advisory Board member of Fitch. He also sits on the Council of Cambridge University, and is a Trustee of the Cambridge Foundation, having been the Foundation's Chairman from 2001 to 2005. Lord Simon read Modern Languages at Cambridge (1958–1961) and completed a Master of Business Administration degree at INSEAD in 1966. He was appointed CBE in 1991, KBE in 1995 and entered the House of Lords in 1997.

Dr. Burckhard Bergmann (Member)

Dr. Burckhard Bergmann is presently the Chairman of the Executive Board of E.ON Ruhrgas AG, a member of the Board of Management of E.ON AG and a member of the Board of Directors of OAO Gazprom. He also serves as Vice-Chairman of the Board of the German East-West Trade Committee, Chairman of the Board of Trustees of the German-Russian Forum, and member of the Board of Management of the Energy Policy Foundation Norway. Dr. Bergmann studied physics at Freiburg and Aachen Universities and was awarded a Dr.-Ing. by Aachen University of Technology in 1970.

H.E. Nordine Ait-Laoussine (Member)

H.E. Nordine Ait-Laoussine was Energy Minister of Algeria from 1991 to 1992 and has played an active role within OPEC. Mr. Ait-Laoussine has held senior positions at Sonatrach, the International Energy development Corporation and Kuwait Petroleum Corporation. He is currently President of Nalcosa, an energy consulting firm based in Geneva, where his clients include governments, national oil companies of OPEC and multinational oil companies. Mr. Ait-Laoussine received his master's degree in Petroleum Geology from the University of Michigan. He is a member of the Oxford Energy Policy Club, the Advisory Board of the Energy Intelligence Group and the Geneva Petroleum Club.

Mr. Kai Hietarinta (Member)

Mr. Kai Hietarinta began his career in 1964 and during the period from 1981 to 1997, he was its Deputy CEO and Vice-Chairman of the Board of Neste Oy. He has also served as the Chairman for Sovereign Oil & Gas plc, the Chairman of the Finnish Oil and Gas Federation, Chairman of the Advisory Board of INSEAD (Finland), member of the Board of NCC Finland, member of the Board of Lundin Petroleum, member of the Board of Vostoc Nafta and member of the Board of Citibank (Finland). He has received an MBA from the Swedish School of Economics, an M.Sc. from Helsinki University of Technology and a Dr. Econ. His military honours include Naval Lieutenant Commander and Commander of the Finnish Lion. He is also an Honorary Chairman of the Finnish Ice Hockey Federation, a Life Member of the International Ice Hockey Federation and a member of the Finnish Olympic Committee.

Dr. Nader Sultan (Member)

Dr. Nader Sultan is currently Senior Partner at F+N Consultancy, specialising in providing high level strategic advice to the energy industry since 2004. He had worked for 33 years in the Kuwaiti oil industry, most recently

serving as Deputy Chairman and Chief Executive Officer of the Kuwait Petroleum Corporation. He currently also serves as the Director of the Oxford Energy Seminar and is also the non-executive Chairman of IKARUS Petroleum Holdings, a newly established company with ownership in several petrochemical Ventures in the GCC region, and on the Supervisory Board of the Al-Markaz Energy Fund. He is a graduate of the University of London with a bachelor's degree in Economics in 1971.

Dr. Joseph Stanislaw (Member)

Dr. Joseph Stanislaw is a founder of the advisory firm The JAStanislaw Group LLC, specialising in strategic thinking and investment in energy and technology, and Independent Senior Advisor to Deloitte & Touche USA LLP's Energy & Resources practice. He serves as a member of a number of advisory boards for energy, technology and investment companies. Stanislaw was one of three founders of Cambridge Energy Research Associates in 1983 and served as managing director for all non-U.S. activity until 1997, when he was named president, and later chief executive officer until 2004. Dr. Stanislaw is an adjunct professor in the Nicholas School of the Environment and Earth Sciences at Duke University, where he is a member of the Board of Advisors for the Nicholas Institute for Environmental Policy Solutions. He was a Research Fellow of Clare Hall and lecturer in Economics at Cambridge University, where he was also a member of the Energy Research Group in the University's Cavendish Laboratory. Dr. Stanislaw received a BA, *cum laude*, from Harvard College, a PhD in Economics from the University of Edinburgh, and was awarded an MA from the University of Cambridge when he was elected a Research Fellow of Clare Hall. He is one of several people to have been awarded an honorary Doctorate and Professorship from the Gubkin Russian State University of Oil and Gas.

Ms. Razan Jafar (Secretary)

Ms. Razan Jafar serves as the Director of Crescent, supporting the CEO and President in relation to Crescent's governmental and international affairs. She has previous experience with Norton Rose LLP and the Lauterpacht Centre for International Law. Ms. Jafar graduated from Cambridge University with an MA in Law, and completed the Legal Practice Course (LPC) at BPP Law School in London. Ms. Jafar also holds a degree in French Civilisation from Sorbonne University.

Board Committees

There are three board committees of Dana Gas: the Board Steering Committee, the Audit Committee and the Corporate Governance, Remuneration & Nominations Committee. The committees have been vested with the necessary powers to discharge their functions in accordance with UAE Ministerial Resolution No. 518-2009. However, the full Board of Directors of Dana Gas is fully apprised of all decisions governing Dana Gas's overall operations as submitted and recommended by the three board committees.

Board Steering Committee

The role of the Board Steering Committee is to assist the Board in supervision and control of the activities of the Executive Management of Dana Gas, and to take decisions between the meetings of the Board in relation to certain matters, including urgent matters relating to capital and operating expenditures and new business opportunities, and to make recommendations to the Board as appropriate. The Board Steering Committee exercises the following functions:

- assist in overseeing Dana Gas's management and to receive regular management reports;
- making decisions on large items of operational expenditure;
- making decisions on capital expenditure, including those related to business development;
- excercising the powers of the Board of Directors of Dana Gas, except as limited by UAE laws, during intervals between meetings of the Board of Directors of Dana Gas;
- overseeing Dana Gas's business strategy and reviewing management's business development plans;
- actively working with Dana Gas's management to create, develop and assist in crystallisation of business opportunities; and
- reviewing and overseeing due diligence on specific business opportunities.

The members of the Board Steering Committee are:

Name	Position
Dr. Tawfeeq Abdulrahman Almoayed	Chair – Independent director
Dr. Adel Khalid Al-Sabeeh	Independent director
Mr. Ziad Abdullah Ibrahim Galadari	Independent director

Mr. Varoujan Nerguizian	Independent director
Mr. Majid Hamid Jafar	Non-executive director
Mr. Rashid Al-Jarwan	Executive Director

Audit Committee

Most of the members of the Audit Committee come from a financial business or banking background and are familiar with financial and audit operations. The role of the Audit Committee is to assist the Board of Directors of Dana Gas in performing its function of supervision over the finances of Dana Gas and ensuring compliance with applicable regulations. The committee exercises the functions prescribed by UAE Ministerial Resolution No. 518/2009, including:

- reviewing Dana Gas's quarterly financial statements;
- supervising the preparation and compiling of Dana Gas's financial statements, and the procedure for preparation of financial reports;
- ensuring the soundness and correctness of Dana Gas's financial statements;
- review of Dana Gas's financial control, risk management and internal control procedures;
- recommendation of the fees of Dana Gas's external auditors;
- recommendation relating to the Internal Audit Department's organisation plus activities;
- reviewing Dana Gas's financial and accounting policies and procedures; and
- overseeing the scope of Dana Gas's compliance with its code of conduct.

Dana Gas is examining the relationship and transactions between Dana Gas and the bank presided by the Chair of the Audit Committee to ascertain whether these transactions fall within the definition of "independent director" as defined in UAE Ministerial Resolution No. 518-2009. Dana Gas's legal adviser will submit a legal opinion on the matter to the Audit Committee to enable it to make appropriate recommendations to the Board of Directors of Dana Gas in accordance with the requirements of UAE Ministerial Resolution No. 518-2009.

The members of the Audit Committee are:

Name	Position
Mr. Varoujan Nerguizian	Chair – Independent director
Mr. Nasser Al-Nowais	Independent director
Mr. Abdulaziz Hamad Aljomaih	Independent director
Mr. Salah Al-Qahtani	Independent director
Mr. Majid Hamid Jafar	Non-executive director

Corporate Governance, Remuneration & Nominations Committee

The majority of the members of the Corporate Governance, Remuneration & Nominations Committee, including its Chair, are independent and possessed of considerable knowledge and expertise in corporate governance, remuneration and salaries and benefits policies. The Committee ensures the effectiveness of the procedures and processes of the General Assembly and the Board of Directors of Dana Gas, and assists the Board in relation to the appointment and succession of senior executives, appraisal of executive performance, succession plans, remuneration policies and nominations to the membership of the Board of Directors of Dana Gas, as provided by UAE Ministerial Resolution No. 518/2009.

The Committee exercises the following functions:

- establishment and annual review of remuneration, salary, benefits and incentives policies;
- preparation of human resources policies;
- recommending corporate governance standards and guidelines and supervising the procedures and performance of the Board of Directors of Dana Gas;
- supervising and reviewing financial disclosure standards;
- reviewing directors' remuneration and making appropriate recommendations to the Board;
- reviewing and approving senior employees' succession plans;
- ensuring and maintaining good relationships with shareholders, investors and regulators;
- conducting and supervising nominations to the Board of Directors of Dana Gas;
- formulating and supervising of application and annual review of Dana Gas's human resources and training policy; and
- verification of the ongoing independence of independent members of the Board of Directors of Dana Gas.

The members of the Corporate Governance, Remuneration & Nominations Committee are:

Name	Position
Mr. Ziad Abdullah Ibrahim Galadari	Chair – Independent director
Mr. Rashad Mohammed Al-Zubair	Independent director
Mr. Abdulla Al-Majdouie	Independent director
Mr. Ahmed Al-Midfa	Independent director
Mr. Said Arrata	Non-executive director
Mr. Hamid Dhiya Jafar	Non-executive director

Senior Management

The senior management team is responsible for managing Dana Gas's business on a day-to-day basis and ensuring safe delivery of the agreed annual budget and plan and effective risk evaluation, management and mitigation. Dana Gas's team of managers and technical specialists work closely with the senior management team, keeping them informed of business performance and issues and evaluating new opportunities.

The names and title of each member of Dana Gas's senior management are set out in the table below:

Name	Position
To be appointed	Chief Executive Officer
Mr. Rashid Saif Al Jarwan	Executive Director and Acting Chief Executive Officer
To be appointed	Chief Finance Officer
Dr. Mohamed Nour El Din El-Tahir	General Counsel and Company Secretary
To be appointed	Group Marketing Director
Mr. Donald Dorn-Lopez	Group Technical Director
To be appointed	Group Human Resources and Corporate Director
To be appointed	Group Business Development Director
To be appointed	Group Investor Relations Director

Mr. Rashid Saif Al-Jarwan (Executive Director)

See profile of Mr. Al-Jarwan above in "*– Board of Directors*".

Dr. Mohamed Nour El Din El-Tahir (General Counsel and Company Secretary)

Dr. Mohamed Nour El Din El-Tahir was previously the General Counsel and Corporate Secretary to APICORP and an Associate Professor in the Faculty of Law at the University of Khartoum. In his 32 years of legal experience, he has advised corporations, banks, multinationals, international institutions and governments. Dr. El-Tahir holds an LLB degree from the University of Khartoum and a PhD from Cambridge University.

Mr. Donald Dorn-Lopez (Group Technical Director)

Mr. Donald Dorn-Lopez has more than 30 years' experience in the oil and gas industry and has held a variety of senior positions, including Technical Director – Country COO for Max Petroleum in Kazakhstan, as well as various other roles for Mobil Oil, British Petroleum, Conoco and PDVSA, the Venezuelan National Oil and Gas Company. Mr. Dorn-Lopez began his career as a geoscientist and progressed through technical team leadership, E&P management and operations management to senior management. His areas of expertise include exploration and production, strategic planning, skills development, HSSE and general management. Mr. Dorn-Lopez is Secretary of the Board of Director's Executive Committee.

Mr. Dorn-Lopez holds a bachelor's degree in Geology and Geophysics from San Diego State University and membership in worldwide technical and scientific societies and has undergone various extensive leadership training with leading institutes.

Conflicts of Interest

There are no potential conflicts of interest between the duties to Dana Gas of the parties listed above and their private interests and other duties. Mr. Hamid Dhiya Jafar and Mr. Majid Hamid Jafar are both also on the board of directors of Crescent.

Employees

As at 31 December 2012, Dana Gas and its wholly-owned subsidiaries employed around 210 employees and 39 contractors, and the companies in which Dana Gas has a joint venture interest employed around 875 employees

and 388 contractors, of which Dana Gas's net interest was 569 employees and 340 contractors. The vast majority of these employees and contractors are based in Sharjah, Egypt and the Kurdistan Region of Iraq. Dana Gas's diversified workforce consists of more than 24 different nationalities.

The table below sets out the number of employees and contractors employed by Dana Gas through its subsidiaries and joint ventures as at 31 December 2012. For further information in respect of each of these subsidiaries see "*Dana Gas – Business Description*".

	Employees	Contractors
Dana Gas Corporate	29	1
Dana Gas UAE	17	3
SajGas (UAE)	16	17
UGTC (UAE)	12	0
DG Saudi Arabia	0	1
DG Kurdistan Region of Iraq	7	0
DG Egypt	120	0
Wasco (Egypt)	7	14
EBGDCo (Egypt)	1	0
Kopco (Egypt)	1	0
Credan (Kurdistan Region of Iraq)	0	0
TOTAL	**210**	**39**

The table below sets out the number of employees employed by joint ventures in which Dana Gas has an interest as at 31 December 2012. For further information in respect of each of the joint ventures and discussions of any cost recovery mechanisms see "*Dana Gas – Business Description*".

	Ownership interest held by Dana Gas	JV employees (net to Dana Gas's interest)	JV contractors (net to Dana Gas's interest)
Wasco (Egypt)	50 per cent.	374	313
EBGDCo (Egypt)	26.4 per cent.	14	11
Kopco (Egypt)	50 per cent.	11	15
Credan (Kurdistan Region of Iraq)	40 per cent.	171	1
TOTAL	-	**569**	**340**

Dana Gas continues to pursue a recruitment process, with a view to creating a team of dedicated professionals with international petroleum industry experience. The compensation structure is internationally competitively designed to ensure that key staff have a vested interest in committing to a long-term career with Dana Gas. Employees are rewarded with a salary package, a cash bonus paid annually based on individual performance and, for certain employees, the Key Employee Long-Term Incentive Plan (see "*– Key Employee Long-Term Incentive Plan – Share Option Plan*".

Benefits and Incentives Policies

Pioneer Grant – Share Option Plan

The Pioneer Grant was a one-time option grant to the founding members of the management team of Dana Gas. Options in the plan vest upon completion of a defined service period. Following shareholder approval, the rules of the Pioneer Grant were amended in 2008 to allow the exercise of existing share options to be satisfied by the use of shares. Subsequently, all options granted in 2007 (4,300,000 shares with an average exercise price of AED1.00) were converted from cash-settled to equity-settled share options. In addition, options over 1,650,000 shares with an average exercise price of AED1.00 were awarded to those individuals who did not receive a share option grant in 2007. The average fair value of these options is AED0.90 per option. All options under the Pioneer Grant expired in 2011.

Key Employee Long-Term Incentive Plan – Share Option Plan

The Key Employee Long-Term Incentive Plan ("**LTIP**") is designed to reward performance of employees over a three-year period through share options and aims to give employees the right to benefit from increases in the value of Dana Gas's shares. Key employees of Dana Gas and its associated companies are eligible for an award under the LTIP. Individual eligibility is determined and approved by the Board of Directors of Dana Gas.

The LTIP works as follows:

- At the start of the LTIP term, on the grant date (usually 1 July), a grant price is set. This is the average closing price of Dana Gas's shares over the 30 days preceding the grant date.

- The relevant employee was awarded a number of share options which will enable the employee to gain from any difference between the grant price and market value of the shares when the options vest. The employee will receive an option award agreement setting out the number of options that the relevant employee has been awarded.
- The LTIP has an eight-year term.

Restricted Shares

Dana Gas made no restricted share awards to key employees during the twelve months ended 31 December 2012, compared to six million shares during the twelve months ended 31 December 2011. Awards under this plan are generally subject to vesting over time, contingent upon continued employment and to restriction on sale, transfer or assignment until the end of a specified period, generally one to three years from date of grant. All awards may be cancelled if employment is terminated before the end of the relevant restriction period. Dana Gas determines fair value of restricted shares based on the number of units granted and the grant date fair value.

Corporate Social Responsibility

Dana Gas's business activities span a number of countries, including the UAE, Iraq, the GCC region and other Arab countries. From the outset, Dana Gas's objective has been to play an active role in the development and support of local communities. Dana Gas has currently implemented a number of projects and programs in education, health and social activities in accordance with an annual corporate social responsibility plan approved by the Board of Directors of Dana Gas.

Dana Gas is currently involved in the following activities, amongst others, in order to promote corporate social responsibility:

- Dana Gas currently sponsors the Dana Gas Chemical Engineer Chair at the American University of Sharjah, and intends to continue this sponsorship until 2015. During this period, Dana Gas and the university will work closely to develop cutting-edge research in the field of oil and gas.

- Dana Gas is actively pursuing the sponsorship of a five-year fellowship in petroleum resources between Cambridge University and the American University of Sharjah. In addition to carrying out research and teaching duties at each institution, the fellow will also organise industry-focused workshops in Sharjah.

DANA GAS – INDEBTEDNESS

As of the date of these Listing Particulars, in addition to the Certificates which remain outstanding, Dana Gas had one outstanding financing facility.

The table below sets forth summary information on Dana Gas's outstanding borrowings as at 31 December 2010, 2011 and 2012.

	As at 31 December					
	2010		2011		2012	
	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)	(U.S.$m)	(AEDm)
Non-current:						
Convertible bonds	887	3,251	–	–	–	–
Bank borrowings	10	37	25	92	29	106
Total non-current borrowings	897	3,288	25	92	29	106
Current:						
Convertible bonds	–	–	904	3,314	920	3,373
Bank borrowings	–	–	1	4	2	7
Total current borrowings	–	–	905	3,317	922	3,380
Total borrowings	**897**	**3,288**	**930**	**3,409**	**951**	**3,486**

EBGDCo Facility with CIB

Background

On 22 April 2010, EBGDCo entered into a facility agreement (the "**EBGDCo Facility Agreement**") with CIB for an amount of U.S.$66.5 million, in order to finance 70 per cent. of the investment cost for the establishment of the gas liquids extraction plant in the Ras Shukheir area of the Gulf of Suez region in Egypt. On 20 December 2011, due to an increase in the project costs of the gas liquids extraction plant, EBGDCo and CIB executed an amendment to the EBGDCo Facility Agreement which made a supplemental facility of up to U.S.$20 million available to the Borrower. Accordingly, the total facility amount under the CIB facility is now U.S.$86.5 million, of which U.S.$80 million had been drawn down as at 31 December 2012.

Interest and Repayment Terms

The facility is repayable in 21 equal semi-annual instalments, and interest under the facility is calculated at six-month LIBOR plus margin. The margin is ratcheted during the term of the facility, at 2.5 per cent. per annum between 0 to 1.5 years, 3.25 per cent. per annum between 1.5 to 2.5 years, 3.5 per cent. per annum between 2.5 to 5 years and 4.0 per cent. per annum between 5 to 12 years. The first drawdown of U.S.$3 million under the EBGDCo Facility Agreement was made in June 2010, and the final maturity date of the facility is on 22 April 2022.

Key Covenants

The documentation relating to these credit facilities contains certain covenants, including, but not limited to, financial covenants relating to the maintenance of debt service, interest cover and leverage ratios, and certain restrictive covenants relating to the business of EBGDCo, including, but not limited to, restrictions on disposals and change in business. The EBGDCo Facility Agreement also contains restrictions on EBGDCo incurring indebtedness exceeding U.S.$1 million and restrictions on EBGDCo entering into acquisitions, investments, loans, security, joint-ventures or partnerships exceeding U.S.$10 million in value.

Events of Default

The EBGDCo Facility Agreement contains customary events of default, including, but not limited to, non-payment, breach of other obligations set forth in the EBGDCo Facility Agreement, misrepresentation of or material non-compliance with a representation or warranty, and certain insolvency, winding-up and related events.

Security

Danagaz W.L.L. has granted security in favour of CIB in respect of the obligations of EBGDCo under the EBGDCo Facility Agreement and the supplemental facility agreement, consisting of a share pledge over Danagaz W.L.L.'s 66 per cent. shareholding in EBGDCo.

Undertaking by Dana Gas

While the EBGDCo Facility Agreement is non-recourse to Dana Gas, Dana Gas has given an irrevocable undertaking to CIB not to dispose of its equity stake in Danagaz W.L.L. except to a qualified investor approved by CIB and not to create any lien or pledge over its equity stake in Danagaz W.L.L. Danagaz W.L.L. has, in turn, given an irrevocable undertaking to CIB not to dispose of its equity stake in EBGDCo. As at the date of these Listing Particulars, Dana Gas is in discussions with CIB in relation to the release or waiver of this undertaking.

DANA GAS – SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Share Capital and Key Shareholders

Dana Gas has an issued and fully paid up share capital of 6,602,001,300 common shares of AED1.00 (U.S.$0.2728) each.

The following table sets forth the percentage of shares held by the ten most significant shareholders of Dana Gas and directors of Dana Gas who hold shares, as at 31 December 2012.

Name of shareholder	Percentage of shares held
Crescent Petroleum Company International Limited	20.12
Bank of Sharjah PSC	3.49
Khalid Abdulrahman Al Rajhi	2.26
The Government of Sharjah	2.17
National Industries Group Holding	2.16
Sharjah Supreme Family Council	1.50
Ali Ibrahim Al Majdouie	1.44
Al Nasser Investments	1.36
White Crystals Ltd.	1.09
Abdulhadi A Al Qahtani Sons Group	0.99

Under UAE and Sharjah law, there is a restriction on non-GCC ownership. A minimum of 51 per cent. of the overall shares of Dana Gas shall be held by GCC nationals and/or legal entities controlled by such nationals.

Related Party Transactions

The largest single shareholder in Dana Gas is Crescent, which owned 20.12 per cent. of Dana Gas as at 31 December 2012. Other than various agreements entered into by Dana Gas with Crescent (see "*Dana Gas – Business Description – Corporate Structure – Relationship with Crescent*"), as at the date of these Listing Particulars, Dana Gas has not entered into arrangements and agreements with any of its other shareholders or directors. Being a listed company it is conceivable that some of the contracting parties may have purchased shares in Dana Gas on an individual basis. However, such contracts would be in the normal course of business and concluded on an arms-length basis. There are no loans made by Dana Gas to any member of the senior management, no stock options held by any of the senior management (other than those held as a result of the Pioneer Grant; see "*Dana Gas – Directors, Management and Employees – Benefits and Incentives Policies*") and no other related party transactions.

DESCRIPTION OF DANA GAS SHARES

Below is certain information relating to Dana Gas's shares, including a summary of certain provisions of Dana Gas's articles of association. Dana Gas is incorporated in accordance with the provisions of the Companies Law, including UAE Federal Law No. (15) of 1998. Accordingly, the memorandum and articles of association of Dana Gas include provisions that differ from the specimen memorandum and articles of association for joint stock companies in the UAE benefiting from the special exemptions applicable to oil and gas companies.

Share Capital

Dana Gas was listed on the ADX (formerly the Abu Dhabi Securities Market) on 6 December 2005. Dana Gas has issued share capital of AED6,602,001,300 divided into 6,602,001,300 ordinary shares with a nominal value of AED1.00 per share. Since listing, the share price of Dana Gas has traded below its original par value of AED1.00 and its closing share price on 24 March 2013 was AED0.47 (*Source*: *ADX*). The Shares are in registered form. They are initially in electronic form.

Rights Attaching to the Shares of Dana Gas

Dana Gas shares are indivisible. Each Dana Gas share shall give its holder equal rights in Dana Gas's assets and dividends as well as rights to vote on a one share, one vote basis.

Exemptions from UAE Federal Law No. (8) of 1984 concerning Commercial Companies (as amended) (the "UAE Companies Law")

Certain exemptions from the otherwise applicable UAE Companies Law have been obtained pursuant to the exemption provision of UAE Federal Law No. (15) of 1998 applicable to, amongst others, oil and gas entities. Accordingly:

- 51 per cent. or more of the Dana Gas shares must be held by GCC nationals or entities controlled by GCC nationals and not just UAE nationals or entities owned by them;
- shares contributed by Founders in return for payment "in kind" have not been required to be subject to a valuation review conducted by or on behalf of the UAE Ministry of Economy and Planning;
- Dana Gas is only required to offer 35 per cent. of its share capital to the public;
- Dana Gas may issue new shares without first offering rights to subscribe for such shares to existing shareholders in certain situations;
- in relation to a merger and acquisition, Crescent has a right to subscribe for Dana Gas shares albeit at the same value as being issued to such third party so as to maintain its shareholding at at least 20 per cent.; and
- certain further specific exemptions are set out in Dana Gas's articles of association, in particular Article 64 thereof.

General Assembly of Shareholders

Meetings of Dana Gas's General Assembly of shareholders may be by way of annual (ordinary) or extraordinary meetings. An Annual General Assembly is held at least once a year, within four months of the end of the financial year. The Annual General Assembly shall consider matters such as Board of Directors' and Auditors' reports, the balance sheet and the profit and loss accounts, the amount of dividends to be distributed, the election and remuneration of the directors of Dana Gas and/or auditors and their release from liability.

Extraordinary General Assemblies are convened to discuss and approve matters other than those considered in Annual General Assemblies, including: (i) amendment of the memorandum or articles of association of Dana Gas; (ii) increase or decrease in the share capital of Dana Gas; (iii) extension of the term of Dana Gas; or (iv) any sale, dissolution, liquidation, re-organisation or merger of Dana Gas.

A General Assembly (Annual or Extraordinary) is convened by a notice from the Board of Directors of Dana Gas. Such notice shall be distributed (by normal post) to shareholders and shall be published in two daily UAE newspapers, not less than 21 days prior to the proposed date of the General Assembly, with a copy of such notice and the agenda of the respective meeting to be sent to the Ministry of Economy and Commerce and the competent authority.

A shareholder who desires to attend an ordinary or extraordinary General Assembly shall register his/her name in the electronic register to be kept for that purpose at the place of convening the meeting prior to the date fixed for such meeting. Such registration shall include the name of the shareholder, the number of Dana Gas shares he/she owns, the number of Dana Gas shares he/she represents and the names of the owners thereof, and he/she shall also submit his/her proxy (where applicable) in conformity with the requirements of Dana Gas's articles of association.

At least 10 shareholders or shareholders together holding at least 30 per cent. of the Dana Gas shares may require by notice in writing to Dana Gas that a General Assembly be convened by the Board of Directors of Dana Gas. A General Assembly may also be convened if so requested by Dana Gas's auditors.

Every shareholder of Dana Gas has the right to attend the General Assembly. Each Dana Gas share entitles its holder to one vote. Any shareholder (whether an individual or an institution) may authorise any other shareholder or any other person to act as its representative at any General Assembly, and the person so authorised shall be entitled to exercise the same power on behalf of the shareholder he/she represents. A shareholder or any other person may act as proxy to one or more shareholders, provided that the proxy, in such capacity, does not hold more than 5 per cent. of Dana Gas's capital stock.

The quorum for a General Assembly in its various capacities and the majority necessary to adopt resolutions shall be subject to the provisions of the Companies Law.

Transfer of Dana Gas Shares

The transfer of Dana Gas shares shall be governed by and shall comply with the regulations governing companies listed on the ADX, and/or any other investment exchange on which Dana Gas is listed.

Any whole number of Dana Gas shares may be freely transferred, sold, mortgaged, donated and disposed of in any manner and without restriction in accordance with Dana Gas's articles of association. Transfers made other than in accordance with the Articles shall be void. However, see "*Dana Gas Shareholders and Related Party Transactions*" for information relating to the mandatory lock-up period for shares held by the Founders.

According to Dana Gas's memorandum and articles of association the combined percentage participation of the nationals of GCC countries shall not be less than 51 per cent. of the capital at any time throughout Dana Gas's term.

Increase/Decrease in Share Capital

The capital of Dana Gas may be increased by issuing new shares of the same nominal amount as the original shares. The capital may also be reduced after acquiring the approval of the UAE Federal Ministry of Economy and Planning.

The increase or reduction of the capital should be made by resolution of the extraordinary general assembly of the shareholders. Shareholders shall have priority to subscribe to new shares unless otherwise approved by the shareholders in an extraordinary general assembly. Such approval shall not be necessary, and such priority shall not apply, in the event that the shareholders determine to increase the capital by issuing shares to a third party in return for a contribution in kind pursuant to an acquisition being made by Dana Gas. In the event that the issuance of shares to a third party is approved in return for a contribution in kind, then Crescent shall have the right to elect to be issued shares at the same value as the value attributed to the shares being issued for the contribution in kind, with such right being limited to that number of shares as shall be required to bring Crescent's holding to at least 20 per cent. of the shares in issue following the relevant capital increase.

An extraordinary resolution of the shareholders dated 23 April 2013 authorised any increase in the share capital of Dana Gas necessary to enable it to comply with its obligations to physically settle under the Exchangeable Conditions. Any increase in the share capital of Dana Gas, for the purposes of exchanging Exchangeable Certificates for Shares, will occur on any Relevant Redemption Date in accordance with the Conditions. In addition, an extraordinary resolution dated 23 April 2013 disapplied shareholder preemption rights in the case of any increase of capital for the purpose of the exchange of the Exchangeable Certificates for Shares. This may have a potential dilution effect for the shareholders of Dana Gas.

Winding up of Dana Gas

Dana Gas is incorporated for a 99-year term, which may be extended by the resolution of an Extraordinary General Assembly.

Dana Gas shall cease to exist upon the occurrence of any of the following events: (i) the expiration of the specified term of Dana Gas, unless it is renewed in accordance with the rules set out in its articles of association; (ii) the expiration of the objects for which Dana Gas was established; (iii) the issue of a resolution of the Extraordinary General Assembly to terminate the duration of Dana Gas; and (iv) the amalgamation of Dana Gas with another company.

In the event Dana Gas's losses amount to at least half the capital of Dana Gas, the Board of Directors of Dana Gas shall convene an Extraordinary General Assembly to consider the continuation or dissolution of Dana Gas. No resolution to dissolve Dana Gas prior to the end of its term as stated in its articles of association or shorten the term of Dana Gas shall be effective unless adopted by the majority of shareholders required pursuant to the Companies Law.

Dividends and Dividend Policy

Under the terms of Dana Gas's articles of association, 10 per cent. of Dana Gas's annual profits net of general and other expenses shall be allocated to the legal reserve account (a portion of the legal reserve fund may be distributed to shareholders as dividends if the fund is in excess of half of the paid-up capital) and another 10 per cent. shall be allocated to the statutory reserve account. The remaining net profits will then either be distributed to the shareholders as an additional dividend or carried forward to the next year on the proposal of the Board of Directors of Dana Gas or allocated to an extraordinary reserve fund. If dividends are to be paid to shareholders, dividends will be paid at the time and place proposed by the Board of Directors and approved by the general assembly of shareholders of Dana Gas.

Any decision to make dividends will depend upon a variety of factors, including Dana Gas's cash flow, capital expenditure plans and other cash requirements existing at the time, and other considerations. No dividends have been paid by Dana Gas as at the date of these Listing Particulars.

MARKET INFORMATION

Abu Dhabi Securities Exchange

Background

The Abu Dhabi Securities Exchange ("**ADX**") is a governmental entity, established by Abu Dhabi Law No. (3) for the year 2000.

ADX's role entails, *inter alia*, the following:

- providing opportunities to invest savings and funds in securities in order to benefit the national economy;
- ensuring the soundness and accuracy of transactions and the interaction between demand and supply in order to determine prices;
- protecting investors through establishing fair and proper dealing principles between various investors;
- imposing stringent controls over securities transactions to ensure sound conduct and procedure;
- developing investment awareness by conducting studies and issuing recommendations in order to ensure that savings are invested in productive sectors; and
- ensuring financial and economic stability and developing trading methods in order to ensure liquidity and stability of prices of securities listed on the market.

Listing Requirements

Prior to applying for listing on the ADX, a company may be required to obtain the approval of the Securities and Commodities Authority (the "**SCA**"), if the SCA chooses to exercise its administrative discretion to require such approval. All public joint stock companies in the UAE are required to list their shares on a regulated stock exchange in the UAE, including the ADX.

Reporting Requirements

Each listed company must, *inter alia*:

- provide the ADX, and publish, its audited annual financial statements within three months of the end of the financial year. The company shall also provide ADX with quarterly financial statements and make same publicly available within 30 days from the end of the period. Each of the above should be prepared in accordance with international accounting standards, and submitted in a hard or soft copy, accompanied by a management report on the business activities for the period under review;
- immediately disclose and report to ADX any material information, including information submitted with the listing application that is likely to affect the price of the securities and the decision-making of investors; and
- satisfy any additional requirements and furnish any additional documents and/or information that the SCA or ADX may require.

Market Price and Other Information

Presentation of information by ADX

Share price information is published on the website of ADX, which can be found at the following address: *http://www.adx.ae*. Share price information is published on the ADX website in real time during trading hours on trading days. ADX also publishes market trading reports on a daily, weekly, monthly and yearly basis, and brokers' reports. ADX sets the daily price fluctuation limits of stocks at a maximum limit of 15 per cent. of the closing price and a minimum of 10 per cent. This change is within the limit provided by the Securities and Commodities Authority.

Share Price and Trading Volumes of Dana Gas

The shares of Dana Gas are listed on the ADX.

The following table sets forth the reported high and low quoted closing prices and average daily trading volumes for the shares of Dana Gas on ADX for the periods indicated:

	Price of Shares (AED)		Average Daily Trading Volume
	High	**Low**	
2011			
March	0.65	0.58	21,998,684
April	0.71	0.67	20,829,762
May	0.69	0.63	11,236,542
June	0.65	0.59	11,580,235
July	0.63	0.59	11,003,526
August	0.62	0.54	12,566,123
September	0.57	0.55	7,496,367
October	0.54	0.52	7,405,520
November	0.57	0.51	10,402,508
December	0.52	0.44	11,295,032
2012			
January	0.45	0.34	16,092,123
February	0.52	0.42	21,782,103
March	0.65	0.58	21,998,684
April	0.50	0.45	6,233,228
May	0.44	0.39	8,372,809
June	0.39	0.37	5,785,984
July	0.39	0.37	3,885,657
August	0.41	0.38	8,028,026
September	0.44	0.38	9,768,220
October	0.48	0.41	10,573,717
November	0.43	0.39	18,867,130
December	0.48	0.40	15,995,229
2013			
January	0.53	0.48	19,273,221
February	0.51	0.49	20,206,914

Source: Bloomberg

Share Capital

The following table sets forth the share capital of Dana Gas as at 31 December 2010, 2011 and 2012:

As at 31 December	Share Capital
2010	6,600,000,000
2011	6,602,001,300
2012	6,602,001,300

THE TRUSTEE

The Trustee, Dana Gas Sukuk Limited, was incorporated in Jersey, Channel Islands on 16 July 2007. The Trustee was incorporated under the Companies (Jersey) Law 1991 as a public company of unlimited duration and with limited liability. Its registered number is 98113.

The Trustee's registered office and principal place of business is at 26 New Street, St. Helier, Jersey JE2 3RA, Channel Islands, where the Trustee's register of members is kept. The memorandum and articles of association of the Trustee may be inspected at the registered office of the Trustee. The telephone number of the Trustee is +44 (0)1534 814814 and the fax number of the Trustee is +44 (0)1534 814815.

The Trustee is wholly owned by or on behalf of Bedell Trustees Limited, a trust company incorporated in Jersey, in its capacity as trustee of a general charitable trust known as the Dana Gas Funding Charitable Trust. The terms of the Dana Gas Funding Charitable Trust include a restriction excluding from the class of potential charitable beneficiaries any Jersey charity other than a charity which is exempt from income tax under Article 115(a) of the Income Tax (Jersey) Law 1961. The registered office of Bedell Trustees Limited is at 26 New Street, St. Helier, Jersey JE2 3RA, Channel Islands.

The audited consolidated financial statements of the Trustee for the years ended 31 December 2012, 31 December 2011 and 31 December 2010 are included in the Appendix to these Listing Particulars.

Directors, Secretary and Corporate Services

The Directors of the Trustee and their respective nationalities, business addresses and occupations are:

Name	Nationality	Business Address	Occupation
Shane Michael Hollywood	British	26 New Street, St. Helier, Jersey JE2 3RA, Channel Islands	Advocate of the Royal Court Trust
Alasdair James Hunter	British	26 New Street, St. Helier, Jersey JE2 3RA, Channel Islands	Advocate of the Royal Court Trust

The Secretary of the Trustee is Bedell Secretaries Limited, whose registered office is at 26 New Street, St. Helier, Jersey JE2 3RA, Channel Islands.

Pursuant to and on the terms of a corporate services agreement dated 31 October 2007, as amended by a side letter dated 5 March 2013, Bedell Trust Company Limited provides certain corporate services to the Trustee, including the provision of directors and the secretary. Fees are payable to Bedell Trust Company Limited thereunder.

Shane Michael Hollywood is a director of Bedell Trust Company Limited, Bedell Secretaries Limited and Bedell Trustees Limited, and is a partner of Bedell Group. Alasdair James Hunter is also a director of Bedell Secretaries Limited and Bedell Trustees Limited, and is a partner of Bedell Group.

Legal services are provided to the Trustee by Bedell Cristin from time to time. Alasdair James Hunter is also a partner of Bedell Cristin.

There are no potential conflicts of interest between the duties of the Trustee of the Directors listed above and their private interests and other duties.

Principal Activities

The Trustee's operating history principally includes: (i) the issuance of the Existing Certificates in October 2007; (ii) the execution and performance of all documents relating to the Existing Certificates to which it was expressed to be a party; (iii) the exercise of related rights and powers and other activities incidental thereto; and (iv) the solicitation of consents from the holders of the Existing Certificates in March 2013 to, *inter alia*, certain amendments and waivers of certain terms and conditions of the Existing Certificates and certain other transaction documents relating to the Existing Certificates.

The Trustee's proposed activities principally include: (i) the issuance of the Certificates; (ii) the execution and performance of the Transaction Documents and all other documents relating to the Certificates to which it is expressed to be a party; and (iii) the exercise of related rights and powers and other activities reasonably incidental to the Certificates.

Principal Banker

The principal banker of the Trustee is HSBC Bank plc.

Share Capital

The authorised share capital of the Trustee is U.S.$2 comprising two shares of U.S.$1 each. The issued and paid up share capital of the Trustee is U.S.$2 as at the date of these Listing Particulars.

Capitalisation

The unaudited capitalisation of the Trustee as at the date of these Listing Particulars, adjusted for the Certificates to be issued is as follows:

	(U.S.$)
Share Capital Total Share Capital	2
Loan Capital Certificates[1]	850,080,000

Notes:
(1) Due to the pass through nature of the transaction and limited recourse nature of this obligation, the Loan Capital Certificates are not disclosed in the financial statements of the Trustee.

Other than the Existing Certificates, there are no other outstanding securities, loans or subscriptions, allotments or options in respect of the Trustee.

There is no goodwill in the balance sheet of the Trustee, nor will any goodwill need to be written off upon the issue of the Certificates.

Auditors

The consolidated financial statements of the Trustee as of and for the three years ended 31 December 2012, 2011 and 2010, included in these Listing Particulars, have been audited by Ernst & Young, independent auditors, as stated in their report appearing herein. The current addresss of Ernst & Young is Liberation House, Castle Street, St Helier, Jersey, JE1 1EY. Ernst & Young is an audit firm registered with with Financial Reporting Council in the United Kingdom as a third country audit entity.

INDUSTRY OVERVIEW

Certain of the projections and other information set forth in this section have been derived from external sources, such as the International Energy Agency, the Energy Information Administration of the U.S. Department of Energy and the Oil and Gas Journal. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Dana Gas believes that these industry publications, surveys and forecasts are reliable but Dana Gas has not independently verified them and cannot guarantee their accuracy or completeness.

The projections and forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Risk Factors" and "Forward-Looking Statements".

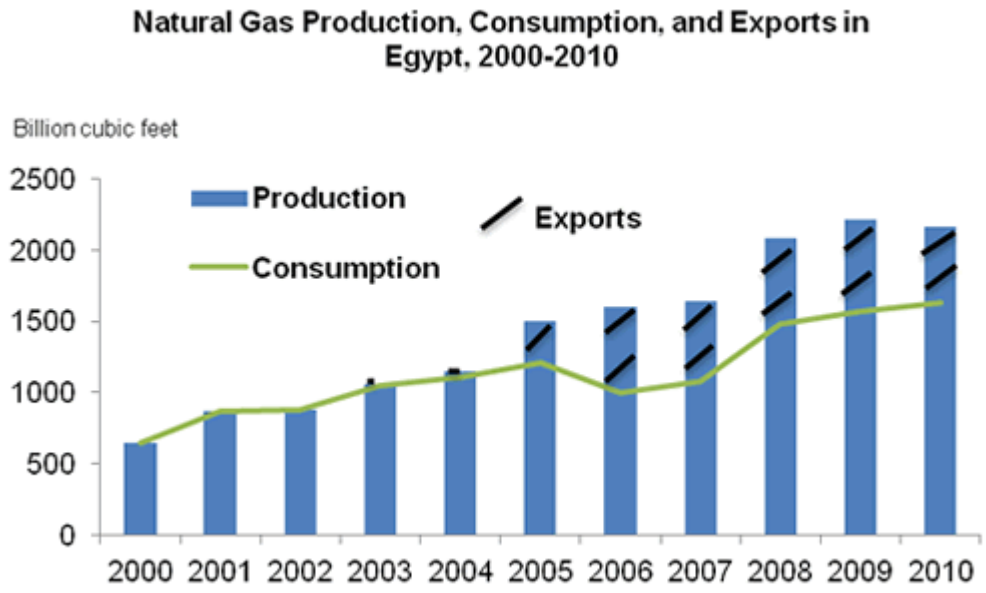
Egypt

Egypt is the largest oil producer in Africa that is not a member of OPEC, and the second largest natural gas producer in Africa, following Algeria. Egypt also plays a vital role in international energy markets through the operation of the Suez Canal and Suez-Mediterranean Pipeline, important transit points for oil and LNG shipments from African and Persian Gulf states to Europe and the Mediterranean Basin. Fees collected from operation of these two transit points are significant sources of revenue for the Egyptian government.

Egypt's natural gas sector has been expanding rapidly, as production has more than tripled from 646 Bcf in 2000 to 2.2 Tcf in 2010. Egypt's proven gas reserves registered at 77 Tcf, an increase from 2010 estimates of 58.5 Tcf and the third highest in Africa, after Nigeria and Algeria. New offshore discoveries in the Nile Delta and some finds in the Western Desert have led to the increase in proven reserves. Over 80 per cent. of Egypt's natural gas reserves and 70 per cent. of its production are located in the Mediterranean and Nile Delta (*Source: U.S. Department of Energy, Energy Information Administration*).

In 2010, Egypt produced roughly 2.2 Tcf and consumed just over 1.6 Tcf of dry natural gas. Gas production is expected to continue to grow to satisfy rising domestic demand, export commitments through the Arab Gas Pipeline and LNG exports. Egypt is expected to continue to be an important natural gas supplier to Europe and the Mediterranean region, although exports are competing with rising domestic demand, particularly in Egypt's power generation sector (*Source: U.S. Department of Energy, Energy Information Administration*).

The following diagram illustrates natural gas production, consumption and exports in Egypt during the period from 2000 to 2010:



Source: U.S. Department of Energy, Energy Information Administration

The following table sets forth Egypt's gas production and reserves for the year ended 31 December 2011.

Production and reserves	For the year ended 31 December 2011
Natural gas production (Bcf)	2,166
Natural gas consumption (Bcf)	1,630
Net exports/imports (Bcf)	535
Natural gas proven reserves (Tcf)	59

Source: U.S. Department of Energy, Energy Information Administration

The Egyptian General Petroleum Corporation is the state entity charged with managing upstream activities, including infrastructure, licensing and production. Egyptian Natural Gas Holding Company is responsible for promoting the gas sector, establishing a development strategy and distributing tenders.

The Egyptian government's policy requires allocation of one-third of proven natural gas reserves for domestic market requirements, one-third for future generations, and the remaining third for exports. Foreign companies operating in Egypt's gas sector must direct all or a portion of its current production to the domestic market, and new discoveries are earmarked for the domestic market.

Exploration and production activities in the country's natural gas sector have increased in recent years. While there have been marked decreases in the production of natural gas associated with oil extraction, new finds of non-associated gas fields, combined with growing domestic demand and export capacity, are increasing interest in Egypt's natural gas sector. Exploration has occurred in the offshore Mediterranean, onshore Nile Delta and in the Western Desert. To promote foreign participation in the exploration of the more expensive deep-water offshore, the Egyptian government revised pricing policies by agreeing to pay more for natural gas produced in these areas.

Most industry analysts place Egypt's natural gas production on an upward trend in the short and medium term, despite the existing limitations to the sector's growth. Current production mostly occurs in the Nile Delta area and surrounding offshore areas, with the Abu Madi, Badreddin and Abu Qir non-associated fields in the Delta accounting for about half of Egypt's total gas production. Most recent finds have been in the deep-water Mediterranean. Around 70 per cent. of total natural gas exports are in the form of LNG, and the remaining 30 per cent. are exported via pipelines.

Iraq

Energy is already the cornerstone of Iraq's economy, with oil exports accounting for 95 per cent. of government revenues and equal to over 70 per cent. of GDP in 2011. A key obstacle to Iraq's development is the lack of reliable electricity supply. Power stations produce more electricity than ever before, but supply is still insufficient to meet demand; power cuts are a daily occurrence and the use of backup diesel generators is widespread. Building a modern electricity system, with sufficient generation capacity and supplies of fuel, is recognised as an immediate priority. Oil makes up more than 80 per cent. of Iraq's primary energy mix, compared with less than 50 per cent. in the rest of the Middle East. Despite the significant economic advantages of using natural gas instead of liquid fuels, particularly in electricity generation, almost 60 per cent. of gas production in Iraq was flared in 2011, as the facilities were not in place to gather it and make it available for productive uses (*Source: International Energy Agency*).

In 2011, Iraq's proven gas reserves were 112 Tcf, the tenth largest in the world (*Source: Oil and Gas Journal*). An estimated 70 per cent. of these lie in Basra governorate in the south of Iraq. Probable Iraqi reserves have been estimated at 275 to 300 Tcf, and work is currently underway by several IOCs and independent oil and gas companies to accurately update hydrocarbon reserve numbers. Two-thirds of Iraq's natural gas resources are associated with oil fields including Kirkuk, as well as the southern Nahr (Bin) Umar, Majnoon, Halfaya, Nassiriya, the Rumaila fields, West Qurna and Zubair. Just under 20 per cent. of known gas reserves are non-associated; around 10 per cent. is salt dome gas. The majority of non-associated reserves are concentrated in several fields in the North, including: Ajil, Bai Hassan, Jambur, Chemchemal, Kor Mor, Khashem al-Ahmar and al-Mansuriyah (*Source: U.S. Department of Energy, Energy Information Administration*).

The following table sets forth Iraq's gas production and reserves for the year ended 31 December 2011.

Production and reserves	For the year ended 31 December 2011
Natural gas production (Bcf)	46
Natural gas consumption (Bcf)	46
Net exports/imports (Bcf)	0
Natural gas proven reserves (Tcf)	112

Source: U.S. Department of Energy, Energy Information Administration

Iraq began installation of gas processing facilities in the 1970s, and produced approximately 700 mmcfd by the 1980s. Since the 1980s, output has been on the decline following decades of war. Currently, Iraq has over 100 Tcf of gas reserves, and an estimated 260 Tcf of undiscovered natural gas. Natural gas is predominately used for power generation and re-injection for oil recovery, as well as for some industrial uses such as fertiliser and cement production. Approximately 70 per cent. of natural gas reserves are found in the Basra province, located in the south of Iraq, and the unexplored Western Desert is reportedly rich in gas reserves. Around two-thirds of Iraq's natural gas resources are associated with oil fields. The two main gas processing plans are at Kirkuk and Rumalia.

Natural gas production increased significantly in the mid-2000s, from 81 Bcf in 2003 to 522 Bcf in 2008, but efficient use of this resource has not yet been realised. Over 40 per cent. of the gas produced in 2008 was flared due to inadequate infrastructure, and Iraq's five natural gas processing plants, which have the capacity to produce over 773 Bcf per year, are idle. To curb flaring, Iraq has developed projects to capture flared gas for domestic use. Iraq created the Basra Gas Company in November 2011, which is planning investments in gas processing facilities aimed at preventing flaring and increasing production. Additionally, the government awarded three major gas development projects in 2011.

United Arab Emirates

Since declaring independence from the United Kingdom in 1971, the UAE has relied on its large hydrocarbon endowments to support its economy. Through concerted efforts over the last several decades, however, this situation is beginning to change as the UAE has made progress in diversifying its economy through tourism, trade and manufacturing. In the near-term, however, oil, natural gas and associated industries will continue to account for the majority of economic activity in the UAE.

Petroleum legislation is the responsibility of the individual Emirates rather than the federal government. All of the states operate concession systems, although royalty and tax levels vary significantly both within and between the Emirates. Exploration and production operations are generally governed by concession agreements with international oil companies. However, within the various Emirates there are specific laws which provide some fundamental guidelines to the industry.

There is no specific petroleum law in Sharjah, and petroleum operations are carried out through the terms of concession agreements. Income tax was originally defined on the basis of the Income Tax Decree of 1968, but was subsequently revised in the specific cases of petroleum operations on the offshore Mubarek field (now ceased), and the onshore gas fields operated by Amoco (now BP).

Petroleum legislation in Sharjah was, until 1999, administered by the Department of Petroleum and Minerals. In 1999, on the basis of Law Number 1 of that year, the Ruler of Sharjah ordered the formation of the Sharjah Petroleum Council to develop and administer oil and gas policy in the Emirate. The Council has the authority to oversee the exploration and production activities of the international companies operating in the Emirate. It will also submit recommendations to the Ruler, regarding concession agreements with oil companies, in both the upstream and downstream sectors.

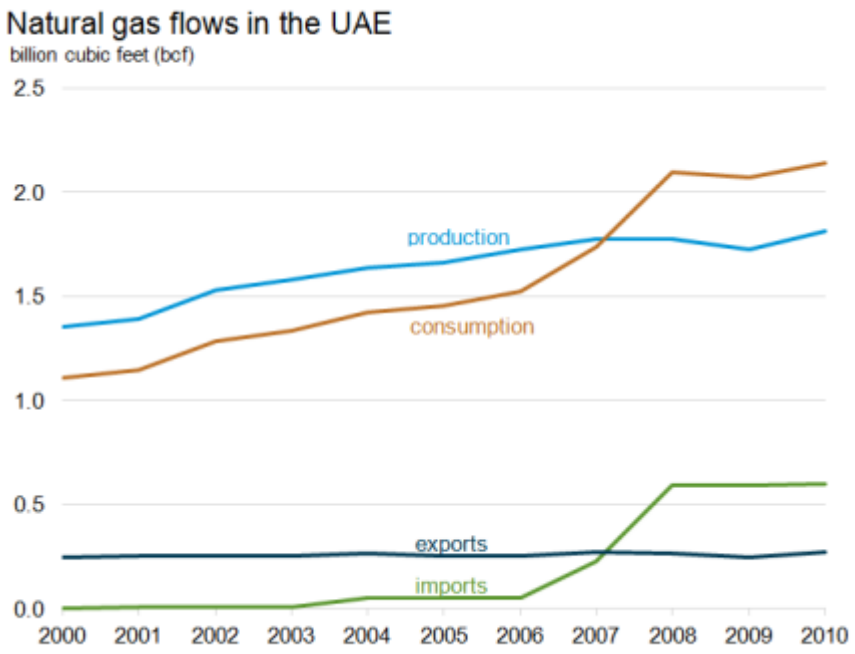
In 2010, the Ruler of Sharjah issued a decree establishing the Sharjah National Oil Corporation. The decree defines the functions of the Sharjah National Oil Corporation as exploration, discovery, extraction, engineering operations and construction, maintenance, training, transportation, distribution, refining, storage, buying, selling, swapping, production, reception and delivery of hydrocarbon products.

Beyond its significant oil reserves, the UAE has 215 Tcf of proved natural gas reserves, ranking it seventh in the world. The UAE is not as prolific a producer of natural gas as it is of oil, nevertheless it was the 11th-largest producer of natural gas in the world in 2011 (2.91 Tcf). Despite its large endowment, the UAE is a net importer of natural gas. This is due to the fact that nearly 30 per cent. of natural gas produced in recent years was re-injected into existing fields as part of enhanced oil recovery techniques, and the country's inefficient and rapidly-expanding electricity grid – which is being taxed by the rapid economic and demographic growth of recent decades – relies on natural gas for the majority of its feedstock. To help meet the growing demand for natural gas, the UAE boosted imports from neighbouring Qatar via the Dolphin Gas Project's export pipeline. The pipeline runs from Qatar to Oman via the UAE, and is one of the principal points of entry for UAE natural gas imports. In addition to the imports from Qatar, Dubai and Abu Dhabi both engage in LNG trading; the former as an importer and the latter an exporter (*Source: U.S. Department of Energy, Energy Information Administration*).

Most of the UAE's natural gas has relatively high sulphur content, making the development and processing of the country's vast reserves economically challenging. Because of this, nearly 30 per cent. of the UAE's gross production of more than 2.91 Tcf is re-injected into oilfields as part of the nation's enhanced oil recovery

techniques; marketed production in 2011 was just 1.85 Tcf, placing the UAE 17th in the world (*Source: U.S. Department of Energy, Energy Information Administration*).

The following diagram illustrates natural gas flows in the UAE during the period from 2000 to 2010:



Source: U.S. Department of Energy, Energy Information Administration

The following table sets forth the UAE's gas production and reserves for the year ended 31 December 2011.

Production and reserves	For the year ended 31 December 2011
Natural gas production (Bcf)	1,811
Natural gas consumption (Bcf)	2,138
Net exports/imports (Bcf)	(327)
Natural gas proven reserves (Tcf)	214

Source: U.S. Department of Energy, Energy Information Administration

The UAE's significant gas reserves and growing demand have added increased significance to the gas sector in the UAE. The UAE's natural gas has a relatively high sulphur content which makes it highly corrosive and difficult to process, and for decades the country simply flared the gas from its oil fields rather than undertake the extensive and expensive processes associated with separating the sulphur from the gas. The technical difficulties of producing the country's sulphur-rich (sour) gas once posed an impediment to the development of the nation's reserves, but advances in technology and the growing domestic demand for natural gas make the country's significant reserves an alternative to Qatari imports.

The proved reserves of 215 Tcf of natural gas in the UAE are located almost entirely in Abu Dhabi, as that Emirate controls approximately 94 per cent. of the country's endowment with an estimated 201.7 Tcf in 2011. Sharjah has the second-highest volume of proved reserves (8.65 Tcf), followed by Dubai (3.53 Tcf) and Ras al-Khaimah (1.06 Tcf). Production in the UAE is also dominated by Abu Dhabi, with reported gross production of 2.42 Tcf in 2011 being greater the other Emirates combined (491 Bcf) (*Source: U.S. Department of Energy, Energy Information Administration*).

The UAE's total gross gas production of 2.91 Tcf in 2011 ranked 11th in the world, but its marketed production was almost 40 per cent. lower at just 1.85 Tcf (17th in the world in 2011). Most of this difference is attributable to the UAE's extensive – and increasing – use of enhanced recovery techniques, though the country continues to engage in a small amount of flaring. As techniques for processing sour gas improve, it is possible that the UAE will be able to increase its marketed production levels without diverting critical natural gas volumes away from its oil fields (*Source: U.S. Department of Energy, Energy Information Administration*).

OVERVIEW OF THE UNITED ARAB EMIRATES

Introduction

The UAE is a federation of seven Emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al-Quwain, Fujairah and Ras Al Khaimah. Formerly known as the Trucial States, the Emirates were British protectorates until they achieved independence in December 1971 and merged to form the federation of the United Arab Emirates. Each Emirate has a local government headed by the Ruler of the Emirate. There is a federal government which is headed by the President.

The UAE as a whole extends along the West coast of the Arabian Gulf, from the coast of the Kingdom of Saudi Arabia near the base of the Qatar peninsula in the West to Ras Al Khaimah in the North and across the Mussandum peninsula to the Gulf of Oman in the East, covering an area of 83,699 square kilometres in total.

Governance, Legislation and Judiciary

UAE Constitution

The original constitution of the UAE (the "**Constitution**") was initially provisional and provided the legal framework for the Federation. The Constitution was made permanent pursuant to a constitutional amendment in May 1996.

The major principle adopted by the Constitution was that jurisdiction for enacting substantive legislation was confined to the federal government, but the local governments of the seven Emirates were authorised to regulate those matters that were not the subject of legislation by the federal government.

Pursuant to Articles 120 and 121 of the Constitution, the federal government is responsible for foreign affairs, security and defence, nationality and immigration, education, public health, the currency, postal, telephone and other communications services, air traffic control and the licensing of aircraft and a number of other matters, including labour relations, banking, the delimitation of territorial waters, and the extradition of criminals.

Federal matters are regulated through a number of specially created federal ministries which include the Ministries of Foreign Affairs, Defence, Justice, Finance and Economy. Although most of the federal government ministries are based in Abu Dhabi, many also maintain offices in Dubai. The UAE's monetary and exchange rate policy is managed on a federal basis by the Central Bank. Article 122 of the Constitution states that the Emirates shall have jurisdiction in all matters not assigned to the exclusive jurisdiction of the Federation, in accordance with the provision of the preceding two Articles.

The individual Emirates are given flexibility in the governance and management of their own Emirates. The Constitution permits individual Emirates to elect to maintain their own competencies in certain sectors.

The natural resources and wealth in each Emirate are considered to be the public property of that Emirate. Each Emirate manages its own budget on an independent basis and no Emirate has any obligation to contribute to the budget of any other Emirate. Each Emirate makes contributions to the federal budget in agreed amounts.

Governance

The governance of the UAE is split between (i) the Supreme Council of the Rulers of all the Emirates (the "**Supreme Council**"); (ii) the UAE Federal Council of Ministers (the "**Cabinet**"); and (iii) the UAE Federal National Council (the "**Council**").

Supreme Council

The Supreme Council is the highest federal governing body and consists of the Rulers of the seven Emirates. The Supreme Council elects from its own membership the President and the Vice President of the UAE (for renewable five-year terms). Decisions relating to substantive matters are decided by a majority vote of five Emirates, provided that the votes of both Dubai and Abu Dhabi are included in that majority, but matters that are purely procedural are decided by a simple majority vote.

The Supreme Council is vested with legislative as well as executive powers. It ratifies federal laws and decrees, plans general policy, approves the nomination of the Prime Minister and accepts his resignation. It also relieves him from his post upon the recommendation of the President.

The then Ruler of Abu Dhabi, Sheikh Zayed bin Sultan Al Nahyan, was elected in 1971 as the first President of the UAE and was re-elected as President for successive five-year terms until his death in November 2004. Sheikh Zayed bin Sultan Al Nahyan was succeeded by his son Sheikh Khalifa bin Zayed Al Nahyan as Ruler of Abu Dhabi who was elected as President of the UAE in November 2004 by the members of the Supreme Council.

Federal Council of Ministers

The Cabinet is described in the Constitution as the executive authority for the UAE and is responsible for implementing policy decisions of the Supreme Council. The Cabinet is the principal executive body of the UAE. The Constitution defines the responsibilities of the Cabinet, which include the issuing of regulations, the preparation of draft laws and the drawing up of the annual federal budget.

Based in Abu Dhabi, the Cabinet is headed by the Prime Minister and consists of two Deputy Prime Ministers and a number of other Ministers. These Ministers are normally selected (for no fixed term) by the approval of the Supreme Council on the recommendation of the Prime Minister.

Federal National Council

The Council is a parliamentary body which comprises 40 members who are UAE nationals. From 1972 to 2006, each Emirate appointed members for a particular number of seats based on such Emirate's population and size. Abu Dhabi and Dubai have eight members each, Sharjah and Ras Al Khaimah have six members each and the other Emirates have four members each. The nomination of representative members is left to the discretion of each Emirate, and the members' legislative term is four calendar years. The members represent the UAE as a whole rather than their individual Emirates. Presided over by a speaker, or either of two deputy speakers elected from amongst its members, the Council has both a legislative and supervisory role under the Constitution. This means that it is responsible for examining and, if required, amending, all proposed federal legislation, and is empowered to summon and to question any federal minister regarding ministry performance. One of the main duties of the Council is to discuss the annual budget of the UAE. Although the Council can monitor and debate government policy, it has no veto or amendment power and cannot initiate any legislation by itself.

During 2006, reforms were made with a view to enhancing public participation in indirect elections to the Council. Under these reforms, the Ruler of each Emirate selects an electoral college whose members are at least 100 times the number of Council members for the Emirate. The members of each electoral college elect half of the Council members for their Emirate, with the remainder being appointed by the Ruler. A second round of elections to the National Council was successfully held in 2011, with an electoral college that had tripled in size relative to the electoral college of the first election in 2006.

Legal and Court System

There are three primary sources of law in the UAE, namely (i) federal laws and decrees (applicable in all seven Emirates), (ii) local laws and decrees (i.e., the laws and regulations enacted by the Emirates individually), and (iii) the *Sharia* (Islamic law). In addition, trade custom or practice functions as a secondary source of law in the UAE. In the absence of federal legislation on areas specifically reserved to federal authority, the Ruler or local government of each Emirate can apply his or its own rules, regulations and practices.

The federal judiciary, whose independence is recognised under the Constitution, includes the UAE Federal Supreme Court and Courts of First Instance. The UAE Federal Supreme Court consists of five judges appointed by the Supreme Council. The judges decide on the constitutionality of federal laws and arbitrate on inter-Emirate disputes and disputes between the federal government and the Emirates.

In accordance with the Constitution, three of the seven Emirates (Abu Dhabi, Dubai and Ras Al Khaimah) have elected to maintain their own court system, separate from that of the UAE, and these courts have sole jurisdiction to hear cases brought in the respective Emirates.

Economy of the UAE

The UAE is the second largest economy in the GCC region after the Kingdom of Saudi Arabia. Although it has a more diversified economy than most of the other countries in the GCC region, its wealth is still largely based on oil and gas. According to data collected by the Organisation of the Petroleum Exporting Countries ("**OPEC**"), as at 31 December 2011 the UAE had approximately 6.6 per cent. of proven crude oil reserves in the world (giving it the sixth largest oil reserves in the world). The UAE's oil reserves generated approximately 31.4 per cent. of the UAE's GDP in 2010 (according to the UAE Ministry of Economy) and approximately 36 per cent. of its export earnings (including re-exports) in 2010 (according to the Central Bank).

Moody's Investor Services has estimated that real GDP in the UAE increased to AED1,321 billion in 2011, representing a real GDP growth rate of 4.9 per cent., and reflecting the general economic recovery in the wake of the global economic crisis and the increase in oil prices during 2010 and 2011.

The table below shows the UAE's nominal GDP and nominal and real GDP growth rates for each of the years indicated.

	2008	2009	2010	2011
Nominal GDP (U.S.$bn)	314.8	270.3	297.6	360.1
Nominal growth rate (per cent.)	22.0	(14.1)	10.1	21.0
Real growth rate (per cent.)	5.3	(3.3)	0.9	4.9

Source: Moody's Investor Services

While fluctuations in energy prices do have a bearing on economic growth, the UAE is generally viewed as being less vulnerable than some of its GCC neighbours, due to the growth in the non-oil sector, particularly trading, finance, real estate and tourism.

The UAE's economy remains heavily protected and nearly all utilities and most major industries are controlled by the state. However, tight restrictions placed on foreign investment are gradually being relaxed. For example, while foreigners are not permitted to have a controlling interest in UAE businesses or corporates, many of the Emirates have established trade and industry free zones (in which 100 per cent. foreign ownership is permitted) as a means of attracting overseas investment and diversifying the economy. Despite the UAE's membership of the WTO, progress towards economic liberalisation has been slow, although trade agreements with Europe and the United States are being negotiated.

Credit rating

On 31 January 2012, Moody's re-affirmed the UAE's long-term rating of Aa2 with a stable outlook. The UAE is not rated by any of the other rating agencies.

Population

The UAE National Bureau of Statistics (the "**NBS**") estimated that the population of the UAE was 8.3 million at the end of 2010. The population of the UAE has grown significantly in recent years, reflecting an influx of foreign labour, principally from Asia, as the Emirates have developed. The table below illustrates this growth using the 2010 NBS estimates and official census data for 1975, 1980, 1985, 1995, 2005 and 2010 (the most recent census):

	1980	1985	1995	2005	2010
Total UAE population	1,042,099	1,379,303	2,411,041	4,106,427	8,264,070

Source: UAE National Bureau of Statistics

The majority of the population of the UAE are estimated to be non-UAE nationals, mainly drawn from the Indian subcontinent, Europe and other Arab countries. Approximately 75 per cent. of the population is estimated to be male and 25 per cent. female, reflecting the large male expatriate workforce.

Relations with other Countries

The UAE enjoys good relations with the other states in the GCC and its regional neighbours. The UAE does have, however, a long-standing territorial dispute with Iran over three islands in the Gulf and, as such, is not immune to the political risks and volatility in the region, particularly in recent years.

The Emirate of Sharjah

Sharjah is situated along approximately 16 kilometres of the Persian Gulf coastline of the UAE and for more than 80 kilometres inland. In addition, there are two enclaves belonging to the emirate of Sharjah, Kalba and Dibba al-Husn, situated on the east coast of the UAE, bordering the Gulf of Oman. Sharjah covers approximately 2,580 square kilometres, making the emirate of Sharjah the third largest emirate in the UAE. It is the only emirate to have land on both the Persian Gulf and the Gulf of Oman. The estimated population of Sharjah is 800,000.

The settlement of Sharjah dates back some 6,000 years. Traditionally, the population of the area has been small and people relied on trade and sea-faring in addition to farming, hunting, fishing and pearling. Many of the early settlements were based around the ‘falaj’, a man-made underground water course.

In the 18th century, the Qawassim tribe established strongholds in Sharjah and Ras Al Khaimah. Sheikh Sultan bin Saqr bin Rashid Al Qassimi, the patriarch of today’s rulers became the Sheikh of Sharjah in 1804 and governed for over 50 years. In 1809, the British mounted a land based attack on the Qawassim tribe in Sharjah. By 1820, the first of several Treaties of Peace was signed guaranteeing peace at sea and protection of the British against attack for 150 years. The coast became known as Trucial Oman and the Sheikhdoms as the Trucial States. Sharjah remained the regional base for the British RAF and Trucial Oman Scouts until the British presence officially ended in 1971 with the independence of the UAE. Sharjah joined the UAE as a founding member on 2 December 1971. In 1972, Sheikh Sultan bin Mohammed Al Qassimi succeeded as the ruler of Sharjah. The same year, oil was struck in the MubaSharjah field, 80 kilometres offshore, close to the island of Abu Mousa. Two years later production began, and at its peak 35,000 bbl were produced per day. A few years later gas condensate was discovered and drilling started in 1990. Sharjah contains one of the main administrative and commercial centres of the UAE, together with an array of cultural and traditional projects. In 1998, the U.N. Educational, Scientific and Cultural Organisation designated Sharjah as the cultural capital of the Arab world for its commitment to art, culture and the preservation of heritage. The emirate is also known as the cultural capital of the UAE.

SUMMARY OF THE TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the Transaction Documents. Copies of the Transaction Documents will be available for inspection at the registered office of the Trustee and at the specified office of the Principal Paying and Exchange Agent. Unless otherwise defined or unless the context otherwise requires, capitalised terms used in the following summary shall have the meanings given to them in the relevant Conditions.

Mudarabah Agreement

On 31 October 2007, pursuant to a *mudarabah* agreement (the "**Original Mudarabah Agreement**") entered into between the Trustee and Dana Gas (in its capacity as *Mudarib*, the "**Mudarib**"), the Mudarib invested U.S.$1,000,000,000 (the "**Initial Mudarabah Capital**") in certain mudarabah assets (the "**Initial Mudarabah Assets**") in accordance with an investment plan set out in the Original Mudarabah Agreement. On the Closing Date, at the request of the Trustee, the Mudarib will transfer 14.992 per cent. of the Initial Mudarabah Assets (representing U.S.$149,920,000 of the Initial Mudarabah Capital) to Dana Gas (in its independent capacity) and the Trustee and the Mudarib will agree to amend and restate the Original Mudarabah Agreement (such amended and restated *mudarabah* agreement being the "**Mudarabah Agreement**"). The Mudarabah Agreement will be governed by UAE law.

The Mudarabah commenced on 31 October 2007, will be amended and reconstituted on the Closing Date and will end on the later of (i) the date on which the Mudarabah Assets are liquidated in accordance with the Mudarabah Agreement and (ii) the date on which all Certificates have been redeemed in full.

Pursuant to the Mudarabah Agreement, the Mudarib will continue to manage the remaining balance of the Initial Mudarabah Assets (representing the remaining balance of the Initial Mudarabah Capital, being U.S.$850,080,000 at the Closing Date (the "**Mudarabah Capital**")) in accordance with the terms of the Mudarabah Agreement and an investment plan prepared by the Mudarib and scheduled to the Mudarabah Agreement (the "**Investment Plan**"). The Investment Plan permits certain investments to be made in a number of Sharia compliant activities, including (without limitation) certain investments in Dana Gas's business activities. The mudarabah constituted by the Mudarabah Agreement is referred to herein as the "**Mudarabah**".

The Investment Plan and the terms of the Mudarabah Agreement contemplate that the Mudarabah will generate a profit which shall be distributed one Business Day prior to each Periodic Distribution Date, and two Business Days prior to the Scheduled Redemption Date (a "**Distributable Profit Determination Date**") in accordance with the following proportions: ninety nine per cent. to the *rab al-maal* (as such term is defined in the Mudarabah Agreement) and one per cent. to the Mudarib.

Pursuant to the Mudarabah Agreement, the Mudarib has agreed to maintain a ledger account (the "**Reserve Account**") in its books, denominated in U.S. dollars. If on any Distributable Profit Determination Date, the amount of profit distributable to the Trustee (in its capacity as *rab-al-maal*) is greater than the amount required to pay the aggregate of all periodic distribution amounts due in respect of and in connection with the Certificates and the Transaction Documents (and any other amounts due in accordance with the Conditions) (the "**Periodic Required Amount**") on the immediately following Periodic Distribution Date, the Mudarib will credit any such excess amounts to the Reserve Account.

If on any Distributable Profit Determination Date, there is a shortfall between (i) the amount of profit distributable to the Trustee (in its capacity as *rab-al-maal*) on such date, and (ii) the Periodic Required Amount payable on the immediately following Periodic Distribution Date (a "**Shortfall**"), the Mudarib will transfer to the Transaction Account (in U.S. dollars in funds with same day value) an amount equal to the Shortfall from the Reserve Account (or such lesser amount as is then standing to the credit of the Reserve Account, having first repaid any amounts to the Reserve Account that were previously deducted by, and used for the account of, the Mudarib as described below). The Mudarib will be entitled to deduct amounts standing to the credit of the Reserve Account at any time during the term of the Mudarabah and to use such amounts for its own account, provided that such amounts shall be repaid by it if so required to fund a Shortfall. Following payment of all amounts due and payable in respect of and in connection with the Certificates and the Transaction Documents,

the Mudarib shall be entitled to retain any amounts that remain standing to the credit of the Reserve Account for its own account as an incentive payment for acting as Mudarib.

Pursuant to the Mudarabah Agreement, two Business Days prior to the Scheduled Redemption Date, the Mudarib shall liquidate the Mudarabah Assets (by way of constructive or actual liquidation) and shall pay into the Transaction Account (from the proceeds of such liquidation, and if necessary, funds from the Reserve Account) a sum which, when aggregated together with the distributable profit paid into the Transaction Account on that date in respect of the final Mudarabah Return Period, is equal to the aggregate of (i) the Standard Redemption Amount (as defined in Condition 22.1 (*Definitions*) of the Exchangeable Conditions) payable in respect of the Exchangeable Certificates on the Scheduled Redemption Date in accordance with the Exchangeable Conditions; (ii) the Standard Redemption Amount (as defined in Condition 22.1 (*Definitions*) of the Ordinary Conditions) payable in respect of the Ordinary Certificates on the Scheduled Redemption Date in accordance with the Ordinary Conditions; and (iii) any other amounts payable by the Trustee in respect of the Certificates on the Scheduled Redemption Date (including, for the avoidance of doubt, all amounts payable to the Delegate and the Agents on such date) (the "**Redemption Required Amount**").

The Mudarib shall not be entitled to liquidate the Mudarabah Assets unless the proceeds of such liquidation, when aggregated together with the amounts standing to the credit of the Transaction Account and the Reserve Account, is equal to or greater than the Redemption Required Amount. The Mudarib has acknowledged and agreed in the Mudarabah Agreement that a failure (i) to liquidate the Mudarabah Assets for such an amount and (ii) to pay the Redemption Required Amount into the Transaction Account in accordance with the provisions of the Mudarabah Agreement, shall constitute a Mudarabah Event for the purposes of the Conditions.

If and to the extent that the proceeds of any liquidation of the Mudarabah exceed the amount required to make the payment referred to above, the Mudarib shall be entitled to retain such excess as an incentive payment.

Purchase Undertaking

On 31 October 2007, Dana Gas executed as a deed a purchase undertaking (the "**Original Purchase Undertaking**") in favour of the Trustee and the Delegate. On the Closing Date, Dana Gas will amend and restate the Original Purchase Undertaking (such amended and restated purchase undertaking being the "**Purchase Undertaking**"). The Purchase Undertaking will be executed as a deed on the Closing Date by Dana Gas in favour of the Trustee and the Delegate and will be governed by English law.

Pursuant to the Purchase Undertaking and as more particularly described therein, the Obligor (acting in its corporate capacity, and not as Mudarib or as guarantor) will continue to give an irrevocable undertaking to purchase from the Trustee all or, as applicable, part, of the Trustee's rights, benefits and entitlements in and to the Mudarabah Assets then held by the Trustee (i) following the occurrence of a Dissolution Event (other than a Mudarabah Event) in respect of the Ordinary Certificates and/or the Exchangeable Certificates, as the case may be (an "**Early Redemption Exercise**"), (ii) following the occurrence of a Mudarabah Event in respect of the Ordinary Certificates and the Exchangeable Certificates (a "**Mudarabah Event Exercise**"), (iii) following delivery by an Exchangeable Certificateholder of a Voluntary Early Redemption Notice (a "**Voluntary Redemption Exercise**"), (iv) following a Change of Control (a "**Change of Control Put Exercise**") and (v) following the exercise by the Trustee of its discretion in accordance with Condition 6.7 (*Discretion of the Trustee to exercise*) of the Exchangeable Conditions (a "**Trustee Exchange Exercise**").

The Trustee's rights, benefits and entitlements to the Mudarabah Assets will be purchased by the Obligor in the relevant proportion (being the same percentage as the relevant Certificates to be redeemed bears to the aggregate face amount of the Certificates outstanding) on an "as is" basis (without any warranty, express or implied, as to condition, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the full extent permitted by law) from the Trustee at the relevant Exercise Price, following the delivery by the Trustee of a notice under the Purchase Undertaking (the "**Exercise Notice**") on the terms and subject to the conditions of the Purchase Undertaking.

If Physical Settlement applies, the Obligor must deliver the number of Shares specified in Condition 6.1(e), Condition 6.5(d) or, as applicable, Condition 6.7(f) of the Exchangeable Conditions, comprising all or part, as the case may be, of the relevant Exercise Price, on the Settlement Date to redeem all the Exchangeable Certificates, the Relevant Exchangeable Certificates or the Unexercised Exchangeable Certificates, respectively, in accordance with the Exchangeable Conditions. If the Obligor is unable, for any reason whatsoever, to settle all

or part of the relevant Exercise Price by Physical Settlement in accordance with the Exchangeable Conditions, the obligation on the Obligor to pay the relevant Exercise Price in cash shall not be prejudiced.

If the Obligor fails to settle all or part of the relevant Exercise Price that is due in accordance with the Purchase Undertaking (the "**Outstanding Exercise Price**"), the Obligor irrevocably undertakes to pay the Trustee a late payment amount in respect of the period from, and including, the due date for settlement to, but excluding, the date of full settlement, calculated on a daily basis, as the product of 1 per cent. per annum and the Outstanding Exercise Price, on the basis of 12 months of 30 days each. Any late payment amount received by the Trustee must be donated (on behalf of the Obligor) to The Red Crescent Society, being the charity of the Obligor's choice.

For the purposes of the foregoing, the relevant "**Exercise Price**" payable by the Obligor pursuant to the Purchase Undertaking means:

(a) in the case of an Early Redemption Exercise, the Standard Redemption Amount in respect of the Exchangeable Certificates and/or the Ordinary Certificates, as the case may be;

(b) in the case of a Mudarabah Event Exercise, the Standard Redemption Amount in respect of the Exchangeable Certificates and the Ordinary Certificates;

(c) in the case of a Voluntary Redemption Exercise:

(i) where Cash Settlement applies in accordance with Condition 6.9 (*Cash Settlement*) of the Exchangeable Conditions, the Voluntary Early Redemption Amount; and

(ii) where Physical Settlement applies in accordance with Condition 6.8 (*Physical Settlement*) of the Exchangeable Conditions, such number of Shares and/or such amount in cash as is calculated in accordance with Condition 6.1(e) or Condition 6.5(d) of the Exchangeable Conditions, as the case may be,

in each case together with the Foreign Ownership Amount (if any), and any Relevant Amounts and Additional Cash Amounts due under the Exchangeable Conditions;

(d) in the case of a Change of Control Put Exercise, the Change of Control Standard Redemption Amount in respect of the Exchangeable Certificates and/or the Ordinary Certificates to be redeemed; and

(e) in the case of a Trustee Exchange Exercise:

(i) where the Cash Settlement option applies in accordance with Condition 6.7(g) (*Cash Settlement*) of the Exchangeable Conditions, the aggregate of the Cash Settlement Amount and the Top-Up Amount (if any) (and any Additional Cash Amounts); or

(ii) where the Physical Settlement Option applies in accordance with Condition 6.7(h) (*Physical Settlement Option*) of the Exchangeable Conditions, the aggregate of the Net Proceeds of Sale, the Top-Up Amount (if any) and the Further Cash Payment (and any Additional Cash Amounts and Relevant Amount).

The Certificateholders will have the benefit of certain restrictive and financial covenants given by Dana Gas as the Obligor in clause 4 of the Purchase Undertaking. In particular, the Obligor has undertaken that for so long as any of the Certificates remain outstanding:

(a) **Limitation on Financial Indebtedness**

It shall not, and shall procure that no member of the Group shall, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to, any Financial Indebtedness other than Permitted Financial Indebtedness.

(b) **Negative Pledge**

It shall not, and shall procure that no member of the Group shall, create or permit to subsist any Security Interest upon the whole or any part of its present or future assets or revenues (including uncalled capital) to secure any Financial Indebtedness of any Person other than any Permitted Security Interest.

(c) **Insurance**

It shall, and shall procure that each member of the Group shall, obtain and maintain insurance with an insurer or insurers of good standing against such losses and risks and in such amounts as are customary in the businesses (or substantially similar businesses) in which it and they are engaged in the jurisdiction where it and they operate; provided that if any failure to comply with this undertaking is capable of remedy and is remedied within 30 days after notice thereof is given to the Obligor, this covenant shall be deemed not to have been breached.

(d) **Loans**

It shall not, and shall procure that no member of the Group shall, make any loans or grant any credit to or for the benefit of any Person, other than loans from any member of the Group to any other member of the Group, provided always that such loans are on arm's-length terms and are repayable on demand.

(e) **Affiliate Transactions**

It shall not, and shall not permit any member of the Group to, directly or indirectly, enter into or permit to exist any transaction or series of related transactions (each of the foregoing, an "**Affiliate Transaction**") (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with, or for the benefit of, any Affiliate of the Obligor or any member of the Group, unless any such transaction or series of related transactions is:

(i) set forth in writing; and

(ii) entered into in good faith; and

(iii) is on terms that are no less favourable to the Obligor or such member of the Group, as the case may be, than those that could have been obtained at the time of the Affiliate Transaction in an arm's-length transaction with third parties that are not Affiliates.

Furthermore:

(1) with respect to any Affiliate Transaction involving aggregate consideration equal to or greater than U.S.$5,000,000 (or, to the extent the consideration for such Affiliate Transaction is not in U.S. dollars, the U.S. dollar equivalent of such amount as determined by the Obligor), the Obligor has undertaken to deliver a Director's Certificate to the Trustee or the Delegate (as the case may be pursuant to the Declaration of Trust) certifying that such Affiliate Transaction complies with paragraphs (i), (ii) and (iii) of this paragraph (e); and

(2) with respect to any Affiliate Transaction involving aggregate consideration equal to or greater than U.S.$15,000,000 (or, to the extent the consideration for such Affiliate Transaction is not in U.S. dollars, the U.S. Dollar equivalent of such amount) such Affiliate Transaction must be approved by a majority (or where there is an even number of Directors, at least half) of disinterested directors, failing which (or, if there are no disinterested directors), the Obligor has undertaken to obtain a written opinion from an internationally recognised investment banking firm or firm of public accountants (an "**Independent Appraiser**") certifying that such Affiliate Transaction is fair to the Obligor or the relevant member of the Group, as the case may be, and comparable with what the Independent Appraiser would reasonably consider to be third party terms.

(f) **Asset Sales**

(i) Save as provided below, it shall not, and shall procure that each member of the Group shall not, directly or indirectly, enter into any Asset Sale unless the consideration received by the Obligor or the relevant member of the Group, as the case may be, is at least equal to the Fair Market Value of the assets the subject of such Asset Sale provided that, in the case of any Asset Sale of an asset with a book value (as determined by reference to the most recent publicly available annual audited or interim reviewed consolidated financial statements of the Obligor or relevant member of the Group, (as the case may be, prepared in accordance with IFRS, or such other international financial reporting standards as may be adopted, from time to time, by the Obligor or such other relevant member of the Group (the "**Relevant Accounts**")) that exceeds five per cent. of the consolidated total assets of the Group (as determined by reference to the most recently published financial statements of the Group, prepared in accordance with IFRS or such other international financial reporting standards as may be adopted, from time to time, by the Group (the "**Group Accounts**")), the determination as to whether the consideration for such Asset Sale is at least equal to the Fair Market Value of the assets the subject of such Asset Sale shall be made by an Independent Appraiser.

(ii) Notwithstanding paragraph (f)(i) above, the Obligor shall be permitted to make Asset Sales (i) where the consideration received is less than the Fair Market Value of the assets the subject of such Asset Sale(s) provided that the aggregate book value (as determined by reference to the most recently published Relevant Accounts) of all assets the subject of such Asset Sale by any members of the Group occurring after the Closing Date shall not exceed 10 per cent. of the consolidated total assets of the Group (as determined by reference to the most recently published Group Accounts) or (ii) in respect of Permitted Financial Indebtedness conducted in a manner to comply with Sharia law and where the Obligor has an unconditional obligation to buy back the relevant asset(s) at a pre-determined amount.

(iii) For the purposes of the foregoing, (a) an Asset Sale, the sale value of which has been determined by a valuation made by an Independent Appraiser and approved by the Board of Directors of the Obligor (as evidenced by a resolution of the Board of Directors delivered to the Delegate); and (b) an Asset Sale by way of a public offering of securities in a domestic or international market or by way of a competitive tender, shall, in each case, be deemed to take place at Fair Market Value and shall not require any independent determination by an Independent Appraiser.

(g) **Compliance Certificate**

Within 90 days of the date of publication of the Group Accounts the Obligor shall deliver to the Delegate a certificate signed by two Directors or two authorised signatories of the Obligor (or a combination thereof) certifying compliance with the terms of the covenants set out in clause 4 of the Purchase Undertaking, which the Delegate shall be entitled to accept without further enquiry or liability to any Person as sufficient evidence of the matters certified therein.

(h) **Security**

(i) It shall, and shall procure that Dana Gas Egypt will, to the extent that the Assignment Agreement or the Bahrain Share Pledge has not been executed by the Closing Date, execute the Assignment Agreement and the Bahrain Share Pledge as soon as practicable and in any event on or before the date falling forty-five (45) days after the Closing Date;

(ii) it shall (and it shall procure that each Security Provider will) at its own expense, take all actions required to perfect the security created or intended to be created under or evidenced by the Security Documents, including, without limitation, the making or the procuring of appropriate registrations, recordings, filings, endorsements, notarisation, stamping and/or notifications of the Security Documents and/or the Security created under them, (A) in the case of the Security Agreement, as soon as practicable and in any event on or before the date falling five (5) days after the Closing Date, and (B) in

the case of each of the other Security Documents (except for the Existing Security Agreement), as soon as practicable and in any event on or before the date falling forty-five (45) days after the Closing Date;

(iii) it shall ensure that the obligations expressed to be assumed by it or the relevant Security Provider under the Security Documents shall remain legal, valid, binding and enforceable and shall continue to have the priority and ranking each is expressed to have therein;

(iv) it shall (and shall procure that each Security Provider will) fully comply with its obligations under each Security Document; and

(v) it shall, by no later than forty-five (45) days after the Closing Date, deliver or procure the delivery, to the Trustee, the Delegate and each Security Agent, a confirmation certificate or certificates signed by an authorised officer of the Obligor certifying compliance with paragraphs (i) and (ii) of sub-Clause 4.1.8 (*Security*) of the Purchase Undertaking and attaching documentary evidence in support thereof.

(i) **Capitalisation**

It shall ensure that at all times, the share capital of Dana LNG Ventures Ltd. is fully paid up and capitalised at U.S.$50,000.

(j) **Evidence of Shareholding**

It shall ensure that its shareholding in each of Sajaa Gas Private Limited Company and United Gas Transmissions Company Limited as set out in the UAE Security accords at all times with that set out in the decree by the Ruler of Sharjah in respect of the incorporation of Sajaa Gas Private Limited Company as a limited liability company, and the decree by the Ruler of Sharjah in respect of the incorporation of United Gas Transmissions Company Limited as a limited liability company, respectively.

(k) **Key Appointments**

It shall use its best efforts to appoint, to the extent that it has not already done so, a new Chief Executive Officer, new Chief Financial Officer and new Head of Investor Relations by no later than 30 June 2013, in each case the appointee (and any successor thereto or any successor Chief Executive Officer for so long as any Certificate remains outstanding) shall be approved and certified as independent by the Corporate Governance, Remunerations and Nominations committee of the board of directors of the Obligor, consisting of a majority of independent directors in accordance with the Emirates Securities and Commodities Authority's regulations.

In addition, for so long as any Ordinary Certificate is outstanding, the Obligor has undertaken not to declare, make or pay in cash any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) on or in respect of its share capital (or any class of its share capital) in excess of the Threshold Amount if, at that time and afterwards, the ratio of Total Consolidated Financial Indebtedness to EBITDA over the last 12 months will be greater than or equal to 3:1 or the ratio of Consolidated Cashflow of the Group to Net Finance Charges of the Group will be less than 1.5:1.

For the purposes of the above provisions and the section below entitled "*– Shared Security*":

"**Affiliate**" means, with respect to any specified Person: (a) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person; or (b) any other Person that owns, directly or indirectly through one or more Subsidiaries, 15 per cent. or more of any class or such specified Person's Capital Stock; or (c) any other Person in which such specified Person owns, directly or indirectly through one or more Subsidiaries, 15 per cent. or more of any class of such other Person's Capital Stock. For the purposes of this definition, "**control**", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing;

"**Assignment Agreement**" means the conditional assignment agreement between Dana Gas Egypt and the Egyptian Security Agent executed no later than the date falling forty-five (45) days from the date of the Purchase Undertaking in respect of all present and future receivables owing to Dana Gas Egypt under certain gas sale agreements between Dana Gas Egypt and the relevant counterparty under the gas sale agreement;

"**Bahrain Share Pledge**" means the pledge of shares in Danagas W.L.L. between the Obligor and the Principal Security Agent executed no later than the date falling forty-five (45) days from the date of the Purchase Undertaking;

"**Asset Sale**" means any sale, lease, sale and lease back, transfer or other disposition by any member of the Group of all or any of the legal or beneficial interest in any Capital Stock of any Affiliate or any property or assets of any member of the Group (either in one transaction or in a series of related transactions, at the same time or over a period of time) to any Person who is not a member of the Group;

"**Board of Directors**" means, with respect to any Person, the board of directors of such Person or any duly authorised committee thereof;

"**Capital Expenditure**" means any expenditure which, in accordance with IFRS, should be treated as capital expenditure (including for the avoidance of doubt, but without limitation, the capital element of any expenditure or obligation incurred in connection with a finance lease);

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's equity, including any preferred stock of such Person, whether now outstanding or issued after the date hereof, including without limitation, all series and classes of such Capital Stock;

"**Closing Price**" means, with respect to a Trading Day on which the Shares are listed on the Exchange, the closing price of such Shares on the Exchange at the close of such Trading Day (as published by the Exchange). If the Shares are quoted in a currency other than AED, conversions to AED of the Closing Price of the Shares will be made at the Relevant Rate in effect on the relevant Trading Day;

"**Consolidated Cashflow**" means, in respect of any period for which it is being calculated, EBITDA for that period after:

(a) adding the amount of any decrease (and deducting the amount of any increase) in Working Capital for that period;

(b) adding the amount of any cash receipts (and deducting the amount of any cash payments) during that period in respect of any exceptional items not already taken account of in calculating EBITDA for that period;

(c) adding the amount of any cash receipts during that period in respect of any Tax rebates or credits and deducting the amount paid or payable in respect of Taxes during that period by any member of the Group;

(d) by deducting amounts paid in cash during that period by members of the Group in respect of Capital Expenditure; and

(e) adding the amount of any increase in provisions, other non-cash debits and other non-cash charges (which are not Current Assets or Current Liabilities) during that period and deducting the amount of any non-cash credits (which are not Current Assets or Current Liabilities) during that period, in each case, to the extent taken into account in establishing EBITDA,

so that no amount shall be added (or deducted) more than once;

"**Current Assets**" means the aggregate (on a consolidated basis) of all inventory, trade and other receivables of each member of the Group including prepayments in relation to operating items and sundry debtors (but excluding cash) maturing within twelve months from the date of computation;

"**Current Liabilities**" means the aggregate (on a consolidated basis) of all liabilities (including trade payables, accruals and provisions) of each member of the Group falling due within twelve months from the date of computation;

"**EBITDA**" means, in relation to any period, the annualised consolidated profit or loss before tax of the Obligor for that period adjusted to the extent necessary to exclude:

(a) any share of the profit or loss of any minority interest;

(b) any amounts written off from the value of investments;

(c) extraordinary and exceptional items, including realised and unrealised exchange gains and losses and any revaluation gains or losses on any assets, in each case, which do not relate to ordinary trading activities;

(d) depreciation or amortisation of tangible and intangible assets; and

(e) finance cost and income,

all as interpreted and calculated in accordance with accounting principles and standards adopted by the Obligor for the preparation of the Group Accounts;

"**Egyptian Security Agent**" means Commercial International Bank (Egypt) S.A.E. in its capacity as security agent in respect of the Assignment Agreement pursuant to the Security Agency Agreement;

"**Exchange**" means the Abu Dhabi Securities Exchange, provided that if the Shares or any other relevant securities are not listed on the Abu Dhabi Securities Exchange at the relevant time, references to the Exchange shall be construed as references to such other UAE regulated stock exchange or to any other regulated stock exchange on which the Shares or other relevant securities, as the case may be, are primarily listed at such time, as notified to the Calculation Agent by the Trustee. If there is more than one regulated stock exchange on which the Shares or other relevant securities, as the case may be, are primarily listed, the Calculation Agent shall select, following notification by the Trustee, as the Exchange the regulated stock exchange which has in aggregate the greater volume of Shares or other relevant securities, as the case may be, traded over the Trading Days over which the relevant price is calculated;

"**Existing Security Agreement**" means the original security agreement relating to the shares in Dana LNG Ventures Ltd. between, *inter alia*, the Obligor, the Trustee and HSBC Trustee (C.I.) Limited dated 31 October 2007;

"**Expert**" means an independent investment bank of international repute or an independent financial adviser with appropriate expertise, which may include the initial Calculation Agent, appointed by the Trustee and/or the Calculation Agent and/or the Delegate (in each case at the expense of the Trustee) and, where not appointed by the Delegate, approved in writing by the Delegate;

"**Fair Market Value**" means:

(a) with respect to any Capital Stock, asset or property (other than an exploration or development contract), the sale value that would be received by a seller in an arm's-length transaction for consideration in cash or kind; and

(b) with respect to an exploration or development contract, the sale value (determined in accordance with valuation methodology commonly used in the oil and gas sector) that would be received by a seller in an arm's-length transaction for consideration in cash or kind,

in each case between an independent, informed and willing seller under no compulsion to sell and an independent, informed, willing buyer under no compulsion to buy;

"**Finance Charges**" means, for any period for which it is being calculated, the aggregate amount of the accrued interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in the nature of interest in respect of Financial Indebtedness whether paid or payable by any member of the Group (calculated on a consolidated basis) in respect of that period;

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount drawn on any acceptance credit facility;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, sukuk, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would be treated as a finance or capital lease in accordance with the accounting standards, policies and procedures published from time to time by the International Accounting Standards Committee or any equivalent successor body acceptable (acting reasonably) to the Delegate;

(e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(f) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(g) any amount raised under any other transaction (including any Sharia compliant financing, forward sale or purchase agreement, sale and sale back or sale and leaseback agreement) having the commercial effect of either a borrowing or a drawing under a credit facility;

(h) to the extent not otherwise included in this definition, the amount of any liability in respect of any repurchase or put option arrangement entered into in connection with any securitisation transaction;

(i) shares which are expressed to be redeemable prior to the maturity of the Certificates;

(j) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above,

provided that for the avoidance of doubt, the following will not be considered to fall within the definition of Financial Indebtedness:

(i) any transaction entered into in the ordinary course of business in the oil and gas sector to guarantee or secure (or obtain letters of credit or bank or insurance guarantees that secure) the performance of tenders, contracts, statutory or governmental obligations, bonds, bids, leases, concession agreements, production sharing agreements, licenses, operating agreements, performance bonds, services, purchase, construction, development or sales contracts, completion guarantees, comfort letters and other similar obligations, in each case not incurred or made specifically in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property;

(ii) any transaction entered into in the ordinary course of business in the oil and gas sector guaranteeing or securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof, in each case not incurred or made specifically in connection with the borrowing of money or the obtaining of advances or credit;

(iii) any transaction entered into in the ordinary course of business in the oil and gas sector arising under a foreign exchange transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates not being a foreign

exchange transaction for investment or speculative purposes or incurred or made specifically in connection with the borrowing of money, the obtaining of advances or credit;

(iv) any transaction entered into in the ordinary course of business securing interest rate protection or other hedging obligations not being a derivative transaction for investment or speculative purposes or incurred as a means of borrowing money or obtaining advances or credit;

(v) any transaction entered into in the ordinary course of business in the oil and gas sector under finance or capital leases of vehicles, plant, equipment or computers, provided that the aggregate capital value of all such items so leased under outstanding leases by members of the Group does not exceed an amount equal to five per cent. of the consolidated total assets of the Group as shown in the Group Accounts (or its equivalent in another currency or currencies) at any time;

"**IFRS**" means the International Financial Reporting Standards;

"**Limited-recourse Financial Indebtedness**" means any Financial Indebtedness of any member of the Group:

(a) the proceeds of which are used for the acquisition, construction or development of any asset or performance of any contract in connection with the business of the Obligor ("**contracts**"); and/or

(b) the benefit of which is transferred to the Obligor,

and provided always that:

(i) any Security Interest given by any member of the Group pursuant to such Financial Indebtedness is related solely to (A) the contracts or assets acquired, constructed or developed; and/or (B) the assets or equipment acquired or constructed as part of any such development; and/or (C) any existing contracts or assets owned by such member of the Group; and/or

(ii) the Person(s) providing such Financial Indebtedness expressly agree(s) to limit its recourse to the assets or contracts financed, and the revenues derived from such assets or contracts as the principal source of repayment for such Financial Indebtedness; and

(iii) except for (i) recourse to Subsidiaries not covered by the Security Documents and (ii) any other customary terms associated with limited-recourse financing as may be appropriate in the circumstances if approved by an Extraordinary Resolution of the Certificateholders, there is no other recourse to any member of the Group (apart from (a) and/or (b)) in respect of any default or shortfall under such Financial Indebtedness.

"**Limited-recourse reserve-based Financial Indebtedness**" means Financial Indebtedness of any member of the Group pursuant to which:

(a) any Security Interest given, or Asset Sale made, by any member of the Group pursuant to such Financial Indebtedness is limited solely to the related gas or oil or other hydrocarbon reserves; and/or

(b) the Person(s) providing such Financial Indebtedness expressly agree(s) to limit its recourse to the relevant reserves and the revenues derived therefrom as the principal source of repayment for such Financial Indebtedness; and

(c) except for recourse to Subsidiaries not covered by the Security Documents, there is no other recourse to any member of the Group (apart from (a) and/or (b)) in respect of any default or shortfall under such Financial Indebtedness;

"**Net Finance Charges**" means, in respect of any period for which it is being calculated, the Finance Charges for that period after deducting any interest (or other finance payments in the nature of interest) received in respect of cash or cash equivalent items in that period by any member of the Group;

"**Permitted Financial Indebtedness**" means at the relevant point in time when any member of the Group incurs any additional Financial Indebtedness consisting of:

(a) Financial Indebtedness of any member of the Group in existence at the Closing Date except for any such Financial Indebtedness which is redeemed or repaid using any Financial Indebtedness arising under paragraph (b) below;

(b) Financial Indebtedness arising under or in connection with the Purchase Undertaking and the other Transaction Documents to which any member of the Group is a party and, for the avoidance of doubt, the amount of such Financial Indebtedness shall be calculated on the Closing Date and shall not be adjusted pursuant to any subsequent partial redemption of such Financial Indebtedness;

(c) any additional Financial Indebtedness incurred by any member of the Group provided that when such Financial Indebtedness is taken together with all other existing Financial Indebtedness, the Total Consolidated Financial Indebtedness (after giving effect to the incurrence of such Financial Indebtedness) shall not exceed U.S.$850,080,000, provided that, within that limit for Total Consolidated Financial Indebtedness,

(i) the Financial Indebtedness at Dana Gas Egypt shall not exceed U.S.$100,000,000; and

(ii) the Financial Indebtedness at all other operating subsidiaries covered by the Security Documents shall not exceed U.S.$50,000,000 in aggregate;

(d) any Financial Indebtedness incurred in addition to paragraphs (a) to (c) above by any member of the Group for so long as the ratio of Total Consolidated Financial Indebtedness to EBITDA over the last 12 months is lower than 3:1,

provided always that:

(i) no additional Financial Indebtedness may be incurred if the incurrence of such Financial Indebtedness does not satisfy at least one of the provisions of paragraphs (c) or (d) above; and

(ii) no additional Financial Indebtedness may be incurred if an Event of Default has occurred and is continuing, or would occur as a result of the incurrence of such additional Financial Indebtedness; and

(e) any Limited-recourse Financial Indebtedness or Limited-recourse reserve-based Financial Indebtedness.

For the purposes of this definition:

(1) "**Total Consolidated Financial Indebtedness**" under paragraphs (c) and (d) above means, as of any date of determination, an amount equal to the aggregate amount (without duplication) of all Financial Indebtedness (excluding Limited-recourse Financial Indebtedness and Limited-recourse reserve based Financial Indebtedness) of the Obligor and its subsidiaries outstanding at such time;

(2) whenever pro forma effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of any Financial Indebtedness incurred in connection therewith, the pro forma calculations shall be determined in good faith by a responsible financial or accounting Officer of the Obligor or member of the Group (as the case may be). If any Financial Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Financial Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any interest rate agreement applicable to such Financial Indebtedness if such interest rate agreement

has a remaining term in excess of 12 months). If any Financial Indebtedness is incurred under a revolving credit facility and is being given pro forma effect, the interest on such Financial Indebtedness shall be calculated based on the average daily balance of such Financial Indebtedness for the four fiscal quarters subject to the pro forma calculation to the extent that such Financial Indebtedness was incurred solely for working capital purposes;

"**Permitted Security Interest**" means:

(a) any Security Interest securing the payment obligations arising under any of the Transaction Documents;

(b) any Security Interest created by the operation of a reservation of title clause contained in a vendor's or supplier's standard terms and conditions of sale in respect of goods acquired by any member of the Group in the ordinary course of its business;

(c) any Security Interest existing on the Closing Date;

(d) any rights of set-off or netting arising in the ordinary course of banking transactions or arm's-length trading activities in the ordinary course of business in the oil and gas sector between any member of the Group and its suppliers provided that the Security Interest is limited to the assets which are the subject of the relevant transactions;

(e) any Security Interest existing on any property or assets prior to the acquisition thereof by any member of the Group and not created in contemplation of such acquisition; provided that no such Security Interest shall extend to any other property or assets or any property or assets of any member of the Group and the aggregate face amount of all indebtedness secured on such property or assets shall not exceed the acquisition cost of such property or assets;

(f) any Security Interest created in the ordinary course of business in the oil and gas sector to secure (or obtain letters of credit that secure) the performance of tenders, statutory obligations, contracts, concession agreements, production sharing agreements, licences, operating agreements, bonds, bids, leases, performance bonds, purchase, construction or sales contracts and other similar obligations, in each case not incurred or made in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property;

(g) any Security Interest created in the ordinary course of business in the oil and gas sector securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof, in each case not incurred or made in connection with the borrowing of money or the obtaining of advances or credit;

(h) any Security Interest created in the ordinary course of business in the oil and gas sector arising under a foreign exchange transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates not being a foreign exchange transaction for investment or speculative purposes or incurred or made in connection with the borrowing of money, the obtaining of advances or credit;

(i) any Security Interest created in the ordinary course of business securing interest rate protection or other hedging obligations not being a derivative transaction for investment or speculative purposes or incurred as a means of borrowing money or obtaining advances or credit;

(j) any extension, renewal or replacement of any Security Interest described in clauses (a) to (i) above, provided that (i) such extension, renewal or replacement shall be no more restrictive in any material respect than the original Security Interest, (ii) the amount of Financial Indebtedness secured by such Security Interest is not increased and (iii) such extension, renewal or replacement of the relevant Security Interest takes place on arm's-length terms between independent, informed and willing parties under no compulsion to extend, renew or replace the relevant Security Interest;

(k) any Security Interest created in the ordinary course of business in the oil and gas sector under finance or capital leases of vehicles, plant, equipment or computers, provided that the aggregate capital value of all such items so leased under outstanding leases by members of the Group does not exceed an amount equal to five per cent. of the consolidated total assets of the Group as shown in the Group Accounts (or its equivalent in another currency or currencies) at any time;

(l) any Security Interest granted in respect of any Limited-recourse Financial Indebtedness or Limited-recourse reserve-based Financial Indebtedness, provided that such Limited-recourse Financial Indebtedness or Limited-recourse reserve-based Financial Indebtedness relates to assets not covered by the Security Documents;

(m) any Security Interest arising solely by operation of law which is discharged within 45 days of the first date on which it arises; and

(n) any Security Interest to permit the development of new reserves where the Dana Gas Egypt capital commitment to develop those reserves will exceed U.S.$100,000,000 and the ratio of proven and probable reserves booked net to Dana Gas Egypt in excess of proven and probable reserves booked as at 31 December 2006 to new debt secured is less than U.S.$4 boe;

"**Person**" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government or agency, or political subdivision thereof, or other entity;

"**Principal Security Agent**" means Deutsche Bank AG, Abu Dhabi Branch in its capacity as principal security agent in respect of the Existing Security Agreement, Security Agreement, the UAE Security and the Bahrain Share Pledge pursuant to the Security Agency Agreement;

"**Related Person**" means any Person in which the Obligor owns, directly or indirectly, 20 per cent. or more of the Capital Stock but which is neither controlled nor consolidated in the Relevant Accounts;

"**Relevant Amount**" has the meaning given in Condition 22.1 (*Definitions*) of the Exchangeable Conditions;

"**Relevant Jurisdiction**" means the United Arab Emirates and Jersey or any political subdivision or any authority thereof or therein having power to tax;

"**Relevant Rate**" means on any day, and, in respect of the conversion of one currency into another currency, the rate of exchange between such currencies appearing on Bloomberg at 12 noon UK time on that day (provided always that, in the case of any conversion of any currency into AED, the relevant rate shall be the rate published on Bloomberg at 9 am Greenwich Mean Time on the relevant date) whether or not such rate represents a "live" price, or, if that source is not available or that rate of exchange does not appear on that source on that day, the rate of exchange between such currencies appearing on Reuters at 12 noon UK time on that day, or if that rate of exchange is available on neither such sources, the rate of exchange between such currencies appearing on such other screen or information service, or determined in such other manner, as the Calculation Agent shall determine having consulted with the Expert;

"**Sajaa Gas Share Pledge**" means the share pledge granted by the Obligor in respect of its shares in Sajaa Gas Private Limited Company in favour of the Principal Security Agent dated the date of the Purchase Undertaking;

"**Security**" means a mortgage, charge, pledge, lien, encumbrance or other security interest securing any obligation of any person or any other agreement or arrangement in any jurisdiction having a similar effect;

"**Security Agency Agreement**" means the amended and restated security agency agreement entered into between, among others, the Obligor, the Trustee and the Security Agents dated the Closing Date;

"**Security Agents**" means the Principal Security Agent and the Egyptian Security Agent;

"**Security Agreement**" means the security agreement relating to the shares in Dana LNG Ventures Ltd. between the Obligor, the Trustee, the Principal Security Agent and Dana LNG Ventures Ltd. dated the date of the Purchase Undertaking;

"**Security Documents**" means the Existing Security Agreement, the Security Agreement, the UAE Share Pledges, the UAE Mortgage, the Bahrain Share Pledge and the Assignment Agreement;

"**Security Interest**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof, any sale with recourse against the seller or any affiliate of the seller, or any agreement to give any security interest) securing any obligation of any Person;

"S**ecurity Provider**" means each person granting Security in favour of a Security Agent pursuant to a Security Document and for the avoidance of doubt, includes without limitation, the Obligor, Sajaa Gas Private Limited Company and Dana Gas Egypt Ltd.;

"**Subsidiary**" means, with respect to any Person:

(a) any corporation, association, partnership or other business entity of which more than 50 per cent. of the total voting rights of its Capital Stock is at the time owned or controlled directly by such Person, or by such Person and one or more Subsidiaries of such Person or by one or more Subsidiaries of such Person;

(b) any partnership in which such Person or a Subsidiary of such Person is, at the time, a general partner; or

(c) any other Person in which such Person, one or more Subsidiaries of such Person, or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof has:

(i) an ownership interest for 50 per cent. or more; or

(ii) the power to elect or direct the election of a majority of the directors, members of the Board of Directors or other governing body of such Person;

"**Taxes**" means any taxes, levies, duties, fees, assessments or other charges or withholdings of whatever nature, and all charges, penalties or similar liabilities in connection with any failure to pay or any delay in paying the same, or otherwise with respect thereto;

"**Threshold Amount**" means 2.5 per cent. of the arithmetic average of the Closing Prices of the Shares on each Trading Day in the relevant fiscal year of the Obligor;

"**Top-Up Amount**" has the meaning given in Condition 22.1 (*Definitions*) of the Exchangeable Conditions;

"**Trading Day**" means, in respect of the Shares or any other publicly traded securities at the relevant time, any day on which the Exchange is open for trading other than a day on which trading ceases prior to its regular weekday closing time;

"**UAE Mortgage**" means the mortgage over a plot of land located in Sharjah between Sajaa Gas Private Limited Company and the Principal Security Agent dated the date of the Purchase Undertaking;

"**UAE Security**" means each of the UAE Share Pledges and the UAE Mortgage;

"**UAE Share Pledges**" means each of the Sajaa Gas Share Pledge and the UGTC Share Pledge;

"**UGTC Share Pledge**" means the share pledge granted by the Obligor in respect of its shares in United Gas Transmissions Company Limited in favour of the Principal Security Agent on the date of the Purchase Undertaking; and

"**Working Capital**" means, on any date, Current Assets less Current Liabilities.

Sale Undertaking

On 31 October 2007, the Trustee executed as a deed a sale undertaking (the "**Original Sale Undertaking**") in favour of Dana Gas. On the Closing Date, the Trustee will amend and restate the Original Sale Undertaking

(such amended and restated sale undertaking being the "**Sale Undertaking**"). The Sale Undertaking will be executed as a deed on the Closing Date by the Trustee in favour of Dana Gas and will be governed by English law.

Pursuant to the Sale Undertaking, the Trustee has agreed to give an irrevocable undertaking to sell to the Obligor all or, as applicable, a proportion of the Trustee's rights, benefits and entitlements in and to the Mudarabah Assets upon the delivery by the Obligor to the Trustee of a notice (the "**Exercise Notice**") (to be provided with not less than 30 nor more than 34 Business Days' notice) at any time or times in connection with (i) the redemption of the Ordinary Certificates or the Exchangeable Certificates at the option of the Trustee in accordance with Condition 6.3 of the Ordinary Conditions and/or Condition 6.4(a) of the Exchangeable Conditions, as the case may be, (ii) the redemption of Exchangeable Certificates in accordance with Condition 6.4(c) of the Exchangeable Conditions if the aggregate face amount outstanding of the Exchangeable Certificates is less than 10 per cent. of the aggregate face amount of Exchangeable Certificates originally issued, (iii) the redemption of Certificates for taxation reasons in accordance with Condition 6.6 of the Exchangeable Conditions or Condition 6.5 of the Ordinary Conditions, as the case may be, and (iv) the cancellation of Certificates in accordance with Condition 6.20 of the Exchangeable Conditions or Condition 6.7 of the Ordinary Conditions, as the case may be.

The Trustee's rights, benefits and entitlements in and to the Mudarabah Assets will be sold by the Trustee in the relevant proportion (being the same percentage as the relevant Ordinary Certificates or Exchangeable Certificates to be redeemed or cancelled bears to the aggregate face amount outstanding of the Certificates outstanding) on an "as is" basis (without any warranty express or implied as to condition, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by applicable law), in consideration for (a) in the case of paragraphs (i) to (iii) above, payment in U.S. dollars and/or delivery of Shares, as the case may be, of the relevant Exercise Price or (b) in the case of paragraph (iv) above, delivery of the relevant Certificates to be cancelled to the Principal Paying and Exchange Agent, in each case, on the terms and subject to the conditions of the Sale Undertaking.

For these purposes, the "**Exercise Price**" will be an amount equal to:

(a) with respect to any Optional Redemption Date, the Optional Redemption Amount;

(b) with respect to any Optional Partial Redemption Date or any Trustee Early Redemption Date, the Standard Redemption Amount, provided that if on any such date, an Exchangeable Certificateholder elects to receive Shares in accordance with Condition 6.4(d), the Exercise Price shall be:

(i) where Cash Settlement applies, the Optional Partial Redemption Amount or the Trustee Early Redemption Amount, as the case may be; and

(ii) where Physical Settlement applies, (x) the Differential Amount, or the Differential Amount Shares, as the case may be, and (y) such number of Shares equal to the number of Shares to be delivered to the Exercising Certificateholder(s) calculated in accordance with Condition 6.4(d) of the Exchangeable Conditions,

in each case, together with the Foreign Ownership Amount (if any), and any Relevant Amounts and Additional Cash Amounts due under the Exchangeable Conditions; or

(c) with respect to any Tax Redemption Date, the Tax Redemption Amount.

Pursuant to the Sale Undertaking, if the Obligor is unable, for any reason whatsoever, to settle all or any part of the relevant Exercise Price by Physical Settlement in accordance with the Exchangeable Conditions, the obligation on the Obligor to pay the relevant Exercise Price in cash (for that element of the relevant Exercise Price which may not be so settled by Physical Settlement) shall not be prejudiced.

Declaration of Trust

On 31 October 2007, the Trustee issued U.S.$1,000,000,000 trust certificates due 2012 exchangeable into shares of Dana Gas (the "**Existing Certificates**"). The Existing Certificates were constituted by a declaration of trust dated 31 October 2007 (the "**Original Declaration of Trust**") between the Trustee, Dana Gas and HSBC Trustee (C.I.) Limited (the "**Original Delegate**"). Pursuant to a consent solicitation process, the terms and conditions of the Existing Certificates (the "**Existing Conditions**") were amended to require the Trustee to redeem the outstanding Existing Certificates in consideration for, amongst other things, the issue and delivery of the

Exchangeable Certificates and the Ordinary Certificates to holders of the Existing Certificates. On the Closing Date, the Original Declaration of Trust will be amended and restated (such amended and restated declaration of trust being the "**Declaration of Trust**"), the Trustee will redeem and cancel all Existing Certificates, and will issue the Certificates in accordance with the provisions of the Declaration of Trust.

The Declaration of Trust will be entered into by way of a deed on the Closing Date between Dana Gas, the Trustee, the Delegate and the Original Delegate and will be governed by English law.

Pursuant to the Declaration of Trust, the Trustee will declare a trust (the "**Trust**") for the benefit of the Certificateholders over all of its rights, title, interest and benefit, present and future, in, to and under the Mudarabah Assets and each of the Transaction Documents (other than in relation to any representations given to the Trustee by the Obligor or the Mudarib pursuant to any of the Transaction Documents), all moneys which may now be, or hereafter from time to time are, standing to the credit of the Transaction Account, all Shares which may now be, or hereafter from time to time are, held in the Custody Account in connection with the Exchangeable Certificates and all proceeds of the foregoing (together, the "**Trust Assets**"). All payments by either the Mudarib or the Obligor to the Trustee for the Certificateholders under each Transaction Document to which it is party will be deposited into an account of the Trustee maintained for such purpose (the "**Transaction Account**"). All deliveries of Shares by the Obligor to the Trustee under the Purchase Undertaking shall be made either directly to the relevant account of the relevant Certificateholder or to the account (or accounts) of the Trustee maintained for such purposes (the "**Custody Account**").

Pursuant to the Declaration of Trust, the Trustee will, *inter alia*:

(a) hold the Trust Assets on trust absolutely for the Certificateholders *pro rata* on an individual basis according to the face amount of Certificates held by each Certificateholder; and

(b) act as trustee in respect of the Trust Assets, distribute the income deriving from the Trust Assets received by it and otherwise perform its obligations in accordance with the provisions of the Declaration of Trust (including the Allocation Arrangements) and the Conditions.

In the Declaration of Trust, the Trustee shall by power of attorney granted irrevocably, unconditionally and by way of security for the performance of the covenants, obligations and duties of the Trustee to the Certificateholders under the Conditions and the Declaration of Trust appoint the Delegate to be its attorney and in its name, on its behalf and as its acts and deeds to:

(a) execute and perfect all documents; and

(b) exercise for the benefit of the Certificateholders and with power to sub-delegate, all of the present and future powers, trusts, authorities and discretions vested in the Trustee by the Declaration of Trust (including but not limited to the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Declaration of Trust),

that the Delegate may consider to be necessary or desirable in order to exercise all of the rights and powers of the Trustee under the Transaction Documents (provided that no obligations, duties or covenants of the Trustee pursuant to the Declaration or any other Transaction Document shall be imposed on the Delegate by virtue of such delegation) and make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Declaration of Trust (together the "**Delegations**" of the "**relevant powers**"), on the terms and subject to the conditions of the Declaration of Trust. The Delegation shall become effective, in respect of certain of the relevant powers (including, but not limited to, the Trustee's powers under Condition 6.7 (*Discretion of the Trustee to exercise*) of the Exchangeable Conditions), from the date of the Declaration of Trust and, in respect of all other relevant powers, immediately upon the occurrence of a Dissolution Event or a Potential Dissolution Event. This Delegation is made by the Trustee to the Delegate for the benefit of the Delegate and the Certificateholders and, subject to certain provisions of the Declaration of Trust, does not affect the Trustee's continuing role and obligations as sole trustee.

The Declaration of Trust includes a number of provisions regulating (among other things) the respective rights of the holders of the Exchangeable Certificates and the holders of the Ordinary Certificates in respect of, among other things, (i) the giving of consents and waivers in respect of, and the making of amendments to, the Transaction Documents and the Conditions; (ii) the rights of Certificateholders to accelerate the Certificates following the occurrence of a Dissolution Event; (iii) the rights of Certificateholders to take enforcement action in respect of the Shared Security; and (iv) the manner in which proceeds of the Trust Assets and any proceeds of

enforcement of the Shared Security will be distributed. Such provisions are referred to as the "**Allocation Arrangements**" and are more particularly described under "*Summary of the Allocation Arrangements*".

The Declaration of Trust will provide that the obligations and liabilities of the Trustee and the Delegate under the Certificates and the Declaration of Trust are limited to the Trust Assets and the proceeds thereof. No payment of any amount or delivery of any Shares whatsoever shall be made by the Trustee or any of its agents on its behalf except to the extent that, in the case of payments, funds are available therefor from the Trust Assets and, in the case of Shares, such Shares are available for that purpose from the Trust Assets. Following the distribution of the proceeds of the Trust Assets to Certificateholders in accordance with the Conditions, the Allocation Arrangements and the Agency Agreement, no Certificateholder shall be entitled to proceed directly against the Trustee, the Delegate or Dana Gas in respect of the Trust Assets to enforce the performance of any of the provisions of the Declaration of Trust or any other Transaction Document. Neither Dana Gas nor the Certificateholders shall take any action which would result in the winding up or insolvency of the Trustee.

Agency Agreement

On 31 October 2007, Dana Gas, the Trustee, the Original Delegate and HSBC Bank plc, among others, entered into an agency agreement (the "**Original Agency Agreement**") in relation to the Existing Certificates. On the Closing Date, the original parties thereto will amend and restate the Original Agency Agreement (such amended and restated agency agreement being the "**Agency Agreement**").

The Agency Agreement will be entered into on the Closing Date between the Trustee, the Delegate, the Principal Paying and Exchange Agent and the other parties named therein and will be governed by English law.

Pursuant to the Agency Agreement, the Registrar has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to authenticate and deliver the Global Certificates and, if any, each Definitive Certificate; the Principal Paying and Exchange Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to pay all sums due under such Global Certificates; the Calculation Agent has agreed to be appointed as agent of the Trustee and has agreed to make the determinations and calculations as required by the relevant Conditions, including to calculate, amongst other things, in the case of early redemption where Physical Settlement is applicable, the number of Shares to be issued and/or delivered under the Exchangeable Conditions and the Differential Amount to be paid in cash and the number of Differential Amount Shares to be delivered if Dana Gas were to exercise its option to deliver the Differential Amount Shares in lieu of paying the Differential Amount in cash, subject to and in accordance with the Exchangeable Conditions; the Transfer Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to effect requests to transfer all or part of the Definitive Certificates and issue Definitive Certificates in accordance with each request; and the Local Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to procure the sale of Shares delivered to the Trustee pursuant to Condition 6.7 (*Discretion of the Trustee to exercise*) of the Exchangeable Conditions and to convert any Net Proceeds of Sale into U.S. dollars at the Relevant Rate.

On the Issue Date, the Registrar will (i) authenticate the Global Certificates in accordance with the terms of the Declaration of Trust; and (ii) deliver the Global Certificates to the Common Depositary.

The Trustee shall cause to be deposited into the Transaction Account opened by the Trustee with the Principal Paying and Exchange Agent, in same day freely transferable, cleared funds, any payment which may be due under the Certificates in accordance with the Conditions.

The Principal Paying and Exchange Agent agrees that it shall, on each Periodic Distribution Date and on any Redemption Date, apply the moneys standing to the credit of the Transaction Account in accordance with the order of priority set out in the Agency Agreement.

Shared Security

To secure the Obligor's obligations under the Purchase Undertaking, Dana Gas will grant security (and in respect of the Egyptian Receivables, a contractual assignment agreement) in favour of the relevant Security Agent (being the Principal Security Agent or the Egyptian Security Agent as applicable, each as defined in the Security Agency Agreement referred to below) for the benefit of the Trustee, the Delegate, the Certificateholders, the relevant Security Agent and any Receiver (such security being the "**Shared Security**").

The Shared Security will be created by way of the Security Documents (as defined below) and the obligations secured thereby (the "**Secured Obligations**") are all obligations and liabilities at any time due, owing or incurred by Dana Gas under the Purchase Undertaking, whether present or future, actual or contingent (and whether incurred by Dana Gas jointly or severally and whether as principal or surety or in some other capacity).

For the purposes of this section and the section entitled "*Risk Factors – Risks Relating to the Shared Security*", capitalised terms shall have the meaning given to them in the section above entitled "*– Purchase Undertaking*" and, in addition, the following defined terms shall have the following meanings:

"**Concession Agreements**" means:

(a) the concession agreement for petroleum exploration and exploitation dated 3 May 1995 between The Arab Republic of Egypt, EGPC and Marathon Petroleum Egypt, Ltd. in El Manzala Area, Nile Delta, Arab Republic of Egypt (the "**El Manzala Concession Agreement**");

(b) the concession agreement for gas and crude oil exploration and exploitation dated 29 June 2005 between The Arab Republic of Egypt, EGAS, Centurion Petroleum Corporation and CTIP Oil and Gas in West El Manzala Area, Nile Delta, Arab Republic of Egypt (the "**West El Manzala Concession Agreement**");

(c) the concession agreement for gas and crude oil exploration and exploitation dated 29 June 2005 between The Arab Republic of Egypt, EGAS, Centurion Petroleum Corporation and CTIP Oil and Gas in West El Qantara Area, Nile Delta, Arab Republic of Egypt (the "**West El Qantara Concession Agreement**");

(d) the concession agreement for petroleum exploration and exploitation dated 18 July 2004 between The Arab Republic of Egypt, Ganope and Centurion Petroleum Corporation in Komombo Area Block 2, Ganoub El Wadi, Arab Republic of Egypt (the "**Komombo Concession Agreement**"); and

(e) any other concession agreement entered into between Dana Gas, Dana LNG Ventures Ltd. or a subsidiary of Dana LNG Ventures Ltd, and the government of Egypt or a national oil company of Egypt.

"**Egyptian Receivables**" means any amounts which Dana Gas Egypt is entitled to receive as payment for gas sold to the relevant Gas Sales Counterparty under each Gas Sales Agreement.

"**Gas Sales Agreements**" means:

(a) the gas sales letter of agreement dated 28 September 2002 between Dana Gas Egypt, EGAS and EGPC with respect to the South El Manzala development lease, pursuant to the El Manzala Concession Agreement;

(b) the letter of agreement for the sale of gas dated 6 June 2001 between Dana Gas Egypt and EGPC with respect to El Wastani and East El Wastani Development Leases, pursuant to the El Manzala Concession Agreement;

(c) the gas sales agreement dated 10 September 2005 between Dana Gas Egypt and EGPC with respect to El Wastani and East El Wastani Development Leases, pursuant to the El Manzala Concession Agreement;

(d) the gas sales agreement dated 18 July 2007 as amended from time to time between Dana Gas Egypt and EGAS with respect to Luzi Development Lease, pursuant to the West El Manzala Concession Agreement; and

(e) the gas sales agreement dated 14 July 2010 between Dana Gas Egypt and EGAS with respect to Sama Development Lease, pursuant to the West El Qantara Concession Agreement,

and any current or future amendments thereto as well as any future petroleum or gas sales agreement(s) entered into or to be entered by Dana Gas Egypt for the sale of petroleum and/or gas pursuant to the Concession Agreements.

"**Gas Sales Counterparty**" means the relevant counterparty under a Gas Sales Agreement.

"**Security Provider**" means each person granting Security in favour of a Security Agent pursuant to a Security Document and for the avoidance of doubt, includes without limitation, the Obligor, SajGas, and Dana Gas Egypt.

"**Short Form Mortgage**" means the short form agreement relating to the UAE Mortgage dated on or about the date of the UAE Mortgage, such agreement to be registered with the Sharjah Lands Department.

The Shared Security shall consist of the following:

(a) a first ranking pledge in respect of 100 per cent. of the registered shares in Dana LNG Ventures (the "**Security Agreement**");

(b) a first ranking pledge in respect of 99.99 per cent. of the share capital of SajGas (the "**SajGas Share Pledge**");

(c) a first ranking pledge in respect of 99.99 per cent. of the share capital of UGTC (the "**UGTC Share Pledge**" and, together with the SajGas Share Pledge, the "**UAE Share Pledges**");

(d) a first ranking mortgage over a plot of land in Sharjah (the "**Sajaa Land**") owned by SajGas (the "**UAE Mortgage**");

(e) a first ranking pledge in respect of 66 per cent. of the share capital of Danagaz W.L.L. (the "**Bahrain Share Pledge**"); and

(f) a conditional assignment of all present and future receivables owing to Dana Gas Egypt under certain gas sale agreements between Dana Gas Egypt and the relevant counterparty under the gas sale agreement (the "**Egyptian Assignment Agreement**"),

in the case of paragraphs (a) to (e) above, in favour of the Principal Security Agent, and in the case of paragraph (f) above, in favour of the Egyptian Security Agent.

For further details of the undertakings provided by Dana Gas has in relation to the Shared Security, please see paragraph (h) (*Security*) under "*– Purchase Undertaking*" above.

There are certain risks relating to the registration, enforcement and realisation of the Shared Security – see "*Risk Factors – Risks Relating to the Shared Security*".

Security Agency Agreement

On 31 October 2007, Dana Gas, the Trustee and HSBC Trustee (C.I.) Limited entered into a security agency agreement (the "**Original Security Agency Agreement**"). On the Closing Date, the Original Security Agency Agreement will be amended and restated (such amended and restated security agency agreement being the "**Security Agency Agreement**").

The Security Agency Agreement will be entered into on the Closing Date between, among others, the Trustee and the Security Agents and will be governed by English law. Pursuant to the Security Agency Agreement, each Security Agent shall hold the benefit of the security constituted by the Security Documents for the benefit of the Trustee, and such rights of the Trustee shall constitute part of the Trust Assets held on behalf of the Certificateholders.

SUMMARY OF THE ALLOCATION ARRANGEMENTS

The Allocation Arrangements will regulate, amongst other things, the Certificateholders' rights in respect of (i) the giving of consents and waivers in respect of, and the making of amendments to, the Transaction Documents and the Conditions; (ii) acceleration of the Certificates following the occurrence of a Dissolution Event; (iii) taking enforcement action in respect of the Shared Security; and (iv) the distribution of any proceeds of the Trust Assets and the Shared Security. The Allocation Arrangements are set out in schedule 5 to the Declaration of Trust and will prevail in the event of any inconsistency between the Allocation Arrangements, the Conditions and the Transaction Documents.

Modifications, Waivers, Authorisations and Determinations

Pursuant to the Allocation Arrangements, the Delegate (on behalf of the Trustee) may (without any consent or sanction of the Certificateholders) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Transaction Documents, or determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, if in any such case the modification, waiver, authorisation or determination does not relate to an Exchangeable Entrenched Right or an Ordinary Entrenched Right and, in the opinion of the Delegate (i) such modification is of a formal, minor or technical nature; or (ii) such modification is made to correct a manifest error; or (iii) such modification, waiver, authorisation or determination is not materially prejudicial to the interests of either the Exchangeable Certificateholders or, as the case may be, the Ordinary Certificateholders; or (iv) subject to the below, such modification is required to give effect to a matter approved by an Extraordinary Resolution of the Exchangeable Certificateholders and/or the Ordinary Certificateholders, as the case may be.

If a modification, waiver, authorisation or determination proposed or requested in respect of the Exchangeable Conditions, the Ordinary Conditions or the Transaction Documents relates to (i) an Exchangeable Entrenched Right, (ii) an Ordinary Entrenched Right or (iii) both an Exchangeable Entrenched Right and an Ordinary Entrenched Right, the Delegate will only agree to such modification, waiver or authorisation or make such determination if directed to do so by (i) an Extraordinary Resolution of the Exchangeable Certificateholders, (ii) an Extraordinary Resolution of the Ordinary Certificateholders or (iii) an Extraordinary Resolution of each of the Exchangeable Certificateholders and the Ordinary Certificateholders, as the case may be, and is indemnified and/or secured and/or prefunded to its satisfaction.

No waiver granted by the Delegate or the Exchangeable Certificateholders of a Dissolution Event in respect of the Exchangeable Certificates shall affect the rights of the Ordinary Certificateholders and no waiver granted by the Delegate or the Ordinary Certificateholders of a Dissolution Event in respect of the Ordinary Certificates shall affect the rights of the Exchangeable Certificateholders, in each case, in respect of such event.

For the purposes of the foregoing:

"**Exchangeable Entrenched Right**" means:

(a) any proposal in respect of the Exchangeable Certificates:

(i) to change any date fixed for payment of a Periodic Distribution Amount in respect of the Exchangeable Certificates, to reduce the face amount or Periodic Distribution Amount payable on any date in respect of the Exchangeable Certificates (except as may be provided in the Exchangeable Conditions or the Transaction Documents) or to alter the method of calculating the amount of any payment in respect of the Exchangeable Certificates on redemption or maturity, except where such alteration is in the opinion of the Delegate bound to result in an increase in the amount of such payment;

(ii) to change the Scheduled Redemption Date in respect of the Exchangeable Certificates;

(iii) to effect the exchange, conversion or substitution of the Exchangeable Certificates for, or exchange the Exchangeable Certificates into, shares, certificates or other securities of the Trustee or any other person or body corporate formed or to be formed (other than as permitted under the Exchangeable Conditions);

(iv) to change the currency in which amounts due in respect of the Exchangeable Certificates are payable;

(v) to change the Nominal Exchange Price or the Effective Exchange Price other than in accordance with Condition 6.17(b) of the Exchangeable Conditions;

(vi) to change the adjustment provisions set out in Condition 6.17(b) of the Exchangeable Conditions;

(vii) to change the quorum required at any meeting of Exchangeable Certificateholders or the majority required to pass an Extraordinary Resolution; or

(viii) to amend this definition of Exchangeable Entrenched Rights; and

(b) any proposal:

(i) to amend the covenant given by the Trustee in Clause 7.9 (*Application of Proceeds from Trust Assets*) of the Declaration of Trust or Condition 4.2 (*Application of Proceeds from Trust Assets*) of either the Exchangeable Conditions or the Ordinary Conditions;

(ii) to amend the Allocation Arrangements;

(iii) to increase any amounts payable on any Periodic Distribution Date or on redemption or maturity in respect of the Ordinary Certificates;

(iv) to change the Scheduled Redemption Date in respect of the Ordinary Certificates if, as a result of such change, the Scheduled Redemption Date in respect of the Ordinary Certificates would be before the Scheduled Redemption Date in respect of the Exchangeable Certificates; or

(v) in respect of the Exchangeable Certificates, the Ordinary Certificates or the Transaction Documents which, in the opinion of the Delegate, is or may be materially prejudicial to the interests of the Exchangeable Certificateholders, in which respect the Delegate may (without limitation to its right to rely on legal, financial and other expert advice) rely without liability on, *inter alia*, any representation of any Exchangeable Certificateholder as to whether any proposal is or may be materially prejudicial to its interests.

"**Ordinary Entrenched Rights**" means:

(a) any proposal in respect of the Ordinary Certificates:

(i) to change any date fixed for payment of a Periodic Distribution Amount in respect of the Ordinary Certificates, to reduce the face amount or Periodic Distribution Amount payable on any date in respect of the Ordinary Certificates (except as may be provided in the Ordinary Conditions or the Transaction Documents) or to alter the method of calculating the amount of any payment in respect of the Ordinary Certificates on redemption or maturity, except where such alteration is in the opinion of the Delegate bound to result in an increase in the amount of such payment;

(ii) to change the Scheduled Redemption Date in respect of the Ordinary Certificates;

(iii) to effect the exchange, conversion or substitution of the Ordinary Certificates for, or exchange the Ordinary Certificates into, shares, certificates or other securities of the Trustee or any other person or body corporate formed or to be formed;

(iv) to change the currency in which amounts due in respect of the Ordinary Certificates are payable;

(v) to change the quorum required at any meeting of Ordinary Certificateholders or the majority required to pass an Extraordinary Resolution; or

(vi) to amend this definition of Ordinary Entrenched Rights; and

(b) any proposal:

(i) to amend the covenant given by the Trustee in Clause 7.9 (Application of Proceeds from Trust Assets) of the Declaration of Trust or Condition 4.2 (Application of Proceeds from Trust Assets) of either the Exchangeable Conditions or the Ordinary Conditions;

(ii) to amend the Allocation Arrangements;

(iii) to increase any amounts payable on any Periodic Distribution Date or on redemption or maturity in respect of the Exchangeable Certificates;

(iv) to change the Scheduled Redemption Date in respect of the Exchangeable Certificates if as a result of such change, the Scheduled Redemption Date in respect of the Exchangeable Certificates would be before the Scheduled Redemption Date in respect of the Ordinary Certificates; or

(v) in respect of the Exchangeable Certificates, the Ordinary Certificates or the Transaction Documents which, in the opinion of the Delegate, is or may be materially prejudicial to the interests of the Ordinary Certificateholders, in which respect the Delegate may (without limitation to its right to rely on legal, financial and other expert advice) rely without liability on, *inter alia*, any representation of any Ordinary Certificateholder as to whether any proposal is or may be materially prejudicial to its interests;

Dissolution Events

Following the occurrence of a Dissolution Event in respect of the Exchangeable Certificates, the Exchangeable Certificateholders will be entitled to instruct the Trustee/Delegate (by way of an Extraordinary Resolution of the Exchangeable Certificateholders or a written direction by the holders of at least 25 per cent. in aggregate face amount of the Exchangeable Certificates then outstanding) to (i) declare the Exchangeable Certificates immediately due and payable in accordance with the Conditions and (ii) direct the Trustee to serve an Exercise Notice on Dana Gas in accordance with the terms of the Purchase Undertaking to enforce its obligations as obligor thereunder, without the consent of the Ordinary Certificateholders.

Following the occurrence of a Dissolution Event in respect of the Ordinary Certificates, the Ordinary Certificateholders will be entitled to instruct the Trustee/Delegate (by way of an Extraordinary Resolution of the Ordinary Certificateholders or a written direction by the holders of at least 25 per cent. in aggregate face amount of the Ordinary Certificates then outstanding) to (i) declare the Ordinary Certificates immediately due and payable in accordance with the Conditions and (ii) direct the Trustee to serve an Exercise Notice on Dana Gas in accordance with the terms of the Purchase Undertaking to enforce its obligations as obligor thereunder, without the consent of the Exchangeable Certificateholders.

The service of an Exercise Notice in respect of the Exchangeable Certificates and/or the Ordinary Certificates is referred to as an "**Acceleration**".

Enforcement of Shared Security

Immediately upon an Acceleration, the Delegate shall give notice of such Acceleration to all Certificateholders and, if requested by:

(a) the holders of at least 25 per cent. in aggregate face amount outstanding of the Exchangeable Certificates and the holders of at least 25 per cent. in aggregate face amount outstanding of the Ordinary Certificates; or

(b) the holders of at least 50 per cent. in aggregate face amount outstanding of the Exchangeable Certificates; or

(c) the holders of at least 50 per cent. in aggregate face amount outstanding of the Ordinary Certificates,

the Delegate will instruct the Security Agents to take such action as they may consider necessary to enforce the Shared Security. Any instructions given by the Delegate on behalf of Certificateholders shall be binding on all Certificateholders and the Trustee. In the absence of any instructions from the Delegate, each Security Agent may act (or refrain from taking action) as it considers to be in the best interests of the Certificateholders in its absolute discretion, provided that no Security Agent shall be bound to act unless it is so instructed and is indemnified and/or secured and/or prefunded to its satisfaction.

The Allocation Arrangements will provide that, if Dana Gas receives or recovers any sum in connection with the enforcement of the Shared Security which should, pursuant to the relevant Security Document, have been paid to a Security Agent, that sum shall be held on trust for the relevant Security Agent or, if such trust cannot be effected, Dana Gas shall immediately pay an amount equal to that receipt or recovery to the relevant Security Agent to be held on trust by the relevant Security Agent in accordance with the Security Agency Agreement and the Declaration of Trust. Any sums realised or recovered in connection with the enforcement of the Shared Security shall be paid immediately into the Transaction Account.

Application of Proceeds Post-Enforcement

The Allocation Arrangements will provide that upon the occurrence of a Dissolution Event in respect of the Exchangeable Certificates or the Ordinary Certificates, the Delegate shall apply the amounts standing to the credit of the Transaction Account, any proceeds of enforcement of the Shared Security and any other proceeds from the Trust Assets, in the following order of priority:

(a) *first*, to discharge any sums owed to the Delegate, any Appointee and the Security Agents in connection with any of the Transaction Documents, the Exchangeable Conditions or the Ordinary Conditions on a *pro rata* and *pari passu* basis;

(b) *second*, in payment of all costs, expenses and Liabilities incurred by the Delegate or the Security Agents in connection with any realisation or enforcement of the Shared Security taken by it in accordance with the Allocation Arrangements and the terms of the Security Documents and the Declaration of Trust on a *pro rata* and *pari passu* basis;

(c) *third*, to discharge any sums owed to the Agents and the Trustee in connection with any of the Transaction Documents, the Exchangeable Conditions or the Ordinary Conditions on a *pro rata* and *pari passu* basis;

(d) *fourth*, in payment of all costs, expenses and Liabilities incurred by the Trustee (as trustee of the Trust) in connection with any realisation or enforcement of the Shared Security taken by it in accordance with the Allocation Arrangements and the terms of the Security Documents and the Declaration of Trust;

(e) *fifth*, in payment to the Principal Paying and Exchange Agent for application in or towards payment of all amounts due to Certificateholders in respect of the Certificates on a *pro rata* and *pari passu* basis;

(f) *sixth*, in payment to any person to whom the Delegate or the Security Agents are obliged to pay in priority to Dana Gas; and

(g) *seventh*, in payment of the balance, if any, to Dana Gas.

The Allocation Arrangements will specify that if any party receives payment of an amount from the proceeds of the liquidation of the Trust Assets or from enforcement of the Shared Security other than in accordance with the priority of payments set out in the Allocation Arrangements, such party will be required to repay such amounts to the Delegate for application in accordance with such priority of payments.

Upon an Acceleration, any Shares held in the Custody Account will not be delivered to the relevant Exercising Certificateholder, but will instead be liquidated by the Local Agent. The proceeds of any such liquidation will be aggregated together with the proceeds of the Trust Assets and the proceeds of the enforcement of the Shared Security, and will be applied in accordance with the priority of payments referred to above.

TAXATION

The following is a general description of certain tax considerations relating to the Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Certificates. Prospective holders of Certificates should consult their tax advisers as to the consequences under the tax laws of the country of which they could be resident for any tax purposes and the tax laws of the UAE relating to acquiring, holding and disposing of Certificates and receiving payments of Relevant Redemption Amounts, Periodic Distribution Amounts and/or other amounts under the Certificates. Prospective holders of the Exchangeable Certificates are advised to consult their own tax advisers as to the possible overall tax consequences of the acquisition, delivery, holding and/or disposal of any Shares and of the redemption of the Exchangeable Certificates in exchange for Shares.

This summary is based upon laws, decrees, rulings, administrative practice and judicial decisions as in effect on the date of these Listing Particulars and is subject to any change in law that may take effect after such date and which could have retroactive effect.

U.S. Taxation

TO COMPLY WITH INTERNAL REVENUE SERVICE CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THESE LISTING PARTICULARS IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY PROSPECTIVE INVESTORS, FOR THE PURPOSES OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING BY DANA GAS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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The following discussion is a summary of material U.S. federal income tax consequences of the ownership and disposition of the Certificates and, upon an exchange of the Exchangeable Certificates, the Shares by a U.S. Holder (as defined below) who acquires the Certificates at the time of their original issuance, but does not purport to be a complete analysis of all potential tax effects. This summary is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the IRS have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of ownership or disposition of the Certificates and, upon an exchange of the Exchangeable Certificates, the Shares or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances or to holders subject to special treatment under the U.S. federal income tax laws, such as financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax-exempt organisations, regulated investment companies, real estate investment trusts, partnerships or other pass through entities (or investors in such entities), persons liable for alternative minimum tax and persons holding the Certificates or, upon an exchange of the Exchangeable Certificates, the Shares as part of a "straddle", "hedge", "conversion transaction" or other integrated transaction. Unless otherwise noted, the discussion assumes that Dana Gas is not, and is not expected to be in the future, a "passive foreign investment company" (a "PFIC") for U.S. federal income tax purposes.

For purposes of this discussion, a "**U.S. Holder**" is a beneficial owner of a Certificate or, upon an exchange of the Exchangeable Certificates, a Share that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity taxable as a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia; (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person. If any entity treated as a partnership for U.S. federal income tax purposes

holds the Certificates or the Shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A holder that is a partnership, and partners in such partnerships, should consult their tax advisers regarding the tax consequences of the ownership and disposition of the Shares and the Certificates.

Prospective purchasers of the Certificates should consult their tax advisers concerning the tax consequences of holding the Certificates and the Shares in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of U.S. federal estate and gift tax laws and state, local, foreign or other tax laws.

Classification of the Certificates

The determination of whether an obligation or other security represents debt, equity or some other instrument or interest for U.S. federal income tax purposes is based on all the relevant facts and circumstances. It is not clear whether the Certificates should be treated as debt or equity, and if it is debt, whether it is debt of Dana Gas or debt of the Trustee. Other alternative characterisations may also be possible. For example, the arrangement under which the Trustee issues the Certificates could be treated as a grantor trust for U.S. federal income tax purposes and the Certificates could be treated as interests in a grantor trust. Unless as otherwise indicated, this disclosure assumes the Certificates will be treated as representing the debt of Dana Gas. However, the analysis is subject to significant ambiguity and the IRS may apply a different treatment. No ruling will be sought from the IRS regarding this or any other aspect of the tax treatment of the Certificates. If the Certificates were not treated as debt of Dana Gas, U.S. Holders will likely be subject to tax consequences that are materially different from the consequences described below. For example, if the Certificates are treated as interest in a grantor trust, U.S. Holders would be subject to certain information reporting applicable to foreign trusts and U.S. Holders that fail to comply with these information reporting requirements in a timely manner could be subject to significant penalties. See "*Information Reporting and Backup Withholding – Tax Filing Obligations*" below.

U.S. Holders are strongly urged to consult their tax advisers regarding the characterisation of the Certificates for U.S. federal income tax purposes.

Treatment of the Certificates

Taxation of Periodic Distribution Amounts and Additional Amounts

Payments of Periodic Distribution Amounts in respect of the Certificates (including any non-U.S. tax withheld on such payments and any additional amounts as described under "*Terms and Conditions of the Ordinary Certificates – Taxation*" and "*Terms and Conditions of the Exchangeable Certificates – Taxation*") generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes.

Original Issue Discount

The Certificates may be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. In such event, U.S. Holders will be subject to special rules relating to the accrual of income for tax purposes. U.S. Holders of Certificates issued with OID generally must include OID in gross income (as ordinary income) for U.S. federal income tax purposes on an annual basis under a constant yield accrual method, regardless of their regular method of tax accounting. As a result, U.S. Holders of Certificates issued with OID will generally include OID in income in advance of the receipt of cash attributable to such income.

The Certificates will be treated as issued with OID if the stated face amount of the Certificates exceeds their issue price (described below) by an amount equal to or greater than a statutorily defined *de minimis* amount (0.0025 of the stated face amount multiplied by the number of complete years to maturity from the "issue date"). The issue price of the Certificates will generally depend on whether the Certificates, when they are issued, are "publicly traded" within the meaning of the applicable U.S. Treasury Regulations. So long as there is any sale price or a firm or indicative quote available during a 31-day period ending 15 days after the issue date, the Certificates will be treated as publicly traded within the meaning of the applicable U.S. Treasury Regulations, and the issue price of the Certificates will be based on their fair market value.

In the event that the Certificates are issued with OID, the amount of OID includible in income by an initial U.S. Holder is the sum of the "daily portions" of OID with respect to the Certificate for each day during the taxable year or portion thereof on which such U.S. Holder holds such Certificate ("accrued OID"). A daily

portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID that accrued in such period. The "accrual period" of a Certificate may be of any length up to one year and may vary in length over the term of the Certificate, provided that each scheduled payment of Redemption Amount or Periodic Distribution Amount occurs either on the first or last day of an accrual period. The amount of OID that accrues with respect to any accrual period is the excess of (i) the product of the Certificate's "adjusted issue price" at the beginning of such accrual period and its yield to maturity, determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of such period, over (ii) the amount of Periodic Distribution Amount allocable to such accrual period. The adjusted issue price of a Certificate at the start of any accrual period is generally equal to its issue price, increased by the accrued OID for each prior accrual period.

If a U.S. Holder has an acquisition premium (i.e., if such holder's adjusted tax basis is higher than the issue price but lower than the face amount of the Certificate immediately after the acquisition), such holder may reduce the accrual of OID on the Certificate. If a U.S. Holder has a bond premium (i.e., if such holder's adjusted tax basis is higher than the face amount of the Certificate immediately after the acquisition), such holder will not be required to accrue any OID, and may be able to amortise such premium over the term of the Certificate, subject to certain limitations.

A U.S. Holder may be treated as having market discount on the Certificate to the extent the adjusted tax basis in the Certificates is less than their issue price after the acquisition by more than a *de minimis* amount. A U.S. Holder may elect to accrue such market discount currently; otherwise, any gain attributable to accrued market discount may be treated as ordinary income when recognised.

Foreign Tax Credit

Periodic Distribution Amounts and OID, if any, on a Certificate generally will constitute foreign source income and be considered "passive category income" or, in the case of certain U.S. Holders, "general category income" in computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws. Any non-U.S. withholding tax paid by or on behalf of a U.S. Holder at a rate applicable to such holder may be eligible for foreign tax credits (or, at such holder's election, a deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations. The calculation of foreign tax credits involves the application of complex rules that depend on a U.S. Holder's particular circumstances. U.S. Holders should consult their tax advisers regarding the availability of foreign tax credits.

Sale, Redemption, Retirement or other Taxable Disposition

Generally, upon the sale, redemption, retirement or other taxable disposition of a Certificate, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the disposition (less any amount attributable to accrued but unpaid Periodic Distribution Amounts not previously included in income, which will be taxable as described above) and such U.S. Holder's adjusted tax basis in the Certificate.

A U.S. Holder's tax basis in a Certificate will generally be such holder's initial tax basis in the Certificates and increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Certificates, and decreased by any amortised bond premium.

Gain or loss recognised upon the sale, redemption, retirement or other taxable disposition of a Certificate (i) generally will be U.S. source gain or loss and (ii) generally will be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, redemption, retirement or other disposition such U.S. Holder's holding period for U.S. federal income tax purposes with respect to the Certificate was more than one year, except to the extent of any market discount carried over to the Certificate and any accrued market discount accrued on the Certificate. Long-term capital gain realised by a non-corporate U.S. Holder will generally be subject to taxation at a reduced rate. The deductibility of capital losses is subject to limitation.

Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale, redemption or other taxable disposition of the Certificates.

Exchange of the Exchangeable Certificates

As discussed above, this summary assumes that the Exchangeable Certificates are treated as the debt of Dana Gas. If the Exchangeable Certificates are not so treated, the exchange of the Exchangeable Certificates for Shares may be fully taxable and a U.S. Holder may recognise gain or loss in an amount equal to the difference

between the fair market value of the Shares received upon such exchange and the adjusted tax basis in the Exchangeable Certificates.

If a U.S. Holder receives solely Shares upon exchange of the Exchangeable Certificates, such exchange should be tax-free and the holder should generally not recognise any gain or loss except with respect to cash received in lieu of any fractional shares or amounts received for accrued but unpaid Periodic Distribution Amounts. The amount of gain or loss the U.S. Holder recognises on the receipt of cash in lieu of fractional shares will be equal to the difference between the amount of cash U.S. Holder receives in respect of the fractional share and the portion of U.S. Holder's adjusted tax basis in the Exchangeable Certificates that is allocable to the fractional share. The tax basis of Shares received upon a conversion (other than Shares attributable to Periodic Distribution Amounts, the tax basis of which will equal their fair market value) will equal the adjusted tax basis of the Exchangeable Certificate that was converted (excluding the portion of the tax basis that is allocable to any fractional shares). The U.S. Holder's holding period for the Shares will include the U.S. Holder's holding period for U.S. federal income tax purposes with respect to the Exchangeable Certificates, except that the holding period of any Shares received with respect to accrued but unpaid Periodic Distribution Amounts will commence on the day after the date of receipt.

If a U.S. Holder receives a combination of Shares and cash upon exchange of an Exchangeable Certificate, the U.S. federal income tax consequences of such exchange may depend on whether the Exchangeable Certificates are treated as "securities" for U.S. federal income tax purposes. It is not clear whether Exchangeable Certificates constitute securities. An instrument is a "security" for these purposes if, based on all the facts and circumstances, the instrument constitutes a meaningful investment in the issuer of the instrument. Although there are a number of factors that may affect the determination of whether a debt instrument is a "security", one of the most important factors is the original term of the instrument, or the length of time between the issuance of the instrument and its maturity. In general, instruments with an original term of more than ten years are likely to be treated as "securities", and instruments with an original term of less than five years (as is the case with the Certificates) are less likely to be treated as "securities". In addition, the convertibility of a debt instrument into stock of the issuer may argue in favor of "security" treatment because of the holder's possible equity participation in the issuer. U.S. Holders are encouraged to consult their own tax advisers regarding that determination. If the Exchangeable Certificates are treated as securities, the exchange of the Exchangeable Certificates for a combination of Shares and cash will be treated as a recapitalisation. In such case, no loss will be recognised but, gain will be recognised equal to the lesser of the amount of gain (i.e., the excess of the fair market value of the Shares and cash received (other than amounts attributable to accrued but unpaid Periodic Distribution Amounts, which will be treated as described above) over a U.S. Holder's adjusted tax basis in the Exchangeable Certificate) and the amount of cash received (other than cash received in lieu of a fractional share or cash attributable to accrued but unpaid Periodic Distribution Amounts). Any such gain may be ordinary income to the extent of any market discount accrued (or deemed accrued) on the Exchangeable Certificate. The amount of gain or loss recognised on the receipt of cash in lieu of a fractional share will be equal to the difference between the amount of cash a U.S. Holder receives in respect of the fractional share and the portion of such U.S. Holder's adjusted tax basis in the Exchangeable Certificate that is allocable to the fractional share.

Assuming the Exchangeable Certificate constitutes a security, the tax basis of the Shares received upon an exchange (including any fractional share deemed to be received but excluding any Shares attributable to accrued Periodic Distribution Amounts, the tax basis of which will equal their fair market value) will generally equal the adjusted tax basis of the Exchangeable Certificate that was exchanged reduced by the amount of any cash received (other than any cash received in lieu of a fractional share or any cash attributable to accrued but unpaid Periodic Distribution Amounts), and increased by the amount of gain, if any, recognised (other than with respect to any fractional share). Any accrued market discount on the Exchangeable Certificates (including any accrued market discount that is otherwise attributed to the Exchangeable Certificates) that has not been recognised may carry over to the Shares and be recognised when the Shares are sold at a gain. A U.S. Holder's holding period for Shares will include the U.S. Holder's holding period for U.S. federal income tax purposes with respect to the Exchangeable Certificates except that the holding period of any Shares received with respect to accrued but unpaid Periodic Distribution Amounts will commence on the day after the date of receipt.

Alternative characterisations may be possible that could affect the amount, timing and character of income realised by a U.S. Holder upon the exchange for a combination of Shares and cash. Such characterisation might include treatment as in part an exchange of a portion of the Exchangeable Certificates for cash and in part as an exchange of the remainder of the Exchangeable Certificates for Shares, or treatment as a fully taxable transaction not subject to the recapitalisation rules. Holders should consult their tax advisers regarding the tax treatment of

the receipt of cash and Shares in exchange for Exchangeable Certificates upon exchange and the ownership of the Shares.

If a U.S. Holder receives solely cash upon exchange of its Exchangeable Certificates, such holder's gain or loss will be determined in the same manner as if such holder disposed of the Exchangeable Certificates in a taxable disposition (as described above under "*Sale, Redemption, Retirement or Other Taxable Disposition*").

Constructive Distributions on the Exchangeable Certificates

The Effective Exchange Price and the Nominal Exchange Price of the Exchangeable Certificates will be adjusted in certain circumstances. Under Section 305(c) of the Code, adjustments (or failures to make adjustments) that have the effect of increasing a U.S. Holder's proportionate interest in Dana Gas's assets or earnings may in some circumstances result in a deemed distribution to a U.S. Holder. Adjustments to the Effective Exchange Price or the Nominal Exchange Price made pursuant to a *bona fide*, reasonable adjustment formula that has the effect of preventing dilution of the interests of the holders of the Exchangeable Certificates, however, will generally not be considered to result in a deemed distribution to a U.S. Holder. Certain of the possible adjustments to the Effective Exchange Price and the Nominal Exchange Price provided in the Exchangeable Certificates (including, without limitation, adjustments in respect of taxable dividends to holders of the Shares) may not qualify as being pursuant to a *bona fide*, reasonable adjustment formula. If such adjustments are made, a U.S. Holder will be deemed to have received a distribution even though such holder has not received any cash or property as a result of such adjustments. Any deemed distributions will generally be taxable as a dividend and, to the extent such deemed distribution is treated as a dividend, a U.S. Holder's tax basis in an Exchangeable Certificate will generally be increased. It is not clear whether a constructive dividend deemed paid to a U.S. Holder would be eligible for the preferential rates of U.S. federal income tax applicable in respect of certain dividends.

Tax Treatment of the Shares

Dividends

The amount of dividends paid to a U.S. Holder with respect to the Shares generally will be included in the U.S. Holder's gross income as ordinary income from foreign sources to the extent paid out of Dana Gas's current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Distributions in excess of earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's adjusted tax basis in the Shares and thereafter as capital gain. However, Dana Gas does not intend to calculate its earnings and profits under U.S. federal income tax principles. Therefore, U.S. Holders should expect that a distribution will generally be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. It is expected that such dividends will not be treated as "qualified dividend income" eligible for the lower capital gains tax rate with respect to non-corporate U.S. Holders. The dividends will not be eligible for the dividends received deduction available to corporations in respect of dividends received from other U.S. corporations.

The amount of any dividend paid in AED that will be included in the gross income of a U.S. Holder will be the U.S. dollar value of the dividend payment based on the exchange rate in effect on the date such distribution is included in such holder's income, whether or not the payment is converted into U.S. dollars at that time. A U.S. Holder's tax basis in AED received will equal such U.S. dollar amount. Gain or loss, if any, recognised on a subsequent sale or conversion of the AED will generally be U.S. source ordinary income or loss.

Dividends paid by Dana Gas generally will constitute "passive category income" or, in the case of certain holders, "general category income" for purposes of the foreign tax credit. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit on the Shares.

Sale or Other Disposition of the Shares

A U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes on the sale or other taxable disposition of Shares equal to the difference, if any, between the amount of cash received and the U.S. Holder's adjusted tax basis in the Shares, except that any gain may be treated as ordinary income to the extent of any accrued market discount on the Exchangeable Certificates (including any accrued market discount that is otherwise attributed to the Exchangeable Certificate) that has been carried over to the Shares. In general, capital gains recognised by a non-corporate U.S. Holder, including an individual, are subject to a lower rate under current law if such U.S. Holder's holding period for U.S. federal income tax purposes with respect to the

Shares was for more than one year. The deductibility of capital losses is subject to limitations. Any such gain or loss generally will be treated as U.S. source income or loss for purposes of the foreign tax credit.

If a U.S. Holder is a cash-basis taxpayer and receives foreign currency in connection with a sale or other taxable disposition of the Shares, the amount realised will be based on the U.S. dollar value of the foreign currency received with respect to such Shares as determined on the settlement date of such disposition so long as the Shares are treated as traded on an established securities market. If a U.S. Holder is an accrual-basis taxpayer, such U.S. Holder may elect the same treatment required of cash-basis taxpayers with respect to a disposition of Shares, provided the election is applied consistently from year to year. The election may not be changed without the consent of the IRS. If a U.S. Holder receives foreign currency upon a sale or other taxable disposition of Shares, such U.S. Holder may recognise foreign currency gain or loss for U.S. federal income tax purposes upon a sale or other taxable disposition of such foreign currency. Any such currency gain or loss would be in addition to the gain or loss, if any, that such U.S. Holder recognises on the disposition of Shares and generally would be ordinary U.S. source gain or loss.

Passive Foreign Investment Company

Based on Dana Gas's historic and expected operations, composition of assets and market capitalisation (which will fluctuate from time to time), Dana Gas does not expect that it will be classified as a passive foreign investment company (a "**PFIC**") for the current taxable year ending 31 December 2013 or for the foreseeable future. However, the determination of whether Dana Gas is a PFIC is made annually at the end of the year. Therefore, it is possible that Dana Gas could be classified as a PFIC for the current year or in the future due to changes in the composition of Dana Gas's assets or income, as well as changes in Dana Gas's market capitalisation. In general, a non-U.S. corporation will be classified as a PFIC for any taxable year if at least (i) 75 per cent. of its gross income is classified as "passive income" or (ii) 50 per cent. of its assets (determined on the basis of a quarterly average) produce or are held for the production of passive income. For these purposes, cash is considered a passive asset. In making this determination, the non-U.S. corporation is treated as earning its proportionate share of any income and owning its proportionate share of any assets of any corporation in which it holds a 25 per cent. or greater interest. Under the PFIC rules, if Dana Gas is considered a PFIC at any time during a U.S. Holder's holding period for U.S. federal income tax purposes with respect to the Exchangeable Certificates or Shares, Dana Gas would continue to be treated as a PFIC with respect to such holder's investment unless (i) Dana Gas ceases to be a PFIC and (ii) the U.S. Holder has made a "deemed sale" election under the PFIC rules.

If Dana Gas is considered a PFIC at any time during a U.S. Holder's holding period for U.S. federal income tax purposes with respect to the Exchangeable Certificates or Shares, any gain recognised by the U.S. Holder on a sale or other disposition of the Exchangeable Certificates or Shares would be allocated ratably over the U.S. Holder's holding period for the Exchangeable Certificates or the Shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before Dana Gas became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed. Further, to the extent that any distribution received by a U.S. Holder on such Exchangeable Certificates or Shares constitutes "excess distribution", that distribution would be subject to taxation in the same manner as gain on the sale or other disposition of the Exchangeable Certificates or Shares if Dana Gas were a PFIC, described above. Other special rules may also apply with respect to the timing and characterisation of income and gain realised with respect to the Exchangeable Certificates or Shares. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment). If Dana Gas is treated as a PFIC with respect to a U.S. Holder for any taxable year, the U.S. Holder will be deemed to own shares in any of Dana Gas's subsidiaries that are also PFICs. However, an election for mark-to-market treatment would likely not be available with respect to any such subsidiaries. If Dana Gas is considered a PFIC, a U.S. Holder will also be subject to annual information reporting requirements. U.S. Holders should consult their own tax advisers about the potential application of the PFIC rules to an investment in the Shares.

Information Reporting and Backup Withholding

Certain information reporting requirements with respect to foreign financial assets

Certain U.S. Holders who are individuals are required to file IRS Form 8938 (Statement of Foreign Financial Assets) to report information relating to an interest in the Certificates and the Shares, subject to certain exceptions (including an exception for the Certificates and the Shares held in accounts maintained by certain financial institutions). Under certain circumstances, an entity may be treated as an individual for purposes of the

foregoing rules. U.S. Holders should consult their tax advisers regarding the effect, if any, of this legislation on their ownership and disposition of the Certificates and the Shares. Penalties may apply for failure to properly complete and file IRS Form 8938.

Backup withholding and related information reporting requirements

In general, (i) payments of Periodic Distribution Amounts, including accruals of OID, if any, and the proceeds from sales or other dispositions (including retirements or redemptions) of the Certificates held by a U.S. Holder, and (ii) dividend payments with respect to the Shares and proceeds from the sale, exchange or redemption of the Shares held by a U.S. Holder may be required to be reported to the IRS unless the U.S. Holder is an exempt recipient and, when required, demonstrates this fact. In addition, a U.S. Holder that is not an exempt recipient may be subject to backup withholding unless it provides a taxpayer identification number and otherwise complies with applicable certification requirements.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the appropriate information is timely furnished to the IRS.

Tax filing obligations

As discussed above under "*Overview – Classification of the Certificates*", the IRS may seek to characterise the Certificates as interests in a grantor trust for U.S. federal income tax purposes. Under this characterisation, the Trustee and U.S. Holders would be subject to certain information reporting applicable to foreign trusts. U.S. Holders that fail to comply with these information reporting requirements in a timely manner could be subject to significant penalties, including a penalty of up to 35 per cent. of the amount paid for a Certificate and 35 per cent. of distributions received from the Trustee. Moreover, a U.S. Holder that fails to file the appropriate information return within 90 days after the date on which the IRS mails notice of such failure to the holder may be liable for a penalty (in addition to the penalty described in the preceding sentence) of U.S.$10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period. A U.S. Holder could also be liable for penalties equal to 5 per cent. of the gross value of the portion of the trust owned by a U.S. Holder at the close of the year, if the Trustee failed to file a U.S. annual information return and provide each U.S. Holder with a foreign grantor trust owner statement. Similar penalties would be applicable to the Trustee for failure to comply. The Trustee does not expect that it will provide information that would allow either itself or U.S. Holders to comply with foreign trust reporting obligations if they were determined to be applicable. U.S. Holders should consult their own tax advisers as to the potential application of the foreign trust reporting rules and the tax consequences generally with respect to an investment in the Certificates.

UAE Taxation

There is currently in force in many Emirates, such as in the Emirates of Sharjah, Abu Dhabi and Dubai legislation establishing a general corporate taxation regime (the Sharjah Income Tax Act of 1968 (as amended), the Abu Dhabi Income Tax Decree 1965 (as amended) and the Dubai Income Tax Decree 1969 (as amended)). The regime is however not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the United Arab Emirates. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE, Sharjah, Abu Dhabi or Dubai taxation in respect of payments of profit or principal on debt securities (including of Periodic Distribution Amounts and Relevant Redemption Amounts due under the Certificates).

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to raise taxes on a federal basis for the purpose of funding its budget. It is not known whether this right will be exercised in the future.

The UAE has entered into double taxation arrangements with a number of countries, but these are not extensive in number.

Jersey Taxation

The following summary of the anticipated tax treatment in Jersey of the Trustee is based on Jersey taxation law and practice in force at the date of this document and does not constitute legal or tax advice. Prospective

investors should consult their professional advisers on the potential tax, exchange control and other implications of subscribing for, buying, holding, selling, redeeming or disposing of Certificates under the laws of the jurisdictions in which they may be liable to taxation. Prospective investors should be aware that tax rules and practice and their interpretation may change.

The Trustee will fall to be assessed under Article 123C of the Income Tax (Jersey) Law, 1961 as amended (the "**1961 Law**"), as a Jersey resident company which is neither a "utility company" nor a "financial services company" and as such will be changed to Jersey income tax at a rate of 0 per cent. on its income (other than on receipts chargeable to tax under Schedule A of the 1961 Law, which relates broadly to income or profits derived from the ownership, disposal or development of land in Jersey).

As at the date of these Listing Particulars, Jersey has no capital gains tax and no inheritance tax or gift tax. No stamp duty or similar taxes are payable in Jersey in connection with the issue, redemption or sale of the Certificates.

Goods and Services Tax

A Jersey goods and services tax ("**GST**") applies at a standard rate of 5 per cent. on the majority of goods and services supplied in Jersey for local use or benefit. The Trustee will be treated as an International Services Entity status under the Goods and Services Tax (Jersey) Law 2007 (the "**GST Law**"). As an International Services Entity the Trustee will not be required to charge GST and in most situations will not be subject to a GST charge on goods and services provided to it.

EU Directive on the Taxation of Savings Income

On 3 June 2003, the EU Council of Economic and Finance Ministers adopted a directive on the taxation of savings income in the form of interest payments (the "**EU Savings Tax Directive**"). From 1 July 2005, each EU Member State is required to provide to the tax authorities of another EU Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to or for the benefit of an individual resident in that other EU Member State; however, Austria and Luxembourg will instead apply a withholding tax system for a transitional period in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

Jersey is not subject to the EU Savings Tax Directive. However, in keeping with Jersey's policy of constructive international engagement, the States of Jersey has introduced a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent situated in Jersey (the terms "beneficial owner" and "paying agent" are defined in the EU Savings Tax Directive). The retention tax system will apply for a transitional period prior to the implementation of a system of automatic communication to EU Member States of information regarding such payments. The transitional period will end only after all EU Member States apply automatic exchange of information and the EU Member States unanimously agree that the United States of America has committed to exchange of information upon request. During this transitional period, such an individual beneficial owner resident in an EU Member State will be entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident.

Under the implementation of the retention tax system in Jersey, the Trustee will not be obliged to levy retention tax in respect of Periodic Distribution Amounts payments made by it to a paying agent.

CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in or re-interpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (the "**Clearing Systems**") currently in effect. The information in this section concerning such Clearing Systems has been obtained from sources that the Trustee and Dana Gas believe to be reliable, but neither the Trustee nor Dana Gas takes any responsibility for the accuracy of this section. The Trustee and Dana Gas only take responsibility for the correct extraction and reproduction of the information in this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Trustee and Dana Gas and any other party to the Transaction Documents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Certificates held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Clearing systems

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Euroclear and Clearstream, Luxembourg customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either Clearing System.

Registration and form

Book-entry interests in the Unrestricted Certificates will be represented by Unrestricted Global Certificates and book-entry interests in the Restricted Certificates will be represented by Restricted Global Certificates, in each case, registered in the name of a common depositary or its nominee for Euroclear and Clearstream, Luxembourg. Beneficial ownership of book-entry interests in the Global Certificates will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg.

The aggregate holdings of book-entry interests in the relevant Global Certificate in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Euroclear or Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Global Certificate will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the relevant Global Certificate. The Registrar will be responsible for maintaining a record of the aggregate holdings of each Global Certificate registered in the name of a common depositary or its nominee for Euroclear and Clearstream, Luxembourg and/or, if Definitive Certificates are issued in the limited circumstances described under the Global Certificate, holders of Certificates represented by those Definitive Certificates. The Principal Paying and Exchange Agent will be responsible for ensuring that payments received by it from the Trustee for holders of book-entry interests in the Global Certificate holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be.

The Trustee will not impose any fees in respect of holding the Global Certificates; however, holders of book-entry interests in the Global Certificate may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear or Clearstream, Luxembourg.

Clearance and Settlement Procedures

Initial Settlement

Upon their original issue, the Certificates will be in global form represented by Unrestricted Global Certificates and Restricted Global Certificates. Interests in the Global Certificates will be in uncertified book-entry form. Book entry interests in the Global Certificate held through Euroclear and Clearstream, Luxembourg accounts

will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Global Certificates will be credited to Euroclear and Clearstream, Luxembourg participants' securities clearance accounts on the Closing Date against payment (for value on the Closing Date).

Secondary market trading

Because the purchaser determines the place of delivery, it is important to establish at the time of trading of any Certificates where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Trading between Euroclear and/or Clearstream, Luxembourg participants

Secondary market trading between Euroclear participants and/or Clearstream, Luxembourg participants will be settled using the procedures applicable to conventional Eurobonds in same-day funds. The laws of some jurisdictions, including certain states of the United States, may require that certain persons take physical delivery of securities in definitive form. The foregoing limitations may impair investors' ability to own, or transfer or pledge to such persons, interests in a Global Certificate.

Beneficial interests in the Global Certificates will be subject to certain restrictions on transfer set out therein and in the Agency Agreement, and such Global Certificates will bear the applicable legends regarding such restrictions set out under "*Transfer Restrictions*". A beneficial interest in an Unrestricted Global Certificate may be transferred to a person who takes delivery in the form of an interest in a Restricted Global Certificate only upon receipt by the relevant Registrar of a written certification (in the form provided in the Agency Agreement) to the effect that the transferor reasonably believes that the transferee is a person who is both a QIB and a QP or both an AI and a QP, that such transfer is made in reliance on Rule 144A or Regulation D under the Securities Act, as the case may be, and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in a Restricted Global Certificate may be transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate only upon receipt by the relevant Registrar of a written certification (in the form provided in the Agency Agreement) from the transferor to the effect that the transferee is or is reasonably believed to be located outside the United States and such transfer is being made to a non-U.S. person within the meaning of, and in accordance with, Regulation S.

Any beneficial interest in an Unrestricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Restricted Global Certificate will, upon transfer, cease to be an interest in the relevant Unrestricted Global Certificate and become an interest in the relevant Restricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Restricted Global Certificates for as long as it remains such an interest. Any beneficial interest in a Restricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate will, upon transfer, cease to be an interest in the relevant Restricted Global Certificate and become an interest in the relevant Unrestricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Unrestricted Global Certificates for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Certificates, but the relevant Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

In connection with transfers involving an exchange of a beneficial interest in an Unrestricted Global Certificate for a beneficial interest in a Restricted Global Certificate, appropriate adjustments will be made to reflect a decrease in the face amount of the Unrestricted Global Certificate and a corresponding increase in the face amount of the Restricted Global Certificate and vice versa.

General

Neither of Euroclear and Clearstream, Luxembourg is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

None of the Trustee, Dana Gas or any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

TRANSFER RESTRICTIONS

As a result of the restrictions set out below, purchasers of Restricted Certificates are advised to consult appropriately qualified legal counsel prior to making any offer, resale, pledge or transfer of Restricted Certificates.

Restricted Certificates

Each prospective purchaser of Restricted Certificates, by accepting delivery of these Listing Particulars, will be deemed to have represented, agreed and acknowledged that:

(i) It is (a) (A) a QIB that is also a QP or (B) an AI that is also a QP, (b) acquiring such Restricted Certificates for its own account, or for the account of a QIB that is also a QP or an AI that is also a QP, as the case may be, (c) not formed for the purpose of investing in the Certificates and (d) aware, and each beneficial owner of such Restricted Certificates has been advised, that the sale of such Restricted Certificates to it is being made in reliance on Rule 144A or Regulation D under the Securities Act, as the case may be.

(ii) It understands that the Restricted Certificates and, in the case of Restricted Certificates in respect of Exchangeable Certificates ("**Restricted Exchangeable Certificates**"), the Shares issuable upon exchange thereof, have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believes is a QIB that is also a QP purchasing for its own account or for the account of a QIB that is also a QP, or (b) in accordance with Regulation D under the Securities Act to a person that it and any person acting on its behalf reasonably believes is an AI that is also a QP purchasing for its own account or for the account of an AI that is also a QP, or (c) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (d) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.

(iii) It understands that such Restricted Certificates, unless the Trustee determines otherwise in compliance with applicable law, will bear a legend (the "**Rule 144A Legend**") substantially to the following effect:

"THIS CERTIFICATE [AND THE SHARES ISSUABLE UPON EXCHANGE OF THE CERTIFICATES][1] [HAS]/[HAVE][2] NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "**QIB**") THAT IS ALSO A QUALIFIED PURCHASER (A "**QP**") WITHIN THE MEANING OF SECTION 2(a)(51)(A) OF THE U.S. INVESTMENT COMPANY ACT 1940 (THE "**INVESTMENT COMPANY ACT**"), PURCHASING THIS CERTIFICATE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB THAT IS ALSO A QP WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, OR (2) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS AN "ACCREDITED INVESTOR" (AN "**AI**") PURSUANT TO REGULATION D UNDER THE SECURITIES ACT ("**REGULATION D**") THAT IS ALSO A QP, PURCHASING THIS CERTIFICATE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF AN AI THAT IS ALSO A QP WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON REGULATION D, OR (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144, IF AVAILABLE, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 OR REGULATION D UNDER THE SECURITIES ACT FOR

[1] Include for Restricted Exchangeable Certificates only.

[2] Delete as applicable.

RESALES OF THIS CERTIFICATE[OR THE SHARES ISSUABLE UPON EXCHANGE OF THE CERTIFICATES][3] .

BY ACCEPTING THIS CERTIFICATE (OR AN INTEREST IN THE CERTIFICATES REPRESENTED HEREBY), EACH BENEFICIAL OWNER HEREOF IS DEEMED TO REPRESENT AND WARRANT (I) EITHER (A) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS CERTIFICATE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS CERTIFICATE OR AN INTEREST HEREIN WILL NOT BE ACTING ON BEHALF OF) AN EMPLOYEE BENEFIT PLAN, AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED ("**CODE**") APPLIES, OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN'S INVESTMENT IN SUCH ENTITY (EACH, A "**BENEFIT PLAN INVESTOR**"), OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR THE PROHIBITED TRANSACTION PROVISIONS OF ERISA AND/OR SECTION 4975 OF THE CODE ("**SIMILAR LAWS**"), AND NO PART OF THE ASSETS BEING USED BY IT TO ACQUIRE OR HOLD SUCH CERTIFICATE OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY SUCH BENEFIT PLAN INVESTOR OR SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS CERTIFICATE OR AN INTEREST HEREIN DOES NOT AND WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF ANY SIMILAR LAWS); AND (II) IT WILL NOT SELL OR OTHERWISE TRANSFER THIS CERTIFICATE OR ANY INTEREST HEREIN OTHERWISE THAN TO AN ACQUIRER OR TRANSFEREE THAT IS DEEMED TO REPRESENT AND AGREE WITH RESPECT TO ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS CERTIFICATE TO THE SAME EFFECT AS THE ACQUIRER'S REPRESENTATION AND AGREEMENT SET FORTH IN THIS SENTENCE.

NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE TRUSTEE OR ANY INTERMEDIARY, THE TRUSTEE HAS THE RIGHT UNDER THE CONDITIONS AND THE CERTIFICATES TO COMPEL ANY BENEFICIAL OWNER THAT IS NOT: (I) A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER; OR (II) AN ACCREDITED INVESTOR AND A QUALIFIED PURCHASER, AND THAT HAS NOT ACQUIRED ITS INTEREST IN ACCORDANCE WITH THE TERMS OF THE AGENCY AGREEMENT, THE CONDITIONS AND THE CERTIFICATES TO SELL ITS INTEREST IN THE CERTIFICATE OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNERS. THE TRUSTEE HAS THE RIGHT TO REFUSE TO HONOR A TRANSFER OF AN INTEREST IN THE CERTIFICATE TO A PERSON WHO IS NOT: (I) A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER; OR (II) AN ACCREDITED INVESTOR AND A QUALIFIED PURCHASER, AND IS NOT A NON-U.S. PERSON (WITHIN THE MEANING OF REGULATION S) PROPOSING TO ACQUIRE AN INTEREST IN THE CERTIFICATES IN RELIANCE ON REGULATION S.

THE TRUSTEE HAS NOT BEEN NOR WILL BE REGISTERED UNDER THE INVESTMENT COMPANY ACT".

(iv) It understands that to exercise its right to convert the Restricted Exchangeable Certificates, it must make the representations, warranties and undertakings, including with respect to certain restrictions on transfer which may apply to the Shares received upon exchange thereof, contained in the relevant Voluntary Early Redemption Notice or Early Redemption Exchange Notice described under Condition 6.11(a) of the Exchangeable Conditions.

(v) It understands that the Trustee, the Registrar and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Certificates for the account of one or more QIBs that are also QPs or AIs that are also QPs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

(vi) It understands that the Restricted Certificates will be evidenced by a Restricted Global Certificate. Before any interest in the Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a

[3] Include for Restricted Exchangeable Certificates only.

person who takes delivery in the form of an interest in an Unrestricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

(vii) It understands that it is, and each subsequent holder of the Restricted Certificates will be, required to notify any purchaser of the Restricted Certificates from it of the resale restrictions on the Restricted Certificates.

Prospective purchasers are hereby notified that sellers of the Certificates may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A or other applicable exemptions.

Unrestricted Certificates

Each purchaser of Unrestricted Certificates outside the United States pursuant to Regulation S and each subsequent purchaser of such Unrestricted Certificates in resales prior to the expiration of the distribution compliance period, by accepting delivery of these Listing Particulars and the Unrestricted Certificates, will be deemed to have represented, agreed and acknowledged that:

(a) It is, or at the time Unrestricted Certificates are purchased will be, the beneficial owner of such Unrestricted Certificates and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Trustee or a person acting on behalf of such an affiliate.

(b) It understands that such Unrestricted Certificates and, in the case of Unrestricted Certificates in respect of Exchangeable Certificates (the "**Unrestricted Exchangeable Certificates**"), the Shares issuable upon exchange thereof, have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Unrestricted Certificates or, in respect of Unrestricted Exchangeable Certificates, the Shares issuable upon exchange thereof, except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believes is a QIB that is also a QP purchasing for its own account or the account of a QIB that is also a QP, or (b) in accordance with Regulation D under the Securities Act to a person that it and any person acting on its behalf reasonably believes is an AI that is also a QP purchasing for its own account or the account of an AI that is also a QP, or (c) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

(c) It understands that to exercise its right to convert the Unrestricted Exchangeable Certificates, it must make the representations, warranties and undertakings, including with respect to certain restrictions on transfer which may apply to the Shares received upon exchange thereof, contained in the Voluntary Early Redemption Notice and/or the Early Redemption Exchange Notice described under Condition 6.11(a) of the Exchangeable Conditions.

(d) It understands that the Unrestricted Certificates, unless otherwise determined by the Trustee in accordance with applicable law, will bear a legend in or substantially in the following form:

"THIS CERTIFICATE [AND THE SHARES ISSUABLE UPON EXCHANGE OF THE CERTIFICATES] [HAS][HAVE] NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT".

(e) The Trustee, the Registrar and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Unrestricted Certificates as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account

(f) It understands that the Unrestricted Certificates offered in reliance on Regulation S will be represented by the Unrestricted Global Certificate. Prior to the expiration of the distribution compliance period, before any interest in the Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate, it will be

required to provide the Registrar with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

GENERAL INFORMATION

(1) Application has been made to the Irish Stock Exchange for the approval of this document as Listing Particulars. Application has been made to the Irish Stock Exchange for the Certificates to be admitted to the Official List and trading on the Global Exchange Market, which is the exchange-regulated market of the Irish Stock Exchange. There can be no assurance that any such application will be successful or that any such listing will be granted or maintained. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Trustee in connection with the notes and is not itself seeking admission of the Certificates to trading on the Main Securities Market or the Global Exchange Market of the Irish Stock Exchange. Transactions will normally be effected for settlement in U.S. dollars and for delivery on the fifth working day after the day of the transaction.

(2) The issue of the Certificates has been duly authorised by a resolution of the board of directors of the Trustee on 23 April 2013. The issue of the Certificates and any increase in the share capital of Dana Gas necessary to enable it to comply with its obligations to physically settle under the Exchangeable Conditions was duly authorised by an extraordinary resolution of the shareholders of Dana Gas on 23 April 2013, passed at a duly convened Extraordinary General Meeting of shareholders at which a representative of the the SCA was present and in respect of which the SCA had approved the holding of the meeting and publication of the notice of meeting. The entry into by Dana Gas of the Transaction Documents to which it is a party was duly authorised by a resolution of the board of directors of Dana Gas on 23 April 2013. Each of the Trustee and Dana Gas has obtained all necessary consents, approvals and authorisations in connection with the issuance of the Certificates and entry into of the Transaction Documents to which each is a party.

(3) The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISINs and Common Codes for the Certificates are as follows:

Exchangeable Certificates:

Restricted Certificates:	ISIN XS0914698807 Common Code 091469880
Unrestricted Certificates:	ISIN XS0914266415 Common Code 091426641

Ordinary Certificates:

Restricted Certificates:	ISIN XS0914699284 Common Code 091469928
Unrestricted Certificates:	ISIN XS0914266845 Common Code 091426684

(4) Since:

(a) 31 December 2012 (the last day of the financial period in respect of which the most recent audited financial statements of Dana Gas have been prepared), there has been no significant change in the financial or trading position of Dana Gas or the Group and no material adverse change in the prospects of Dana Gas or the Group;

(b) 31 December 2012 (the last day of the financial period in respect of which the most recent audited financial statements of the Trustee have been prepared), there has been no significant change in the financial or trading position of the Trustee and no material adverse change in the prospects of the Trustee.

(5) Dana Gas is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Dana Gas is aware) during the 12 months preceding the date of these Listing Particulars which may have or have had in the recent past significant effects on the financial position or profitability of Dana Gas.

(6) The Trustee is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee is aware) during the 12 months preceding the date of these Listing Particulars which may have or have had in the recent past significant effects on the financial position or profitability of the Trustee.

(7) The Trustee has no subsidiaries.

(8) So long as any of the Certificates remain outstanding, physical copies of the following documents will be available in English for inspection and collection free of charge, during normal business hours on any weekday (excluding public holidays) from the registered office of the Trustee and from the specified office of the Principal Paying and Exchange Agent:

(a) the constitutional documents of the Trustee and Dana Gas;

(b) the two years' most recently publicly available audited financial statements of the Trustee (if available);

(c) the two years' most recently publicly available audited financial statements of Dana Gas beginning with the financial statements for the year ended 31 December 2011, and the respective auditors' report thereon;

(d) the most recently publicly available interim financial statements of Dana Gas;

(e) the Mudarabah Agreement;

(f) the Purchase Undertaking (and any sale agreement entered into thereunder);

(g) the Sale Undertaking (and any sale agreement entered into thereunder);

(h) the Security Documents (together with the confirmation certificate or certificates given by Dana Gas in respect of the Shared Security, as described in Condition 3.1 of the relevant Conditions, following receipt thereof);

(i) the Declaration of Trust;

(j) the Agency Agreement; and

(k) the pronouncement issued by Dar Al Sharia Legal & Financial Consultancy.

Prospective Certificateholders should not rely on the pronouncement referred to above in deciding whether to make an investment in the Certificates and should consult their own Sharia advisers as to whether the proposed transaction described in the pronouncement referred to above is in compliance with Sharia principles.

These Listing Particulars have been published on the website of the Irish Stock Exchange at *http://www.ise.ie*.

(9) Where information in these Listing Particulars has been sourced from third parties this information has been accurately reproduced and as far as Dana Gas is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.

(10) The consolidated financial statements of Dana Gas as of and for the three years ended 31 December 2012, 2011 and 2010, included in these Listing Particulars, have been audited by Ernst & Young, independent auditors, as stated in their report appearing herein. The current address of Ernst & Young is P.O. Box 1350, Sharjah. Ernst & Young is an audit firm registered with with Financial Reporting Council in the United Kingdom as a third country audit entity.

In Ernst & Young's audit report on the consolidated financial statements of Dana Gas for the years ended 31 December 2012, 2011 and 2010, there was an emphasis of matter to draw attention to a disclosure of the continued delay in commencement of gas supplies which has prompted a key supplier of the Group to initiate arbitration proceedings against its ultimate supplier.

In Ernst & Young's audit report on the consolidated financial statements of Dana Gas for the years ended 31 December 2012 and 2011, there was an emphasis of matter to draw attention to the refinancing of the Existing Certificates, which matured in October 2012.

(11) The expenses relating to the admission to trading of the Certificates are expected to amount to approximately €5,190.

GLOSSARY

Abu Dhabi	The Emirate of Abu Dhabi.
Ajman	The Emirate of Ajman.
bbl	Barrels.
bbld	Barrels per day.
Bcf	Billion cubic feet.
billion	A thousand million.
boe	Barrel of oil equivalent.
boed	Barrels of oil equivalent per day.
BVI	British Virgin Islands.
Centurion	Dana LNG Ventures Ltd. together with its subsidiaries.
Centurion Energy	Centurion Energy International Inc.
CGCL	Crescent Gas Corporation Limited, a limited liability company incorporated under the laws of the Emirate of Sharjah and the UAE.
CNGCL	Crescent National Gas Corporation Limited, a limited liability company incorporated under the laws of the Emirate of Sharjah and the UAE.
Concession	A legal agreement by a government to permit a company to explore, drill and produce hydrocarbons within a strictly defined geographic area. The concession provides for some type of royalty or production sharing if petroleum is produced.
Condensate	Liquid hydrocarbons of very light crude oil composition that occur as a gas under subsurface reservoir conditions.
Crescent	Crescent Petroleum Company International Limited.
Dana Gas	Dana Gas PJSC, a public joint stock company incorporated under the laws of the UAE.
Dana Gas Egypt	Dana Gas Egypt Ltd., a limited liability company incorporated under the laws of Barbados.
Downstream	The sale and end-use of natural gas by the petrochemical, industrial and power sectors.
Dubai	The Emirate of Dubai.
EBGDCo	Egyptian Bahraini Gas Derivative Company S.A.E., a *Société Anonyme Égyptienne* incorporated under the laws of Egypt.
EGAS	Egyptian Natural Gas Holding Company.
EGPC	Egyptian General Petroleum Company.
Egypt	The Arab Republic of Egypt.
Emarat	Emirates General Petroleum Corporation.
Exploration	Block A defined area within an exploration lease.
Exploration Lease	A legal agreement by a government to permit a company to explore for oil and gas in any part of a large designated area not covered by a production license.
EU	The European Union.
Farm-in agreement	A contractual agreement by an owner who holds all or part of a working interest in an oil and gas lease to assign all or part of that interest to another

	party in exchange for fulfilling contractually specified conditions (e.g., drilling depth and location), within a certain time frame. The farmer retains an interest in the form of an overriding royalty interest which can convert to working interest.
Ganope	Ganoub El Wadi Petroleum Holding Company.
GCA	Gaffney, Cline & Associates.
GCC	The Cooperation Council for the Arab States of the Gulf.
Hydrocarbon	Petroleum or natural gas or natural gas liquids.
IOC	International oil company.
IPP	Independent power producer.
KRG	The Kurdistan Regional Government.
Kurdistan Region of Iraq	The Kurdistan Region of Iraq.
Lean Gas	Natural gas that contains relatively little condensate or liquid hydrocarbons.
LNG	Liquefied natural gas.
LPG	Liquefied petroleum gas; propane; or less commonly butane or a propane/butane mixture that has been compressed into a liquid.
MENA Region	The Middle East and North Africa.
MENASA Region	The Middle East, North Africa and South Asia.
Midstream	The steps comprising the gathering and processing, storage and transportation and receiving and distribution of natural gas.
MMboe	Million barrels of oil equivalent.
MMbbl	Millions of barrels.
MMbtu	Million British thermal units.
MMscf	Million standard cubic feet.
MMscfd	Million standard cubic feet per day.
MOL	MOL Hungarian Oil and Gas PLC, a public limited company incorporated under the laws of Hungary.
MW	Megawatts, unit of power station capacity.
Natural Gas Value Chain	The organisational components of the natural gas industry comprising exploration and production, gathering and processing, storage and transportation, receiving and distribution and finally, its sale to and end-use by the petrochemical, industrial and power sectors.
NGL	Natural Gas Liquids.
NIOC	The National Iranian Oil Company.
NOC	National oil company.
OMV	OMV Upstream International GmbH, a *Gesellschaft mit beschränkter Haftung* incorporated under the laws of Austria.
OPEC	Organization of the Petroleum Exporting Countries.
Pearl	Pearl Petroleum Company Limited, a limited liability company incorporated under the laws of the BVI.
Possible reserves	Oil and gas that is inferred to be present by speculative geological information yielding vague indications of possible recovery.
Probable reserves	Oil and gas whose existence is not proven by geological information but is probably present due to proximity to proven reserves and can be produced if

located.

Production Lease	An exclusive legal agreement between a host government and a company, for that company to search and produce hydrocarbons from a concession. There is an annual expenditure commitment to further exploration and drilling, and the host government receives a royalty on any production.
Production Sharing Contract	An agreement between a host government and a contractor, whereby the contractor bears all exploration risks, development and production costs on a production lease in return for a stipulated share of the production resulting from this effort.
Profit Centre	A business unit or department which is treated as a distinct entity enabling revenues and expenses to be determined so that profitability can be measured. In context, aligned with the components of the Natural Gas Value Chain, namely upstream, midstream and downstream.
Proved reserves	An estimate of the amount of crude oil, natural gas and natural gas liquids which existing geological and engineering data demonstrate with reasonable certainty can be recovered from a well, lease or reservoir under existing economic and operating conditions.
Reservoir rock	Rock with good porosity and permeability, usually sandstone or carbonate; or the porous and permeable rock in a trap that holds hydrocarbons.
Rich Gas	Natural gas that contains significant amounts of condensate and/or other hydrocarbons such as propane and butane that can be liquefied.
Risk-reward contract	A type of contract in which one party bears risks in exchange for a share of the total lifetime production from the field.
SajGas	Sajaa Gas Private Limited Company, a limited liability company incorporated under the laws of the Emirate of Sharjah and the UAE.
Sales Gas	Gas that meets the specifications of a gas pipeline purchase contract. Sales gas is dry enough to ensure that liquid hydrocarbons will not condense out in the pipeline and does not contain corrosive gases or excessive moisture.
Seismic	An exploration method to map subsurface geological structures by putting elastic wave or sound energy into the ground and recording the reflection or refraction back to the surface. Seismic includes data acquisition, processing and interpretation.
Service Contract	In context, a form of contract in which the contractor undertakes initial investment in developing and bringing a project to market, and subsequently recovers its investment through the sale of the project's final product.
Sour Gas	Gas containing significant amounts of hydrogen sulphide.
Sweetening	A process used to remove hydrogen sulphide and carbon dioxide from a gas stream.
Tcf	Trillion cubic feet.
Train	In the context of LPG, an independent unit for gas liquefaction.
Trillion	A thousand billion.
SEC	U.S. Securities and Exchange Commission.
Sharjah	The Emirate of Sharjah.
Stratigraphic traps	A hydrocarbon trap formed by the deposition of reservoir rock. The distribution of trapped hydrocarbons is not controlled by faults or structural flexures of the reservoir, but by the depositional geometry of the reservoir.
Structural traps	A hydrocarbon formed by the deformation of the reservoir rock such as a fold (anticline or dome) or a fault.
UAE	The United Arab Emirates.

UGTC	United Gas Transmissions Company Limited, a limited liability company incorporated under the laws of the Emirate of Sharjah and the UAE.
U.N.	The United Nations.
UOP	Unit-of-production.
U.S. or U.S.A.	The United States of America.
Wellhead	The portion of an oil or gas well that is above ground and controls the flow of hydrocarbon from the reservoir.
Working Interest	A percentage ownership in a hydrocarbon lease granting its owners the right to explore, drill and produce hydrocarbons from a tract of property. Working interest owners are obligated to pay a corresponding percentage of the cost of leasing, drilling, producing and operating a well or unit. After royalties are paid, the working interest also entitles its owner to share in production revenues with other working interest owners, based on the percentage of working interest owned.

APPENDIX – FINANCIAL STATEMENTS

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Dana Gas PJSC and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2012

DANA GAS PJSC
Report of the Directors

The Board of Directors of Dana Gas ("Dana Gas" or the "Company") are pleased to announce the consolidated financial results of the Company, its subsidiaries and joint ventures (together referred to as the "Group") for the year ended 31 December 2012.

Principal Activities

Dana Gas was incorporated in the Emirate of Sharjah ("Sharjah"), United Arab Emirates, as a public joint stock company on 20 November 2005 pursuant to incorporation decree number 429/2005 issued by the Ministry of Economy.

Dana Gas is the Middle East's first and largest private sector natural gas company. The Group currently operates in the MENASA (Middle East, North Africa & South Asia) Region across the natural gas value chain; from exploration and production, through gas processing and transportation, to the distribution, marketing and utilisation of gas as feedstock and fuel to the petrochemical, industrial and the power sectors. Since its establishment, the Company has grown from a small core team at its head office in Sharjah to a regional as well as international natural gas company with offices in Sharjah, Egypt, Saudi Arabia, Bahrain, the Kurdistan Region of Iraq and in the United Kingdom.

Results for the year ended 31 December 2012

During the year, Dana Gas recorded net profit growth of 20% in 2012, increasing to AED 605 million from AED 506 million in 2011, reflecting higher realised hydrocarbon prices and optimised cost management in 2012.

Comprehensive income for the year stood at AED 711 million up from AED 180 million recorded in 2011 as a result of an increase in the value of Available for Sale Assets ("AFS"/ investment in MOL shares) by AED 106 million during the year (2011: Decrease in value of AFS of AED 326 million). Under the adopted accounting policy the AFS is marked to prevailing market value and the resulting gain or loss is booked directly into equity.

Gross revenues were slightly lower at AED 2.3 billion compared to AED 2.5 billion in 2011 reflecting the conservative cash policy implemented by the Company in Egypt, given the delays in collection of receivables, and also temporary suspension of Liquefied Petroleum Gas ("LPG") production in Kurdistan Region of Iraq following the damage to the LPG loading bay by a third party LPG tanker accident in June 2012. Revenues are expected to increase once new discoveries in Egypt are brought to production and the Kurdistan LPG loading bay is repaired by Q2 2013.

The Group ended the year with an average production of 59,800 barrels of oil equivalent per day (boepd), a decrease of 10% compared to last year's production of 66,200 boepd.

Earnings before interest, tax, depreciation, amortization and exploration write offs ("EBITDAX") decreased to AED 1.50 billion compared to AED 1.59 billion in 2011.

Liquidity and Financial Resources

Net cash generated from operations was AED 655 million. In 2012, the Company collected AED 1.1 billion from its share of receivables in Egypt and Kurdistan Region of Iraq. The Company's cash balance improved by 47% to AED 605 million by end of 2012 compared to AED 411 million.

Sukuk Update

The recent agreement on the Company's Sukuk reached with the Ad Hoc Committee of Sukukholders, which is subject to shareholder approval, will place Dana Gas on a stronger financial footing in the interests of all stakeholders. The Company is currently pursuing the steps necessary for seeking the consent of the shareholders, existing Sukuk holders and the approvals of the regulatory authorities, in order to successfully complete the Transaction during the second quarter of 2013.

Business Update

In line with its outlined strategy, the Dana Gas Group continues to maximise the value of its existing oil and gas assets and projects, while pursuing growth through a strategy of targeted acquisitions and new business development across the gas value chain. We continue to balance our capital expenditure with the available sources of finance to ensure we maintain a robust statement of financial position.

Reserves

The U.K. based advisory firm, Gaffney, Cline & Associates has carried out an independent evaluation of Dana Gas Egypt's and Sharjah Western Offshore hydrocarbon reserves, and following this review, the Group's gross proved reserves (1P) as at 31 December 2012 are estimated to be 86 millions of barrels of oil equivalent (31 December 2011: 88 mmboe). The gross proved and probable reserves (2P) as at 31 December 2012 are estimated to be 147 mmboe (31 December 2011: 159 mmboe). The gross proved, probable and possible reserves (3P) as at 31 December 2012 are estimated to be 256 mmboe (31 December 2011: 277 mmboe).

Egypt E&P operations

Dana Gas Egypt ended 2012 with production for the full year of operations of 11.8 MMBOE i.e. averaging 32,200 boepd (2011: 15.5 MMBOE, i.e. averaging 42,500 boepd). Production declined during the year as pressure depleted from older wells and new investments were kept to a minimum in 2011 and the first half of 2012 given the delays in collection of outstanding receivables. Production is expected to increase as compression facilities and new production wells are added and when new fields are brought on stream.

During 2012, the Group conducted a seven-well exploration program, with a 57% success rate. Out of these seven exploration wells, five were drilled in the Nile Delta concession, with West Sama-1, Balsam-1 and Alyam-1 adding new resources whilst two exploration wells were drilled in the Komombo concession, with West Al Baraka-1 adding new resources.

On 28 December 2012 the third and final exploration term of the West Qantara Concession ended and the Egyptian Natural Gas Holding Company "EGAS" submitted a notice of relinquishment of the concession area except for the areas which are already converted or proposed to be converted into development leases.

In respect of the West Manzala Concession, the Company has been granted an extension of upto six months to complete the drilling and testing of the Begonia-1 well. In case of either discovering commercial gas or reaching negative results, the Company will have to withdraw from the concession areas that have not been transformed into development leases or those which have not been presented by the Company to be transformed into a development lease.

During 2012, the Group collected AED 596 million against receivables in Egypt. At year end, the trade receivables balance stood at AED 866 million (31 December 2011: AED 836 million).

Kurdistan Region of Iraq (KRI) Project (Pearl Petroleum Company Limited)

In April 2007, the Group entered into agreements with the Kurdistan Regional Government of Iraq for the development of its significant petroleum (including gas) resources in the Khor Mor and Chemchemal fields. Since then, the focus has been on developing, processing and transporting natural gas from the Khor Mor field including processing and the extraction of LPG and condensate and providing natural gas supplies to fuel domestic electric power generation plants near the major urban centers of Erbil and Suleymania. Further development of the gas resources are planned to include allowing expansion of electricity generation and to supply natural gas as feedstock and energy for local industries.

During 2012, the group's gross production in the Kurdistan Region of Iraq (Dana Gas 40% share) was 10.0 MMBOE, i.e. averaging 27,500 boepd (2011: 8.6 MMBOE, averaging 23,700 boepd).

The LPG loading bay at the Kor Mor LPG processing facility was damaged as a result of an explosion of a LPG tanker belonging to a local trader on 22 June 2012 and therefore there has been no LPG production or sales thereafter. LPG production and sales are expected to resume in the second quarter of 2013 once the damaged facilities are reconstructed.

During 2012, the Group collected AED 525 million against receivables in Kurdistan. At year end, the Group's share of trade receivables balance stood at AED 1,298 million (31 December 2011: AED 880 million).

UAE Gas Project

The UAE Gas Project to process and transport imported gas continues to await the commencement of gas supplies by the National Iranian Oil Company ("NIOC") to Crescent Petroleum. Dana Gas has a 35% interest in Crescent National Gas Corporation Limited (CNGCL) and owns 100% of SajGas and UGTC. In July 2010, NIOC introduced gas into its completed transmission network and Dana Gas' UGTC pipeline and SajGas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system, which needs rectification. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC and expects an enforceable decision by the international tribunal in 2013.

Sharjah Western Offshore Concession

In March 2008, Dana Gas was awarded a twenty-five year oil and gas concession by the Government of Sharjah for the exploration and development of the Western Offshore Concession in Sharjah, UAE. The concession award marks Dana Gas' entry into the GCC exploration and production sector and will also be the first offshore upstream asset for the Company. The concession agreement covers a total area of over 1,000 square kilometers including part of the Zora Gas Field, which has established gas reserves and a ready market.

On 21 November 2012, Dana Gas signed a set of agreements with the Sharjah and Ajman Governments to jointly develop the shared field located around 40 kilometers off the two coasts. These included a unitisation agreement for management of the shared field, gas sales and purchase agreements and the joint operating agreement.

Base plan for the project entails the engineering, construction and installation of a new unmanned platform, together with 2-3 horizontal gas production wells in approximately 24 meters of water depth. These planned facilities are about 33 km offshore from the Sharjah Hamriyah Free Zone coast line, linked by a new 12" gas and condensate pipeline, to a new onshore gas processing plant to be constructed within the Sharjah Hamriyah Free Zone Area.

Egypt Gulf of Suez – Gas Liquids Extraction Plant

The Company, through its subsidiary Danagaz Bahrain, is a 26.4% owner (effective) in Egyptian Bahraini Gas Derivative Company (Joint Venture) to build, own and operate a Natural Gas Liquids Extraction Plant in Egypt in partnership with the Egyptian National Gas Company (EGAS) and the Arab Petroleum Investments Corporation (APICORP). The construction of the Project has since been completed, with start-up happening in August 2012.

The plant began operating commercially on 1 October 2012. In its first 3 months, the plant has processed a combined 12,340 metric tonnes of Propane (10,500) and Butane (1,840). The plant has a capacity to process 150 MMscfd of gas and it is currently processing at an average of 75 MMscfd. In future, it is expected that the gas supplies will increase through tie-ins with other gas fields in the vicinity.

DANA GAS PJSC
Report of the Directors

Directors
The Directors who served during the year were:

H.H. Sheikh Ahmed Bin Sultan Al-Qasimi, Honorary Chairman
Dr. Adel Khalid Al-Sabeeh, Chairman (From 7 June 2012)
Dr. Tawfeeq Abdulrahman Almoayed, Deputy Chairman (From 7 June 2012)
Mr. Hamid Dhiya Jafar, Chairman (to 7 June 2012)
Mr. Ahmed Rashid Al Arbeed, Chief Executive Officer (to 30 September 2012)
Mr. Rashid Saif Al-Jarwan, Acting Chief Executive Officer (From 1 October 2012)
H.E. Sheikh Sultan Bin Ahmed Bin Sultan Al-Qasimi
H.H Shaikha Hanadi Al Thani
Mr. Abdulaziz Hamad Aljomaih
Mr. Abdullah Ali Al Majdouie
Mr. Adib Abdullah Al-Zamil (to 7 June 2012)
Mr. Khalid Abdul Rahman Saleh Al-Rajhi
Mr. Majid Hamid Jafar
Mr. Nasser Al Nowais
Mr. Rashad Mohammed Al-Zubair
Mr. Said Arrata
Mr. Varoujan Nerguizian
Mr. Ziad Abdulla Ibrahim Galadari

The following Directors were appointed at the Annual General Meeting of the Company held on 7 June 2012.

Mr. Ahmed Al Midfa
Mr. Salah Al Qahtani

Auditors

The financial statements have been audited by Ernst & Young who retire and, being eligible, offer themselves for reappointment

On behalf of the Board of Directors

Director

13 March 2013

ERNST & YOUNG

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC

Report on the financial statements

We have audited the accompanying consolidated financial statements of Dana Gas PJSC and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements
The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (IASB), and the applicable provisions of the articles of association of Dana Gas PJSC and the UAE Commercial Companies Law of 1984 (as amended), and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2012, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matters

(i) We draw attention to note 11 to the consolidated financial statements which discloses that the continued delay in commencement of gas supplies has prompted a key supplier of the Group to initiate arbitration proceedings against its ultimate supplier; and

(ii) We also draw attention to note 20 to the consolidated financial statements which discusses the refinancing of the Sukuk which matured in October 2012.

Our opinion is not qualified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the consolidated financial statements include in all material respects, the applicable requirements of the UAE Commercial Companies Law of 1984 (as amended) and the Articles of Association of Dana Gas PJSC; proper books of account have been kept by Dana Gas PJSC, an inventory was duly carried out and the contents of the report of the Directors relating to these consolidated financial statements are consistent with the books of account. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the UAE Commercial Companies Law of 1984 (as amended) or of the Articles of Association of Dana Gas PJSC have occurred during the year which would have had a material effect on the business of Dana Gas PJSC or on its financial position.

Ernst + Young

Signed by
Anthony O'Sullivan
Registration No. 687
For Ernst & Young

Sharjah, United Arab Emirates
13 March 2013

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2012

	Note	2012 USD mm	2012 AED mm	2011 USD mm	2011 AED mm
Revenue		**636**	**2,331**	690	2,529
Royalties		**(136)**	**(499)**	(169)	(619)
Net revenue	5	**500**	**1,832**	521	1,910
Cost of sales		**(54)**	**(198)**	(47)	(172)
Depreciation and depletion	10	**(89)**	**(326)**	(110)	(403)
Gross profit		**357**	**1,308**	364	1,335
Investment and finance income	6	**14**	**52**	3	11
Other income		**-**	**-**	1	4
Impairment	7	**(9)**	**(33)**	-	-
Change in fair value of investment property	12	**(3)**	**(11)**	(6)	(22)
General and administration expenses		**(36)**	**(132)**	(40)	(147)
Finance costs	8	**(86)**	**(315)**	(87)	(319)
Exploration expenses	10	**(9)**	**(33)**	(13)	(48)
PROFIT BEFORE INCOME TAX		**228**	**836**	222	814
Income tax expense		**(63)**	**(231)**	(84)	(308)
PROFIT FOR THE YEAR		**165**	**605**	138	506
Basic and diluted earnings per share (USD/AED per share)	9	**0.025**	**0.092**	0.021	0.077

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	2012		*2011*	
	USD mm	***AED mm***	*USD mm*	*AED mm*
Profit for the year	**165**	**605**	138	506
Other comprehensive income:				
Gain/ (loss) on available-for-sale financial asset (note 15)	**29**	**106**	(89)	(326)
Other comprehensive income for the year	**29**	**106**	(89)	(326)
Total comprehensive income for the year	**194**	**711**	49	180

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Note	2012 USD mm	2012 AED mm	2011 USD mm	2011 AED mm
ASSETS					
Non-current assets					
Property, plant and equipment	10	**985**	**3,610**	1,032	3,782
Intangible assets	11	**1,353**	**4,959**	1,342	4,918
Investment property	12	**28**	**103**	31	114
		2,366	**8,672**	2,405	8,814
Current assets					
Inventories	13	**54**	**198**	53	194
Trade and other receivables	14	**670**	**2,456**	501	1,836
Available-for-sale financial asset	15	**255**	**935**	226	829
Financial assets at fair value through profit or loss	16	**10**	**37**	10	37
Cash and cash equivalents	17	**165**	**605**	112	411
		1,154	**4,231**	902	3,307
TOTAL ASSETS		**3,520**	**12,903**	3,307	12,121
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	18	**1,801**	**6,602**	1,801	6,602
Statutory reserve		**65**	**238**	48	176
Legal reserve		**65**	**238**	48	176
Retained earnings		**349**	**1,280**	220	806
Other reserves	19	**85**	**310**	55	200
Convertible bonds- equity component		**48**	**176**	48	176
Attributable to shareholders of the Company		**2,413**	**8,844**	2,220	8,136
Non-controlling interest		**4**	**15**	4	15
Total equity		**2,417**	**8,859**	2,224	8,151
LIABILITIES					
Non-current liabilities					
Borrowings	20	**29**	**106**	25	92
Provisions	21	**14**	**51**	17	62
		43	**157**	42	154
Current liabilities					
Borrowings	20	**922**	**3,380**	905	3,317
Trade payables and accruals	22	**138**	**507**	134	492
Due to related parties		**-**	**-**	2	7
		1,060	**3,887**	1,041	3,816
Total liabilities		**1,103**	**4,044**	1,083	3,970
TOTAL EQUITY AND LIABILITIES		**3,520**	**12,903**	3,307	12,121

Director
13 March 2013

Director
13 March 2013

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2012

	Note	2012 USD mm	2012 AED mm	2011 USD mm	2011 AED mm
OPERATING ACTIVITIES					
Profit before income tax		**228**	**836**	222	814
Adjustments for:					
Depreciation and depletion	10	**89**	**326**	110	403
Investment and finance income	6	**(14)**	**(52)**	(3)	(11)
Change in fair value of investment property	12	**3**	**11**	6	22
Other income/ expenses		**-**	**-**	1	4
Finance costs	8	**86**	**315**	87	319
Exploration expenses	10	**9**	**33**	13	48
Impairment	7	**9**	**33**	-	-
Board compensation		**(2)**	**(7)**	(2)	(7)
		408	**1,495**	434	1,592
Changes in working capital:					
Trade and other receivables		**(169)**	**(620)**	(246)	(901)
Inventories		**(1)**	**(4)**	(2)	(7)
Trade payables and accruals		**4**	**15**	(6)	(22)
Due from related parties		**-**	**-**	1	3
Due to related parties		**(2)**	**(7)**	2	7
Net cash generated from operating activities		**240**	**879**	183	672
Income tax paid		**(63)**	**(231)**	(84)	(308)
Net cash flows from operating activities		**177**	**648**	99	364
INVESTING ACTIVITIES					
Purchase of property, plant and equipment (net)	10	**(42)**	**(154)**	(86)	(316)
Expenditure on intangibles	11	**(29)**	**(106)**	(10)	(37)
Investment and finance income received		**14**	**52**	3	11
Net cash flows used in investing activities		**(57)**	**(208)**	(93)	(342)
FINANCING ACTIVITIES					
Proceeds from borrowings (net)		**2**	**7**	16	59
Finance costs paid		**(69)**	**(253)**	(69)	(253)
Net cash flows used in financing activities		**(67)**	**(246)**	(53)	(194)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		**53**	**194**	(47)	(172)
Cash and cash equivalents at the beginning of the year		**112**	**411**	159	583
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	17	**165**	**605**	112	411

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 December 2012

	Attributable to the equity holders of the parent															
	Share capital		*Statutory reserve*		*Legal reserve*		*Retained earnings*		*Other reserves*		*Convertible bonds equity component*		*Non-controlling interest*		*Total*	
	USD mm	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*
As at 1 January 2011	1,801	6,600	34	125	34	125	112	409	142	521	48	176	3	11	2,174	7,967
Profit for the year	-	-	-	-	-	-	138	506	-	-	-	-	-	-	138	506
Other comprehensive income	-	-	-	-	-	-	-	-	(89)	(326)	-	-	-	-	(89)	(326)
Total comprehensive income for the year	-	-	-	-	-	-	138	506	(89)	(326)	-	-	-	-	49	180
Board compensation	-	-	-	-	-	-	(2)	(7)	-	-	-	-	-	-	(2)	(7)
Transfer to reserves	-	-	14	51	14	51	(28)	(102)	-	-	-	-	-	-	-	-
Share based payment (note 25)	-	-	-	-	-	-	-	-	2	7	-	-	-	-	2	7
Issue of shares (note 25)	-	2	-	-	-	-	-	-	-	(2)	-	-	-	-	-	-
Addition to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	1	4	1	4
As at 31 December 2011	1,801	6,602	48	176	48	176	220	806	55	200	48	176	4	15	2,224	8,151
Profit for the year	-	-	-	-	-	-	165	605	-	-	-	-	-	-	165	605
Other comprehensive income	-	-	-	-	-	-	-	-	29	106	-	-	-	-	29	106
Total comprehensive income for the year	-	-	-	-	-	-	165	605	29	106	-	-	-	-	194	711
Board compensation	-	-	-	-	-	-	(2)	(7)	-	-	-	-	-	-	(2)	(7)
Transfer to reserves	-	-	17	62	17	62	(34)	(124)	-	-	-	-	-	-	-	-
Share based payment (note 25)	-	-	-	-	-	-	-	-	1	4	-	-	-	-	1	4
As at 31 December 2012	**1,801**	**6,602**	**65**	**238**	**65**	**238**	**349**	**1,280**	**85**	**310**	**48**	**176**	**4**	**15**	**2,417**	**8,859**

The attached notes 1 to 30 form part of these consolidated financial statements.

1. ACTIVITIES

Dana Gas PJSC ("Dana Gas" or the "Company") was incorporated in the Emirate of Sharjah, United Arab Emirates as a Public Joint Stock Company on 20 November 2005 pursuant to incorporation decree number 429/2005 issued by the Ministry of Economy. Dana Gas shares are listed on the Abu Dhabi Securities Exchange (ADX).

The Company, its Subsidiaries and joint ventures constitute the Group (the "Group"). The Group is engaged in the business of exploration, production, ownership, transportation, processing, distribution, marketing and sale of natural gas and petroleum related products, including the development of gas related projects and services.

The Company's registered head office is P. O. Box 2011, Sharjah, United Arab Emirates with offices in Al-Khobar, Bahrain, Cairo, Kurdistan Region of Iraq and London.

Principal subsidiaries and jointly controlled entities/ operations of the Group at 31 December 2012 and the Group percentage of ordinary share capital or joint venture interest are set out below:

Subsidiaries	**%**	**Country of incorporation**	**Principal activities**
Dana Gas LNG Ventures Limited	100	British Virgin Islands	Oil and Gas exploration & production
Dana Gas Egypt (previously Centurion)	100	Barbados	Oil and Gas exploration & production
Sajaa Gas Private Limited Company ("SajGas")	100	Emirate of Sharjah, UAE	Gas Sweetening
United Gas Transmissions Company Limited ("UGTC")	100	Emirate of Sharjah, UAE	Gas Transmission
Danagaz (Bahrain) WLL	66	Bahrain	Gas Processing
Joint Ventures	**%**	**Country of operation**	**Principal activities**
Pearl Petroleum Company Limited ("Pearl Petroleum")	40	Kurdistan Region of Iraq	Oil and Gas exploration & production
UGTC / Emarat JV	50	Emirate of Sharjah	Gas Transmission
Crescent National Gas Corporation Limited ("CNGCL")	35	Emirate of Sharjah	Gas Marketing
Egyptian Bahraini Gas Derivative Company ("EBGDCO")	26.4	Egypt	Gas Processing
GASCITIES Ltd	50	MENASA	Gas Cities

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The consolidated financial statements have been prepared on a historical cost basis, except for investment property, available-for-sale financial asset and financial assets at fair value through profit or loss account that have been measured at fair value. The consolidated financial statements are presented in United States Dollars (USD), which is the Company's functional currency, and all the values are rounded to the nearest million except where otherwise indicated. The United Arab Emirates Dirhams (AED) amounts have been presented solely for the convenience to readers of the consolidated financial statements. AED amounts have been translated at the rate of AED 3.6655 to USD 1.

Statement of compliance
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

New and amended standards and interpretations
There were no IFRSs or IFRIC interpretations that were effective for the first time for the financial year beginning on or after 1 January 2012 that had a material impact on the Group.

Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1
The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012, and will therefore be applied in the Group's first annual report after becoming effective.

IAS 19 Employee Benefits (Revised)
The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment becomes effective for annual periods beginning on or after 1 January 2013. The amendment has no impact on the Group.

IAS 27 Separate Financial Statements (as revised in 2011)
As a consequence of the new IFRS 10 and IFRS 12 (refer below), what remains in IAS 27 is limited to accounting for subsidiaries, joint arrangements and associates in separate financial statements. The Group does not present separate financial statements. The amendment is effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and

describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013. The Group is currently evaluating the impact of this IFRS on its financial statements.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7
These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 10 Consolidated Financial Statements
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Group does not expect this to impact its consolidated financial statements. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 Joint Arrangements
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. Management's initial analysis is that equity accounting will not be required for the Group's material joint ventures. This standard becomes effective for annual periods beginning on or after 1 January 2013, and is to be applied retrospectively for joint arrangements held at the date of initial application.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A

number of new disclosures are also required, but has no impact on the Group's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

Annual Improvements May 2012
These improvements include:

IAS 1 Presentation of Financial Statements
This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 Property Plant and Equipment
This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation
This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting
The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after 1 January 2013. The Group expects no material impact on its financial position, performance, disclosures or stated accounting policies from the adoption of these amendments.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2012.

(a) Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra- group transactions and dividends are eliminated in full.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at

their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference in recognised in profit or loss.

Losses are attributable to the non-controlling interest even if that results in a deficit balance.

(b) Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Joint ventures
The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it re-sells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

(d) Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method. Under the method, the investment is initially rocognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

The group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating decision-maker. The Chief Operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD which is Company's functional currency where AED is presented as the Group's presentation currency for the convenience of the users of the consolidated financial statement.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in consolidated income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in other comprehensive income.

(c) Group companies
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The statement of financial position of subsidiaries and joint ventures with functional currencies other than US Dollars are translated using the closing rate method, whereby assets and liabilities are translated at the rates of exchange ruling at the statement of financial position date. The income statements of such subsidiaries and joint ventures are translated at average exchange rates for the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions). Any goodwill arising on the acquisition of such operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the operation and translated at the closing rate. Exchange differences arising on the retranslation of net assets are taken directly to equity. On the disposal of such entities, accumulated exchange differences are recognised in the consolidated income statement as a component of the gain or loss on disposal.

Property, plant and equipment
Property, plant and equipment is stated at cost net of accumulated depreciation and/or accumulated impairment losses, if any. Land is not depreciated.

Depreciation is computed on a straight line basis over the estimated useful lives of the assets as follows:

Oil and gas properties..... unit-of-production
Buildings..... 25 years
Gas plant..... 15 – 25 years
Pipelines & related facilities ..... 25 years

Other assets:
Computers..... 3 years
Furniture and fixtures..... 3 years – 5 years
Vehicles ..... 3 years – 5 years
Leasehold improvements ..... over the expected period of lease

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively if appropriate.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Capital work-in-progress is stated at cost. On commissioning, capital work-in-progress is transferred to property, plant and equipment and depreciated or depleted in accordance with Group policies.

Oil and gas assets
Oil and natural gas exploration and evaluation expenditures are accounted for using the ‘successful efforts’ method of accounting. Pre-licence costs are expensed in the period in which they are incurred. Exploration licence and leasehold property acquisition costs are capitalised in intangible assets. Geological and geophysical exploration costs are charged against income as incurred. Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. If hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity which may include the drilling of further wells (exploration or exploratory-type stratigraphic test wells), are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to a technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proven reserves of oil and natural gas are determined and development is sanctioned, capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure. Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

(a) Depletion
Oil and gas properties are depleted using the unit-of-production method. Unit-of-production rates are based on proved reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods.

(b) Impairment – exploration and evaluation assets
Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets’ carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets’ fair value less cost to sell

and their value in use. For the purpose of assessing impairment, the exploration and evaluation assets subject to testing are grouped with existing cash-generating units of production fields that are located in the same geographical region.

Intangible assets
Intangible assets acquired as part of a business combination relating to oil and gas properties are recognised separately from goodwill if the asset is separable or arises from contractual or legal rights and its fair value can be measured reliably.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually either individually or at the cash-generating unit level. When development in respect of the oil and gas properties is internally approved, the related amount is transferred from intangible assets to property, plant and equipment and depleted in accordance with the Group's policy. If no future activity is planned, the remaining balance is written off.

Goodwill
Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses, any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset or a cash generating unit (CGU) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's or CGU's recoverable amount. An asset's or CGU's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets in which case, the asset is tested as part of a large CGU to which it belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assumptions of the time value of money and the risks specific to the asset or CGU.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset or CGU is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables'.

(c) Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date. After initial measurement, AFS investments are subsequently measured at fair value with unrealised gains or losses recognised as "other comprehensive income" in the AFS reserve (fair value reserve) until the investment is derecognised. At that time cumulative gain is recognised in other income and cumulative loss is recognised as finance costs and removed from AFS reserve.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gain or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'investment and finance income' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payment is established.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These includes the use of recent arm's length transactions, reference to other instruments that are substantially the same,

discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Investment properties
Investment properties are initially measured at cost, including transactions costs. Subsequent expenditure is added to the carrying value of investment properties when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance expenses and is charged to the consolidated income statement in the period in which it is accrued.

Subsequently investment properties are stated at fair value, which reflects market conditions at the reporting date. Any gains or loss arising from changes in fair values of investment properties are included in the income statement. Fair values are determined based on an annual evaluation performed by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase price, cost of production, transportation and other directly allocable expenses. Costs of spares and consumables are determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Trade and other receivables
Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents
In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of oustanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Trade payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions
General
Provisions are recognised when the Group has an present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Decommissioning liability
Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of that particular asset. The cash flows are discounted at a current pre tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. The abandonment and

site restoration costs initially recorded are depleted using the unit-of-production method based on proven oil and gas reserves. Subsequent revisions to abandonment and site restoration costs are considered as a change in estimates and are accounted for on a prospective basis.

Employees' end of service benefits
The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its UAE national employees, the Group makes contributions to a pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Income Taxes
In Egypt, the government receives production in lieu of income tax. The Group records this production as a current income tax expense.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of respective assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as finance cost in the income statement in the period in which they are incurred.

Leases
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term.

Profit-bearing loans and borrowings
All profit-bearing loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs directly attributable to the borrowing. The effective profit rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument.

After initial recognition, profit-bearing loans and borrowings are subsequently measured at amortised cost using the effective profit rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Convertible bonds
Convertible bonds that can be converted into share capital at the option of the holder and are accounted for as compound financial instruments. The equity component of the convertible bonds is calculated as the excess of issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option.

Share based payment transactions
Certain employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for either equity instruments ("equity settled transactions") or restricted shares.

Equity-settled transaction
The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using an appropriate pricing model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/ or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for

equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Restricted shares
Service-based restricted shares are granted at no cost to key employees and generally vest one third each year over a three year period from the date of grant. Restricted shares vest in accordance with the terms and conditions established by the Board of Directors and are based on continued service.

The fair value of service-based restricted shares is determined based on the numbers of shares granted and the closing price of the Company's common stock on the date of grant. The cost is being amortised on a straight line method, based on the vesting period.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Net revenue is measured at the fair value of the consideration received, excluding royalties, discounts, rebates, and other sales taxes or duties. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sale of hydrocarbons
Revenue from sale of hydrocarbons is recognised when the significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably.

Finance income
Revenue from surplus funds invested with financial institutions is recognised as the revenue accrues.

Fair values
The fair value of profit-bearing items is estimated based on discounted cash flows using profit rates for items with similar terms and risk characteristics.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates if different assumptions were used and different conditions existed.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required, and where if actual results were to differ, may materially affect the financial position or financial results reported in future periods. Further information on each of these and how they impact the various accounting policies are described in the relevant notes to the financial statements.

- Impairment of goodwill: The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is

allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each cash-generating unit and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2012 was USD 308 million (2011: USD 308 million).

- Recoverability of intangible oil and gas assets: The Group assesses at each statement of financial position date whether there is any evidence of impairment in the carrying value of its intangible oil and gas assets. This requires management to estimate the recoverable value of its intangible oil and gas assets using estimates and assumptions such as long term oil prices, discount rates, operating costs, future capital requirements, decommissioning costs, explorations potentials, reserves and operating performance uncertainty. These estimates and assumptions are subject to risk and uncertainty. The carrying amount of such intangibles at 31 December 2012 was USD 181 million (2011: USD 170 million).
- The Group carries its investment properties at fair value, with changes in fair values being recognised in the consolidated income statement. The Group engaged a firm of qualified independent property consultant to determine fair value reflecting market conditions at 31 December 2012.
- Decommissioning costs: Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.
- Units of production depreciation of oil and gas properties*:* Oil and gas properties are depreciated using the units of production (UOP) method over total proved reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field. Each items' life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates changes. Changes to proved reserves could arise due to changes in the factors or assumptions used in estimating reserves and are accounted for prospectively.
- Exploration and evaluation expenditures: The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.
- Hydrocarbon reserve and resource estimates: Oil and gas properties are depreciated on a units UOP basis at a rate calculated by reference to total proved reserves determined in accordance with the Society of Petroleum Engineers' rules and incorporating the estimated future cost of developing those reserves. The Group estimates its commercial reserves based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the

hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the relevant commercial arrangements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs. The carrying amount of oil and gas properties at 31 December 2012 is shown in Note 10.

As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:

- The carrying value of oil and gas properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows
- Depreciation and amortisation charges in profit or loss may change where such charges are determined using the UOP method, or where the useful life of the related assets change
- Provisions for decommissioning may change as the changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities

4. SEGMENTAL INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions. The CEO considers the business from a geographic perspective which is divided into three geographical units.

Year ended 31 December 2012

	United Arab Emirates	*Egypt*	*Kurdistan Region of Iraq*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*
Revenue				
External sales net of royalties	**5**	**237**	**258**	**500**
Total revenue net of royalties	**5**	**237**	**258**	**500**
Gross profit	**3**	**130**	**224**	**357**
Investment and finance income				**14**
Impairments				**(9)**
Change in fair value of investment property				**(3)**
General and administration expenses				**(36)**
Finance costs				**(86)**
Exploration expenses				**(9)**
Profit before income tax				**228**
Income tax expense				**(63)**
PROFIT FOR THE YEAR				**165**
Segment assets as at 31 December 2012	**1,551**	**1,195**	**774**	**3,520**
Segment liabilities as at 31 December 2012	**960**	**133**	**10**	**1,103**
Other segment information				
Capital expenditure:				
Intangible assets	**-**	**29**	**-**	**29**

Property, plant and equipment	**11**	**44**	**1**	**56**
Total	**11**	**73**	**1**	**85**
Depreciation, depletion & amortisation	**2**	**74**	**13**	**89**
Change in fair value of investment property	**3**	**-**	**-**	**3**
Impairments	**-**	**9**	**-**	**9**
Exploration expenses	**-**	**9**	**-**	**9**

Year ended 31 December 2011

	United Arab Emirates	*Egypt*	*Kurdistan Region of Iraq*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*
Revenue				
External sales net of royalties	5	290	226	521
Total revenue net of royalties	5	290	226	521
				364
Gross profit	3	166	195	
Investment and finance income				3
Other income				1
Change in fair value of investment property				(6)
General and administration expenses				(40)
Finance costs				(87)
Exploration expenses				(13)
Profit before income tax				222
Income tax expense				(84)
PROFIT FOR THE YEAR				138
Segment assets as at 31 December 2011	1,505	1,183	619	3,307
Segment liabilities as at 31 December 2011	944	129	10	1,083
Other segment information				
Capital expenditure:				
Intangible assets	-	10	-	10
Property, plant and equipment	15	69	2	86
Total	15	79	2	96
				(110)
Depreciation, depletion & amortisation	(2)	(94)	(14)	
Change in fair value of investment property	(6)	-	-	(6)
Exploration expenses	-	(13)	-	(13)

5. NET REVENUE

	2012	*2011*
	USD mm	*USD mm*
Gross sales	**631**	685
Less: royalties*	**(136)**	(169)
Net sales	**495**	516
Tariff/ management fee	**5**	5
Net revenue	**500**	521

*Royalties relate to Government share of production in Egypt.

6. INVESTMENT AND FINANCE INCOME

	2012	*2011*
	USD mm	*USD mm*
Profit share from bank deposits	**3**	3
Fair value gain on financial assets at fair value through profit or loss (note 16)	**2**	-
IPO interest claim	**2**	-
Dividend income (note 15)	**6**	-
Others	**1**	-
	14	3

7. IMPAIRMENT

	2012	*2011*
	USD mm	*USD mm*
Impairment of oil and gas assets	**9**	-
	9	-

8. FINANCE COSTS

	2012	*2011*
	USD mm	*USD mm*
Finance cost on borrowings (note 20)	**86**	87
	86	87

9. EARNINGS PER SHARE

(a) Basic earnings per share is calculated by dividing net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

	2012	*2011*
	USD mm	*USD mm*
Earnings:		
Net profit for the year - USD mm	**165**	138
Shares:		
Weighted average number of shares outstanding for calculating basic EPS - million	**6,602**	6,602
EPS (Basic) – USD:	**0.025**	0.021

(b) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: convertible sukuk, share options and restricted shares. The convertible sukuk is assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the finance cost effect. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2012	*2011*
Earnings:		
Net profit for the period - USD mm	**165**	138
Finance cost on convertible Sukuk - USD mm	**-**	75
	165	213
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	**6,602**	6,602
Adjustments for:		
Share options/ Restricted shares (million) *	**11**	11
Assumed conversion of convertible Sukuk (million)**	**-**	1,908
Weighted average number of ordinary shares for diluted earnings per share (million)	**6,613**	8,521

Note: Restricted shares had a dilutive effect on the EPS of the Group, however, as the dilution is insignificant it is not disclosed separately.

* As at 31 December 2012 all the stock options issued to employees were out of the money, hence no shares have been assumed for calculating diluted earnings per share. Effective 1 July 2010, key management employees are awarded with restricted shares, one third portion of which will vest yearly over a period of 3 years. These restricted shares have been taken into account in the calculation of diluted earnings per share.

** As disclosed in Note 20, on 7 July 2008, the conversion rate for the Convertible Sukuk was determined and has been fixed at 17,343.3 shares for every USD 10,000 Sukuk Certificate. The shareholders in the Annual General Meeting on 21 April 2010 approved the issuance of 10% bonus shares, due to which the conversion exchange ratio was reset from 17,343.3 shares to 19,076.6 shares for every USD 10,000 Sukuk Certificate. The conversion option for the existing sukuk has already expired. Further based on the restructuring agreed with the Ad-hoc committee of bond holders the Conversion price of the Convertible Sukuk has been set at a 50% premium to the 75 calendar day volume-weighted average price, measured over a period commencing on 1 December 2012 (with a floor of AED 0.75 and cap of AED 1.00). The conversion option will be exercisable from 31 October 2013.

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	*Building*	*Oil and gas interests*	*Plant and Equipment*	*Other assets*	*Pipeline & related facilities*	*Capital work-in-progress*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Cost:								
At 1 January 2012	14	12	714	340	28	119	249	1,476
Additions	-	-	23	5	2	-	26	56
Transfer from intangible assets (note 11)	-	-	9	-	-	-	-	9
Transfer from capital work-in-progress	-	11	-	35	2	-	(48)	-
Dry hole costs written-off	-	-	(9)	-	-	-	-	(9)
Transfer of interest*	-	-	-	-	-	-	(14)	(14)
At 31 December 2012	14	23	737	380	32	119	213	1,518
Depreciation/ Depletion:								
At 1 January 2012	-	1	384	37	9	13	-	444
Depreciation/ depletion charge for the year	-	-	66	17	2	4	-	89
At 31 December 2012	-	1	450	54	11	17	-	533
Net carrying amount:								
At 31 December 2012	**14**	**22**	**287**	**326**	**19**	**102**	**213**	**985**

Capital Work in Progress comprises:

	USD mm
SajGas Plant and facilities	**99**
UGTC Pipeline & related facilities	**89**
Kurdistan Region of Iraq Project	**5**
Sharjah Western Offshore	**20**
	213

* Transfer of interest relates to the 50% cost transfer to Ajman Petroleum Investment Company relating to the Zora field upon signing of the Unitisation and Unit Operating Agreement.

	Freehold land	*Building*	*Oil and gas interests*	*Plant and Equipment*	*Other assets*	*Pipeline & related facilities*	*Capital work-in-progress*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Cost:								
At 1 January 2011	13	1	608	96	18	79	564	1,379
Additions	-	1	34	10	5	-	37	87
Transfer from intangible assets (note 11)	-	-	23	-	-	-	-	23
Transfer from capital work-in-progress	1	10	62	234	5	40	(352)	-
Dry hole costs written-off	-	-	(13)	-	-	-	-	(13)
At 31 December 2011	14	12	714	340	28	119	249	1,476
Depreciation/ Depletion:								
At 1 January 2011	-	-	299	22	7	6	-	334
Depreciation/ depletion charge for the year	-	1	85	15	2	7	-	110
At 31 December 2011	-	1	384	37	9	13	-	444
Net carrying amount:								
At 31 December 2011	14	11	330	303	19	106	249	1,032

Capital Work in Progress comprises:

	USD mm
SajGas Plant and facilities	99
UGTC Pipeline & related facilities	89
Kurdistan Region of Iraq Project	3
Sharjah Western Offshore	21
EBGDCO	37
	249

On 22 June 2012, an LPG road tanker belonging to a local LPG trader and offtaking LPG on behalf of and under contract with the Kurdistan Regional Government of Iraq ("KRG"), exploded and caused a fire during filling at the loading facility of the Kor Mor LPG plant. The incident resulted in five fatalities and caused extensive damage to the LPG loading facility as well as two other third-party road tankers. Detailed and comprehensive investigations conducted by independent and internationally-recognised experts have confirmed that the incident was caused by a latent welding defect in the third-party tanker, which caused it to rupture during normal filling operations

As a protective measure in accordance with the requirements of the Authorisation, the Operator (Crescent and Dana Gas) declared force majeure in relation to this incident on behalf of Pearl Petroleum Company Limited ("PPCL").

Whilst the rest of the plant was not damaged, as a precautionary operational measure, the plant was temporarily shut down for less than twenty four hours. Since then the plant resumed gas production and within three days returned to over 90% of the pre-incident gas and condensate production levels. In view of the damage to the LPG loading facility, LPG production has been suspended. The revenues from LPG sales will resume on completion of the restoration of the damaged LPG loading facilities which is expected in the second quarter of year 2013.

PPCL has awarded the contract on an open book estimate basis to Petrofac, an EPC Contractor, for reconstruction of the damaged loading bay facility. Subject to the terms and conditions of the insurance policies, the PPCL's insurers have confirmed their commitment to reimburse the costs incurred for the restoration of the damaged LPG loading facility. Formal derecognition of the cost of damaged assets will be carried out upon availability of a reliable estimate.

11. INTANGIBLE ASSETS

	Oil and gas interests	*Purchase, transmittion, sweetening and sale rights*	*Gas processing rights*	*Development cost*	*Goodwill*	*Totel*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Cost at 1 January 2012	**257**	**857**	**7**	**2**	**308**	**1,431**
Less: impairment	**(87)**	**-**	**-**	**(2)**	**-**	**(89)**
At 1 January 2012.....	**170**	**857**	**7**	**-**	**308**	**1,342**
Additions - net	**29**	**-**	**-**	**-**	**-**	**29**
Transfer to property, plant and equipment (note 10)	**(9)**					**(9)**
Impairments (note 7)	**(9)**	**-**	**-**	**-**	**-**	**(9)**
At 31 December 2012	**181**	**857**	**7**	**-**	**308**	**1,353**

	Oil and gas interests	*Purchase, transmission, sweetening and sale rights*	*Gas processing rights*	*Development cost*	*Goodwill*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Cost at 1 January 2011	270	857	7	2	308	1,444
Less: impairment	(87)	-	-	(2)	-	(89)
At 1 January 2011.....	183	857	7	-	308	1,355
Additions - net	10	-	-	-	-	10
Transfer to property, plant & equipment (note 10).....	(23)	-	-	-	-	(23)
At 31 December 2011	170	857	7	-	308	1,342

(a) Oil and Gas Interests

Oil and gas interests of USD 181 million relates to Dana Gas Egypt which is the Upstream (Exploration and Production) Division of the Dana Gas Group. Dana Gas Egypt has a number of concessions and development leases in Egypt which are described below in more detail:

- El Wastani Development Lease – This development lease is held with a 100% working interest and represents approximately 22% of current production in Dana Gas Egypt. El Wastani production includes both gas and associated gas liquids. This lease has 13,017 acres of land included within its boundary and is located in the Nile Delta of Egypt.
- South El Manzala Development Leases – These development leases are held with a 100% working interest and are not currently producing. These development leases have 16,055 acres of land included within their boundaries and are located in the Nile Delta of Egypt.
- West El Manzala Exploration Concession – Dana Gas Egypt holds a 100% working interest in this Concession, which is located in the Nile Delta of Egypt and includes 476,216 acres of exploration land. The expiry date of the Exploration Concession and the total relinquishment of the non-productive land was 30 June 2012, however during the period the expiry date of the Exploration Concession was extended by six months to 28 December 2012. The Company has been granted an extension of upto six months to complete the drilling and testing of the Begonia-1 well. In case of either discovering commercial gas or reaching negative results, the Company will have to withdraw from the concession areas that have not been transformed into development leases or those which have not been presented by the Company to be transformed into a development lease. To date, nine development leases have been created from this exploration concession and produce both natural gas and associated liquids representing approximately 70% of Dana Gas Egypt current volumes. The Company has applied for a tenth development lease to cover the recently discovered South Abu El Naga field.
- West El Qantara Exploration Concession – Dana Gas Egypt holds a 100% working interest in this Concession, which includes 319,618 acres of exploration land. The expiry date of the Exploration Concession and the total relinquishment of the non-productive land was 30 June 2012, however during the period, the expiry date of the Exploration Concession was extended by six months to 28 December 2012. On 28 December 2012 the third and final exploration term of the West Qantara Concession ended and the Egyptian Natural Gas Holding Company "EGAS" submitted a notice of relinquishment of the concession area except for the areas which are already converted or proposed to be converted into development leases. This concession is located in the Nile Delta of Egypt and two development leases

have been granted to date. Only one is producing yet (Sama) and contributes approximately 7% of Dana Gas Egypt current volumes.

- Kom Ombo Exploration Concession – Dana Gas Egypt holds a 50% working interest in this Concession, which includes 5,654,727 acres of exploration land with the balance of 50% interest held by Sea Dragon Energy Limited ("Sea Dragon"). The expiry date of the Exploration Concession of the non-productive land was 17 July 2012, however, the expiry date of the Exploration Concession was extended by six months to 17 January 2013. To date one development lease has been created from this exploration concession and produces approximately 1% of Dana Gas Egypt current volumes and produces only oil.

Management has carried out a review of each of the oil and gas interests at 31 December 2012 and believes that no impairment charge is required for the year.

(b) Purchase, transmission, sweetening and sale rights

Intangible assets include USD 857 million which represent the fair value of the rights for the purchase, transmission, sweetening and sale of gas and related products acquired by the Company through its shareholdings in SajGas, UGTC and CNGCL. The fair value of the rights acquired in 2005 was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships. The intangible assets will be amortised over 25 years from the date of commencement of commercial activity in accordance with the terms of the contracts to which they relate. Commercial activity has not yet commenced. In July 2010, NIOC introduced gas into its completed transmission network and Dana Gas' UGTC pipeline and SajGas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system which needs rectification. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC and expects an enforceable decision by the international tribunal in 2013. Based on the information available at this time, the Directors and management are confident of a positive outcome.

In accordance with IAS 36 requirement relating to intangible assets not yet available for use, management had undertaken an impairment review of the intangible assets as at 31 December 2012. Management understands that progress has been made on the construction of the required facilities by the ultimate gas supplier and has reviewed the various inputs into the original valuation model. Management believes that the inputs into the original valuation model have not significantly changed.

Key assumptions used in value in use calculations
The calculation of value in use for the above cash generating unit is most sensitive to the following assumptions:

- Financial returns;
- Discount rates;
- Oil prices; and
- Reserve volumes and production profiles.

Financial returns: estimates are based on the unit achieving returns on existing investments (comprising both those that are currently cash flowing and those which are in exploration and development stage and which may therefore be consuming cash) at least in line with current forecast income and cost budgets during the planning period.

Discount rates: discount rates reflect management's estimate of the risks specific to the above unit. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

Oil prices: management has used an oil price assumption based on the forward curve prevailing at the end of 2012 for the impairment testing of its individual oil & gas investments.

Reserve volumes and production profiles: management has used its internally developed economic models of reserves and production as a basis of calculating value in use.

Sensitivity to changes in assumptions
The calculation for value in use for the oil and gas interest is most sensitive to the following assumptions:

- Discount rate
- Crude oil prices

The Group generally estimate values in use for the oil exploration and production CGU using a discounted cash flow model. The future cash flows are discounted to their present value using a pre-tax discount rate of 10% (2011: 10%) that reflects current market assessments of the time value of money and the risks specific to the asset. Management believes that currently, there is no reasonable possible change in discount rate which would reduce the Group's excess of recoverable amount over the carrying amount of the individual assets/CGU to Zero.

In respect of the long term Brent crude oil prices, management is confident that even a 20% downward movement in prices will not lead to an impairment in the intangible.

(c) Goodwill

Goodwill of USD 308 million relates to the acquisition of Dana Gas Egypt (previously known as Centurion) in January 2007 which enabled Dana Gas to acquire the upstream business qualification and therefore the rights to develop the gas fields in the Kurdistan region of Iraq. The recoverable amount of the above cash generating unit has been determined based on value in use calculation using cash flow projections approved by senior management up to a 20 year period or the economic limit of the producing field. The pre-tax discount rate applied to cash flow projections is 10% (2011: 10%). Cash flows are generated using forecasted production, capital and operating cost data over the expected life of each accumulation.

12. INVESTMENT PROPERTY

The movement in investment property during the period is as follows:

	2012	*2011*
	USD mm	*USD mm*
Balance at 1 January	**31**	37
Change in fair value	**(3)**	(6)
Balance at 31 December	**28**	31

Investment property consists of industrial land owned by SajGas, a subsidiary, in the Sajaa area of the Emirate of Sharjah, United Arab Emirates. The Group considers a portion of land to be surplus to their operational requirements and will be used for earning rentals or held for capital appreciation.

Investment property is stated at fair value which has been determined based on a valuation performed by an independent firm of qualified property consultants, with reference to comparable market transactions. This valuation reflects the decline in property values generally and has therefore resulted in a decrease in the fair value by USD 3 million (31 December 2011: decrease of USD 6 million) which was charged to the consolidated income statement.

13. INVENTORIES

	2012	*2011*
	USD mm	*USD mm*
Spares and consumables	**66**	65
Less: provision for impairment of inventory	**(12)**	(12)
	54	53

14. TRADE AND OTHER RECEIVABLES

	2012	*2011*
	USD mm	*USD mm*
Trade receivables	599	475
Prepaid expenses	1	1
Other receivables	76	31
Less: provision for impairment of other receivables	(6)	(6)
	670	501

Trade receivables are non-interest bearing and are generally on 30-60 days terms.

As at 31 December, the ageing analysis of trade receivables is as follows:

		Neither past due nor impaired	***Past due but not impaired***				
			<30 days	*30-60 days*	*61-90 days*	*91-120 days*	*>120 days*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*
2012	**599**	**100**	**32**	**11**	**56**	**5**	**395**
2011	475	108	28	48	70	9	212

15. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2012	*2011*
	USD mm	*USD mm*
At 1 January	226	315

Change in fair value	29	(89)
At 31 December	255	226

The Group holds 3,161,116 ordinary shares in MOL received as consideration for the disposal of an interest in Pearl Petroleum in 2009. These shares are listed on the Budapest Stock Exchange and have been fair valued with reference to published price quotation at 31 December 2012. During the year MOL announced cash dividend for its ordinary shareholders, consequently Dana Gas received a dividend of USD 6 million against its shareholding. The dividend was recorded in "Investment and Finance Income" in 2012. Subsequent to the year end on 8 February 2013, the Group sold 1.675 million shares out of its total shareholding in MOL at an average price of HUF 17,515 (USD 133 million) through a book built process.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012	*2011*
	USD mm	*USD mm*
Balance at 1 January	**10**	10
Investment redeemed during the year	**(2)**	-
Change in fair value	**2**	-
Balance at 31 December	**10**	10

This represents initial investment of USD 10 million in the Abraaj Infrastructure fund. The valuation is based on the latest indicative fair value of the fund as of 31 December 2012.

17. CASH AND CASH EQUIVALENTS

	2012	*2011*
	USD mm	*USD mm*
Cash at bank and on hand		
- Local Banks within UAE	**39**	15
- Foreign Banks outside UAE	**42**	18
Short term deposits		
- Local Banks within UAE	**84**	79
	165	112

Cash at bank earns profit at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one week and three months, depending on the immediate cash requirements of the Group, and earns profit at the respective short-term deposit rates. The fair value of cash and short-term deposits is USD 165 million (2011: USD 112 million). The effective profit rate earned on short term deposits ranged between 1.25% to 3.5% (2011: between 1.25% to 4.5%) per annum. As at 31 December 2012, 75% of cash and cash equivalents were held with UAE banks.

18. SHARE CAPITAL

	2012	*2011*
	USD mm	*USD mm*
Authorised:		
6,602,001,300 common shares of AED 1 each (USD 0.2728 each)		
Issued and fully paid up:		
6,602,001,300 common shares of AED 1 each (USD 0.2728 each)	**1,801**	1,801

19. OTHER RESERVES

	Share Option	***Fair value reserve***	***Total***
	USD mm	***USD mm***	***USD mm***
At 1 January 2011	9	133	142
Value of employee services (note 25)	2	-	2
Change in fair value of available-for-sale financial assets (note 12)	-	(89)	(89)
At 31 December 2011	11	44	55
Value of employee services (note 25)	1	-	1
Change in fair value of available-for-sale financial assets (note 12)	-	29	29
At 31 December 2012	**12**	**73**	**85**

20. BORROWINGS

	2012	*2011*
	USD mm	*USD mm*
Non-current		
Convertible bonds	**-**	-
Bank borrowings	**29**	25
	29	25
Current		
Convertible bonds	**920**	904
Bank borrowings	**2**	1
	922	905
Total borrowings	**951**	930

a) CONVERTIBLE SUKUK

In October 2007, the Group arranged to issue convertible Sukuk-al-Mudarabah (the ”Sukuk”) for a total value of USD 1 billion in the form of Trust Certificates through a special purpose company (the “Issuer”). The Sukuk, which were drawn up to conform to the principles of Islamic Sharia, were approved by the Company’s shareholders at an Extraordinary General Meeting held in July 2007. Pursuant to the conditions of the Sukuk, the proceeds were used for the acquisition and development of assets (the “Mudarabah Assets”) owned by Dana LNG Ventures Limited. The Sukuk matured on 31 October 2012 and had a profit rate of up to 7.5% payable quarterly from profits of the Mudarabah Assets. In 2008, Dana Gas purchased some of the Sukuk from the market with a nominal value of USD 80 million.

The Sukuk have limited recourse and are secured against the shares of Dana LNG Ventures Limited (BVI), Sajaa Gas Company Limited (Sharjah) and United Gas Transmissions Company Limited (Sharjah). The net book value of the aforesaid assets is in excess of the amount of the Sukuk.

The Company announced on 10 December 2012 that a standstill and lockup agreement has been reached with an “Ad-Hoc committee” of Sukuk certificate holders for a refinancing transaction (the “Transaction”) in relation to the Sukuk. The standstill and lockup agreement also includes a detailed set of terms, conditions and implementation schedule.

The salient features of the agreement are a reduction in the Company’s outstanding sukuk amount from USD 1 billion to USD 850 million via USD 70 million of cash pay-down and cancellation of another USD 80 million of the existing Sukuk already owned by the Company. The remaining USD 850 million will be split into two tranches being a USD 425 million Ordinary Sukuk and USD 425 million Convertible Sukuk (together the “New Sukuks”), each with 5-year maturity to ensure long term financing.

The Ordinary Sukuk will have a profit rate of 9% per annum and the Convertible Sukuk will have a profit rate of 7% per annum.

The security package available to holders of the New Sukuks will be enhanced by USD 300 million of value comprising security over receivables of the Company’s Egyptian assets, and certain Egyptian assets and UAE assets. The Conversion price of the Convertible Sukuk will be set at a 50% premium to the 75 calendar day volume-weighted average price, measured over a period commencing on 1 December 2012 (with a floor of AED 0.75 and cap of AED 1.00). The Company has the option to pay down the outstanding principal amount of the New Sukuks prior to the new maturity date of 31 October 2017, subject the applicable call premium on the Ordinary Sukuk and the soft call provisions on the Convertible Sukuk.

The Company is currently pursuing the steps necessary for seeking the consent of the shareholders, existing Sukuk holders and the approvals of the regulatory authorities, as necessary, in order to successfully complete the Transaction early in the second quarter of 2013.

The convertible bond recognised in the statement of financial position is calculated as follows:

	2012	*2011*
	USD mm	*USD mm*
Liability component as at 1 January	904	887
Finance cost (note 8)	86	87
Profit paid	(58)	(58)
	932	916
Current portion of profit classified under trade payables and accruals (note 22)	(12)	(12)
Liability component as at 31 December	920	904

b) BANK BORROWINGS

On 22 April 2010, EBGDCO (Joint Venture Company) entered into a facility agreement with Commercial International Bank (Egypt) S.A.E. "CIB" for financing USD 66.5 million of the then investment cost of project of establishment of Gas Liquids extraction plant at Ras Shukeir. The facility matures in 12 years and carries variable rate of LIBOR + Margin during the repayment period. In order to finance increase in investment costs, the Company, on 20 December 2011, executed a supplemental facility agreement with CIB for additional USD 20 million. This supplemental facility matures in 4 years from the date of first drawdown. Danagaz WLL share of the draw downs is approx. USD 31 million as at 31 December 2012.

As continuing security for the performance and full payment of liabilities under the Facility Agreement and supplemental facility agreement, Danagaz W.L.L. has pledged its entire share in share capital of EBGDCO in favor of CIB.

Dana Gas PJSC has given an undertaking "not to dispose" of its equity stake in Danagaz WLL except to a qualified investor approved by CIB, Egypt and not create any lien/ pledge of its equity stake in Danagaz WLL. This facility is non-recourse to Dana Gas PJSC. The pledge of Danagaz shares and the undertaking from Dana Gas PJSC as stated above will be released by the bank upon the Project achieving Project and Financial completion.

21. PROVISIONS

	2012	*2011*
	USD mm	*USD mm*
Asset decommissioning obligation	**12**	15
Employee's end of service benefits	**2**	2
	14	17

22. TRADE PAYABLES AND ACCRUALS

	2012	*2011*
	USD mm	*USD mm*
Trade payables	**66**	70
Accrued expenses and other payables	**60**	52
Profit accrued on convertible bonds (note 20)	**12**	12
	138	134

23. INTEREST IN JOINT VENTURES

(a) Kurdistan Region of Iraq Project

On 15 May 2009, Dana Gas and Crescent signed a Share Sale Agreement with OMV and MOL wherein an equity interest of 5% each was sold by Dana Gas and Crescent to OMV and MOL respectively. Consequently, the new shareholding interest in Pearl Petroleum is as follows: 40% to Dana Gas, 40% to Crescent, 10% to OMV and 10% to MOL.

Pearl Petroleum and its shareholders since 18 May 2009 are engaged in an ongoing dialogue with the Ministry of Natural Resources of the KRG as to the interpretation of the agreements ("the Authorisation").

Pearl Petroleum and its shareholders have assessed the legal position with advice from their legal advisers and are fully confident of Pearl Petroleum's rights under the Authorisation in accordance with applicable law. Pearl Petroleum and the shareholders' judgment, based on such assessment and the progress of the continuing dialogue with the KRG, is that these discussions should result in a satisfactory outcome which should not have a material adverse impact on the state of the Pearl Petroleum or the carrying values of its assets.

These discussions have included dialogue on the amounts due to Pearl Petroleum from the KRG under the terms of the Authorisation. Pearl Petroleum retains full confidence in its contractual rights to full recovery of sums invoiced and indeed Pearl Petroleum has received USD 358 million (Dana Gas 40% share is USD 143 million) during 2012.

The following amounts represent the Group's 40% share of the assets and liabilities of the joint venture:

	2012	*2011*
	USD mm	*USD mm*
Assets:		
Long-term assets	**339**	351
Current assets	**435**	268
Total Assets	**774**	619
Liabilities:		
Current liabilities	**10**	11
Net Assets	**764**	608
Income	**258**	226
Operating cost	**(31)**	(29)
Gross profit	**227**	197

(b) UGTC/ Emarat Joint Venture

The Group has a 50% interest in the UGTC/ Emarat jointly controlled operations which own one of the largest gas pipeline in the UAE (48 inch diameter) with an installed capacity of 1000 MMscfd, to transport gas in Sharjah from Sajaa to Hamriyah. The following amounts represent the Group's 50% share of the assets and liabilities of the joint venture:

	2012	*2011*
	USD mm	*USD mm*
Assets:		
Long-term assets	**22**	23
Current assets	**14**	11
Total Assets	**36**	34
Liabilities:		
Current liabilities	**-**	1
Net Assets	**36**	33
Income	**4**	4
Operating cost	**(2)**	(2)
Gross profit	**2**	2

(c) EBGDCO

The Group through its subsidiary Danagaz WLL has a 40% equity interest in joint venture company EBGDCO involved in construction and operation of gas liquid extraction plant in Egypt capable of processing 150 MMscfpd of natural gas. Apart from Danagaz WLL, EGAS and APICORP have equity interest in EBGDCO, a Company registered in Egypt with its principal objective of fractionation of natural gas derivatives as well as marketing and selling these derivatives. The following amount represents the Group's subsidiary share in the assets & liabilities of the joint venture.

	2012	*2011*
	USD mm	*USD mm*
Assets:		
Long-term assets	**49**	38
Current assets	**3**	7
Total Assets	**52**	45
Liabilities:		
Bank Borrowings	**29**	26
Current liabilities	**11**	5
Total Liabilities	**40**	31
Net Assets	**12**	14
Income	**3**	-
Operating cost	**(2)**	-
Gross profit	**1**	-

24. CONTINGENCIES AND COMMITMENTS

(a) Dana Gas Egypt

Dana Gas Egypt currently has two drilling rigs under contract. In the event that Dana Gas Egypt does not proceed with planned drilling with these rigs, it would be obligated to pay the rig operators a variable stand by rate based on days not utilised under the contracts. Maximum liability based on 31 December 2012 was USD 4 million.

In March 2006, Dana Gas Egypt entered into an agreement with CTIP Oil and Gas Limited ("CTIP") to acquire a 25% percent working interest in the West El Manzala and West El Qantara Concessions. Following the closing of this acquisition, the Company held a 100% participating interest in each of these Concessions. As agreed under the terms of the said acquisition agreement Dana Gas Egypt has paid USD 13 million as a result of the first Government approved plan of Development in the West El Manzala Concession. In addition, Dana Gas Egypt has agreed to pay additional payments that could total up to a further USD 12.5 million as and when discovery volumes equal or in excess of 1Tcf of Proved Reserves. Dana Gas Egypt has also granted a three percent net profits interest to CTIP on future profit from the Concessions.

(b) Nigeria/ Sao Tome

In 2006, Centurion signed a Production Sharing Contract ("PSC") and formal granting by the Joint Development Authority of its 10 percent (gross) equity interest, 9.5 percent (net) in Block- 4 of the Nigeria/Sao Tome. This was later assigned to Dana Gas PJSC in 2009. Dana Gas and another partner have withdrawn from the Concession in accordance with the relevant agreements (PSC/JOA) due to operator's decision to drill a third well without approval. The operator (Addax) had initiated arbitration against the Company. In April 2012, the

arbitration proceedings initiated by Addax have been concluded through an amicable settlement between Addax and Dana Gas. Notice of settlement has been sent to both the Tribunal and ICC and receipt of the same has been confirmed.

(c) Pearl Petroleum Company Limited

Capital expenditure contracted for in relation to reconstruction of the damaged loading bay facility at the end of the reporting period but not yet accrued is estimated at USD 17 million (DG Share: USD 7 million). As per the terms and conditions of the insurance policies, Pearl Petroleum Company Limited insurers have confirmed their commitment to reimburse the cost incurred for the restoration of the damaged LPG loading facility.

(d) EBGDCO

EBGDCO through its banker CIB has issued a letter of credit to a supplier, out of which an amount of USD 5 million (DG Share: USD 2 million) is outstanding as at 31 December 2012 {31 December 2011: USD 5 million (DG Share: USD 2 million)}.

(e) Sharjah Western Offshore

Capital expenditure contracted for at the end of the reporting period but not yet accrued amounted to USD 2 million.

25. SHARE BASED PAYMENT

Share options/ Restricted shares are granted to Executive directors and to selected employees. Following are the plans which are operated by the Company:

Pioneer Grant – Share Option Plan
The Pioneer Grant is a one-time option grant aimed to recognise the pioneering spirit of the founding members of the management team of Dana Gas PJSC. Options in the plan vest upon completion of a defined service period. Pursuant to the shareholder approval and resolution of the Board of Directors in 2008 the rules of the Pioneer Grant were amended to allow the exercise of existing share options to be satisfied by the use of shares. Subsequently, all options granted in 2007 (4,275,000 shares with an average exercise price of AED 1.00) were converted from cash-settled to equity-settled share options. In addition, options over 1,650,000 shares with an average exercise price of AED 1.00 were awarded to individuals who did not receive a share option grant in 2007. The average fair value of these options is AED 0.90 per option.

Key Employee Long Term Incentive Plan ("LTIP") – Share Option Plan
The LTIP seeks to align employee and shareholder interests and reward Company and employee performance over an extended period through the payment of cash bonuses calculated by reference to the market price of one share as compared to its exercise price determined at the time of grant. Options in the plan vest upon completion of a defined service period. Pursuant to the shareholder's approval and resolution of the Board of Directors in 2008 the rules of the LTIP were amended to allow the exercise of existing and new share options to be satisfied by the use of shares. Subsequently, all options granted in 2007 were converted from cash-settled to equity-settled share options.

The weighted average fair value of options granted in 2009 was determined using the Black-Scholes valuation model - AED 0.62 per option (2008: AED 1.09). The significant inputs into the model were average share price of AED 1.1 (2008: AED 2.04), expected option life of 8 years and an annual risk-free interest rate of 3.37% (2008: 4.62%). The volatility measured at the standard deviation of continuously compounded share returns was based on statistical analysis of daily share prices.

Restricted Shares
The Group has made no restricted share awards (2011: 6 million shares) to key employees during the year. Awards under this plan are generally subject to vesting over time, contingent upon continued employment and to restriction on sale, transfer or assignment until the end of a specified period, generally over one to three years from date of grant. All awards may be cancelled if employment is terminated before the end of the relevant restriction period. The Group determines fair value of restricted shares unit based on the numbers of unit granted and the grant date fair value.

The charge recognised in income statement under share based payment plans is shown in the following table:

	2012	*2011*
	USD mm	*USD mm*
Expense arising from share-based payment transactions	1	2

26. RELATED PARTY DISCLOSURES

Transactions with related parties included in the consolidated income statement are as follows:

	2012		*2011*	
	Revenues	***Fees for management services***	*Revenues*	*Fees for management services*
	USD mm	***USD mm***	*USD mm*	*USD mm*
Joint ventures	1	-	1	-
Major shareholders	-	1	-	1
	1	**1**	1	1

The remuneration to the Board of Directors has been disclosed in the consolidated statement of changes in equity.

Compensation of key management personnel
The remuneration of members of key management during the year was as follows:

	2012	*2011*
	USD mm	*USD mm*
Short-term benefits	8	10
Stock options	1	2
	9	12

27. INCOME TAX EXPENSE

The Company is not liable to tax in its primary jurisdiction. The income tax expenses relates to its Egypt operations which are taxed an average tax rate of 40.55% (2011: 40.55%)

The effective tax rate was 28 % (2011: 35 %).

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

The Group's principal financial liabilities comprise borrowings, decommissioning obligations, trade payables and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Board of Directors review and agree policies for managing each of these risks which are summarised below.

(a) Foreign currency risk

The Group is only exposed to material foreign currency risks in relation to available for sale financial assets which are denominated in Hungarian Forint (HUF), as a significant portion of the Group's asset, liabilities, revenues and expenses are USD denominated.

At 31 December 2012, if the HUF had strengthened/weakened by 10% against the USD with all other variables held constant, total comprehensive income for the year would have been USD 25 million higher / lower (2011: USD 23 million), as a result of foreign exchange gains/losses on translation of HUF denominated available-for-sale financial assets.

(b) Interest rate risk

The Group has minimal exposure to interest rate risk on bank deposits and long term borrowings which are obtained at variable rates by one of the Group's subsidiary to finance its project. The Group's Convertible bonds carry fixed profit rate and hence is not exposed to interest rate risk.

(c) Price risk

The Group is exposed to equity securities price risk in relation to the investments held by the Group and classified as available-for-sale financial assets. The Group's investment is in equity of an entity which is publicly traded on Budapest Stock exchange. As at 31 December 2012, if the equity price had increased / decreased by 10% with all other variables held constant the Group's comprehensive income for the year would have been USD 25 million higher / lower (2011: USD 23 million).

(d) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from trade receivables and bank balances.

(i) Trade receivables

The trade receivables arise from its operations in UAE, Egypt and Kurdistan Region of Iraq. The requirement for impairment is analysed at each reporting date on an individual basis for major customers. As majority of the Group's trade receivable are from Government related entities no impairment was necessitated at this point. The maximum exposure to credit risk at the reporting date is the carrying amount as illustrated in note 14.

(ii) Bank balances

Credit risk from balances with banks and financial institutions is managed by Group's Treasury in accordance with the Group policy. Investment of surplus funds is made only with counterparties approved by the Group's Board of Directors. The Group's maximum exposure to credit risk in respect of bank balances as at 31 December 2012 is the carrying amount as illustrated in note 17.

(e) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings, trade payables and other payables. The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments:

Year ended 31 December 2012

	On demand	***Less than 3 months***	***3 to 12 months***	***1 to 5 years***	***>5 years***	***Total***
	USD mm	***USD mm***	***USD mm***	***USD mm***	***USD mm***	***USD mm***
Borrowings	**920**	**-**	3	27	13	963
Trade payables and accruals	**-**	**138**	-	-	-	138
Provisions	**-**	**-**	2	5	16	23
	920	**138**	5	32	29	1,124

Year ended 31 December 2011

	On demand	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*>5 years*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Borrowings	-	6	973	14	17	1,010
Trade payables and accruals	-	134	-	-	-	134
Provisions	-	-	2	6	22	30
Due to related parties.....	-	2	-	-	-	2
	-	142	975	20	39	1,176

Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011. Capital comprises share capital, retained earnings, other reserves and equity component of convertible bonds, and is measured at USD 2,283 million as at 31 December 2012 (2011: USD 2,124 million).

29. FAIR VALUE ESTIMATION

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements:

	Carrying amount	***Fair value***	*Carrying amount*	*Fair value*
	2012	***2012***	*2011*	*2011*
	USD mm	***USD mm***	*USD mm*	*USD mm*
Financial assets				

Available for sale financial asset	**255**	**255**	226	226
Trade and other receivables	**668**	**668**	499	499
Cash and short term deposits	**165**	**165**	112	112
Financial liabilities				
Borrowings	**951**	**951**	930	930
Trade and other payables.....	**138**	**138**	134	134

The fair value of bank borrowings is the amortised cost determined as the present value of discounted future cash flows using the effective interest rate.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The following table presents the Group' assets that are measured at fair value on 31 December 2012:

	Level 1	***Level 2***	***Level 3***	***Total***
	USD mm	***USD mm***	***USD mm***	***USD mm***
Assets				
Available for sale financial asset				
- Equity securities.....	**255**	**-**	**-**	**255**
Financial assets at fair value				
through profit or loss	**-**	**10**	**-**	**10**
Total	**255**	**10**	**-**	**265**

The following table presents the Group' assets that are measured at fair value on 31 December 2011:

	Level 1	*Level 2*	*Level 3*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*
Assets				
Available for sale financial asset				
- Equity securities.....	226	-	-	226
Financial assets at fair value				
through profit or loss	-	10	-	10
Total.....	226	10	-	236

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1 and comprises of Budapest Stock Exchange (BSE) equity investments classified as available-for-sale financial asset.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely

as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

30. FINANCIAL INSTRUMENTS BY CATEGORY

	Loans & receivables	***Assets at fair value through the profit and loss***	***Available-for-sale financial asset***	***Total***
	USD mm	***USD mm***	***USD mm***	***USD mm***
31 December 2012				
Assets as per Statement of Financial Position				
Available-for-sale financial asset	**-**	**-**	**255**	**255**
Trade and other receivables excluding pre-payments	**669**	**-**	**-**	**669**
Financial assets at fair value through profit or loss	**-**	**10**	**-**	**10**
Cash and cash equivalents	**165**	**-**	**-**	**165**
Total	**834**	**10**	**255**	**1,099**

	Liabilities at fair value through the profit and loss	***Derivatives used for hedging***	***Other financial liabilities at amortised cost***	***Total***
	USD mm	***USD mm***	***USD mm***	***USD mm***
31 December 2012				
Liabilities as per Statement of Financial Position				
Borrowings	**-**	**-**	**951**	**951**
Provisions	**-**	**-**	**14**	**14**
Trade and other payable excluding statutory liabilities	**-**	**-**	**138**	**138**
Total	**-**	**-**	**1,103**	**1,103**

	Loans & receivables	*Assets at fair value through the profit and loss*	*Available-for-sale financial asset*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*
31 December 2011				
Assets as per Statement of Financial Position				
Available-for-sale financial assets	-	-	226	226
Trade and other receivables excluding pre-payments	499	-	-	499
Financial assets at fair value through profit or	-	10	-	10

loss				
Cash and cash equivalents	112	-	-	112
Total	611	10	226	847

	Liabilities at fair value through the profit and loss	*Derivatives used for hedging*	*Other financial liabilities at amortised cost*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*
31 December 2011				
Liabilities as per Statement of Financial Position				
Borrowings	-	-	930	930
Provisions	-	-	17	17
Trade and other payable excluding statutory liabilities	-	-	134	134
Total	-	-	1,081	1,081

Dana Gas PJSC and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2011

DANA GAS PJSC
Report of the Directors

The Board of Directors of Dana Gas ("Dana Gas" or the "Company") are pleased to announce the consolidated financial results of the Company, its subsidiaries and joint ventures (together referred to as the "Group") for the year ended 31 December 2011.

Principal Activities

Dana Gas was incorporated in the Emirate of Sharjah ("Sharjah"), United Arab Emirates, as a public joint stock company on 20 November 2005 pursuant to incorporation decree number 429/2005 issued by the Ministry of Economy.

Dana Gas is the Middle East's first and largest private sector natural gas company. The Group currently operates in the MENASA (Middle East, North Africa & South Asia) Region across the natural gas value chain, from exploration and production through gas processing and transportation, to the distribution, marketing and utilization of gas as feedstock and fuel to the petrochemical, industrial and the power sectors. The Company has its head office in Sharjah with offices also in Egypt, Saudi Arabia, Bahrain, the Kurdistan Region of Iraq and the United Kingdom

Results for the year ended 31 December 2011

During the year, Dana Gas achieved Gross Revenues of AED 2.53 billion as compared to AED 1.79 billion in 2010; an increase of 42%. This increase in revenue was due to higher production during the year coupled with higher hydrocarbon prices. As a result the company realised a record gross profit of AED 1.33 billion, which was 71% higher than the AED 781 million realised in 2010.

The Group's average gross production in 2011 grew to 66,200 barrels of oil equivalent per day (boepd), an increase of 19% over last year's production of 55,500 boepd. This increase was mainly due to production growth in Kurdistan due to the commencement of production from two new LPG trains. Commercial (2P) reported reserves grew to 159 million barrels of oil equivalent (mmboe), an increase of 5% over last year's reserves of 152 mmboe.

The Group achieved a net profit after tax of AED 506 million during the current year as compared to AED 158 million in 2010. Earnings before interest, tax, depreciation, amortisation and exploration write offs ("EBITDAX") increased to AED 1.6 billion compared to AED 1 billion in 2010.

Comprehensive income for the year stood at AED 180 million down from AED 276 million recorded in 2010. The main reason for this decline, despite a significant increase in net profits, was the reduction in value of Available for Sale Assets ("AFS" / investment in MOL shares) by AED 326 million during the year. Under the adopted accounting standards, the AFS is marked to prevailing market value and the resulting gain or loss is booked directly into equity. This significant decline in the market value of MOL shares was due to the ongoing European financial crisis.

Liquidity and Financial Resources

During the year, the operating cash flow and the Group's cash and bank balances were principally used to fund its capital expenditure programme in Egypt and Sharjah Offshore.

The Group's cash and bank balances as at 31 December 2011 stood at AED 411 million (31 December 2010: AED 583 million) of which 84% was held with local banks in the UAE.

Liquidity and Financial Resources (continued)

During the year the Group collected AED 649 million against receivables in Egypt and Kurdistan. At the year end the Group's trade receivables balance stood at AED 1.74 billion.

Business Update

In line with its outlined strategy, the Group continues to maximise the value of its existing oil and gas assets and projects. However, given the current regional turmoil and global financial crisis (Eurozone debt in particular), Dana Gas' business objective is to preserve and protect the value of its assets for its stakeholders and therefore it continues to balance operating and necessary capital expenditure within the available financial resources.

Group Reserves

The U.K. based advisory firm, Gaffney, Cline & Associates has carried out an independent evaluation of Dana Gas Egypt's and Sharjah Western Offshore hydrocarbon reserves, and following this review, the Group's gross proved reserves (1P) as at 31 December 2011 are estimated to be 88 millions of barrels of oil equivalent (31 December 2010: 89 mmboe). The gross proved and probable reserves (2P) as at 31 December 2011 are estimated to be 159 mmboe (31 December 2010: 152 mmboe). The gross proved, probable and possible reserves (3P) as at 31 December 2011 are estimated to be 277 mmboe (31 December 2010: 253 mmboe).

In 2011, the Gross Proved plus Probable Commercial Reserves (2P) increased to 159 mmboe (2010: 152 mmboe). These 2P reserves give a total reserves addition of 5% (after 2011 production in Egypt) and 15% (before 2011 production in Egypt). This represents a production replacement ratio of 145% for the year.

Dana Gas Egypt

Dana Gas Egypt ended 2011 with production for the full year of operations of 15.5 mmboe i.e. averaging 42,500 boepd (2010: 15.4 mmboe, i.e averaging 42,300 boepd). A sustained production plateau over the last year was achieved with production commencing from 6 new wells to compensate for the natural decline in production from previously producing wells.

During 2011, Dana Gas drilled 3 exploration and 5 appraisal/development wells. This programme resulted in 3 new pool discoveries, which have been added to the Group's resource base.

During the year the Group collected AED 275 million against receivables in Egypt. At year end the Group's trade receivable balance stood at AED 836 million.

Kurdistan Region of Iraq (KRI) Project (Pearl Petroleum Company Limited)

In April 2007, the Group entered into agreements with the Kurdistan Regional Government of Iraq for the development of its significant petroleum (including gas) resources in the Khor Mor and Chemchemal fields. Since then, the focus has been on developing, processing and transporting natural gas from the Khor Mor field including processing and the extraction of LPG and condensate and providing natural gas supplies to fuel domestic electric power generation plants near the major urban centers of Erbil and Suleymania. Further development of the gas reserves are planned to include allowing expansion of electricity generation and to supply natural gas as feedstock and energy for local industries.

The first LPG plant train was commissioned in January 2011 and the second LPG train was commissioned in April 2011 consequently, during 2011, the Group's share of gross production in the Kurdistan Region of Iraq increased to 8.6 mmboe, i.e. averaging 23,700 boepd from 4.8 mmboe, compared to an average of 13,200 boped in 2010.

As at 31 December 2011, Dana Gas' net investment in Kurdistan exceeds AED 1.3 billion.

During the year the Group collected AED 374 million against receivables in Kurdistan. At year end the Group's trade receivable balance stood at AED 880 million.

UAE Gas Project

The UAE Gas Project to process and transport imported gas continues to await the commencement of gas supplies by the National Iranian Oil Company ("NIOC") to Crescent Petroleum. Dana Gas has a 35% interest in

Crescent National Gas Corporation Limited (CNGCL) and owns 100% of SajGas and UGTC. In July 2010, NIOC introduced gas into its completed transmission network and Dana Gas' UGTC pipeline and SajGas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system which it is now rectifying. This repair may take several months. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC and expects an enforceable decision by the international tribunal in 2012.

Sharjah Western Offshore Concession

In March 2008, Dana Gas was awarded a twenty-five year oil and gas concession by the Government of Sharjah for the exploration and development of the Western Offshore Concession in Sharjah, UAE. The concession award marks Dana Gas' entry into the GCC exploration and production sector and will also be the first offshore upstream asset for the Company. The concession agreement covers a total area of over 1,000 square kilometers including part of the Zora Gas Field, which has established gas reserves and a ready market.

The project entails the engineering, construction and installation of a new unmanned platform, together with 2-3 horizontal gas production wells in approximately 24 meters of water depth. These planned facilities are about 33 km offshore from the Sharjah Hamriyah Free Zone coast line, linked by a new 12" gas and condensate pipeline, to a new onshore gas processing plant to be constructed within the Sharjah Hamriyah Free Zone Area.

In October 2011, the Company appointed Worley Parsons to provide project management consultancy services on the Project. The planned gas production of 60 million scfd is targeted to begin at the end of 2012.

Egypt Gulf of Suez – Gas Liquids Extraction Plant

The Company, through its subsidiary Danagaz Bahrain, is a 26.4% owner (effective) in Egyptian Bahraini Gas Derivative Company (Joint Venture) to build, own and operate a Liquids Extraction Plant in Egypt in partnership with the Egyptian National Gas Company (EGAS) and the Arab Petroleum Investments Corporation (APICORP). The contract for the Gas liquids extraction plant was awarded in June 2009. Financing for this project is in place, construction of the facilities is nearing completion and start up is planned to be achieved in second quarter of 2012.

Gas Cities

Dana Gas has a 50% shareholding in a joint venture company GASCITIES Ltd for the development of a series of "Gas Cities" across the MENASA region.

In 2009, GASCITIES Ltd signed a Memorandum of Understanding to carry out a series of pre-feasibility studies to establish gas and land allocations for a potential Gas City in the Hodeidah Region of Yemen. The Company is also assessing the feasibility for Gas Cities in Egypt and in Kurdistan Region of Iraq.

Directors

The Directors who served during the period were:

H.H. Sheikh Ahmed Bin Sultan Al-Qasimi, Honorary Chairman
Mr. Hamid Dhiya Jafar, Chairman
Dr. Adel Khalid Al-Sabeeh, Deputy Chairman
Mr. Ahmed Rashid Al-Arbeed, Chief Executive Officer
Mr. Rashid Saif Al-Jarwan, Executive Director
H.E. Sheikh Sultan Bin Ahmed Bin Sultan Al-Qasimi
H.H Shaikha Hanadi Al Thani
Mr. Abdulaziz Hamad Aljomaih
Mr. Abdullah Ali Al Majdouie
Mr. Adib Abdullah Al-Zamil
Mr. Khalid Abdul Rahman Saleh Al-Rajhi

Mr. Majid Hamid Jafar
Mr. Nasser Al Nowais
Mr. Rashad Mohammed Al-Zubair
Mr. Said Arrata

Dr. Tawfeeq Abdulrahman Almoayed
Mr. Varoujan Nerguizian
Mr. Ziad Abdulla Ibrahim Galadari

Auditors

The financial statements have been audited by Ernst & Young who retire and, being eligible, offer themselves for reappointment

On behalf of the Board of Directors

Director
14 March 2012

ERNST & YOUNG

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC

Report on the financial statements

We have audited the accompanying consolidated financial statements of Dana Gas PJSC and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2011 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flow and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements
The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (IASB), and the applicable provisions of the articles of association of Dana Gas PJSC and the UAE Commercial Companies Law of 1984 (as amended) and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2011, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the IASB.

Emphasis of matter
We draw attention to note 11 to the consolidated financial statements which discloses that the continued delay in commencement of gas supplies has prompted a key supplier of the Group to initiate arbitration proceedings against its ultimate supplier.

We also draw attention to note 20 to the consolidated financial statements regarding the forthcoming maturity of a Sukuk.

Our opinion is not qualified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the consolidated financial statements include in all material respects, the applicable requirements of the UAE Commercial Companies Law of 1984 (as amended) and the Articles of Association of Dana Gas PJSC; proper books of account have been kept by Dana Gas PJSC, an inventory was duly carried out and the contents of the report of the Board of Directors relating to these consolidated financial statements are consistent with the books of account. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the UAE Commercial Companies Law of 1984 (as amended) or of the Articles of Association of Dana Gas PJSC have occurred during the year which would have had a material effect on the business of Dana Gas PJSC or on its financial position.

Ernst & Young

Signed by
Joseph A. Murphy (Registration No. 492)
For Ernst & Young

Sharjah, United Arab Emirates
14 March 2012

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2011

	Notes	***2011***		*2010*	
		USD mm	***AED mm***	*USD mm*	*AED mm*
Revenue		**690**	**2,529**	487	1,785
Royalties		**(169)**	**(619)**	(137)	(502)
Net revenue	5	**521**	**1,910**	350	1,283
Cost of sales		**(47)**	**(172)**	(33)	(121)
Depreciation and depletion	10	**(110)**	**(403)**	(104)	(381)
Gross profit		**364**	**1,335**	213	781
Investment and finance income	6	**3**	**11**	8	29
Other income		**1**	**4**	3	11
Provision for impairments	7	**-**	**-**	(5)	(18)
Change in fair value of investment property	13	**(6)**	**(22)**	(2)	(7)
General and administration expenses		**(40)**	**(147)**	(33)	(121)
Finance costs	8	**(87)**	**(319)**	(56)	(205)
Exploration expenditure	10	**(13)**	**(48)**	(13)	(48)
PROFIT BEFORE INCOME TAX		**222**	**814**	115	422
Income tax expense		**(84)**	**(308)**	(72)	(264)
PROFIT FOR THE YEAR		**138**	**506**	43	158
Basic and diluted earnings per share (USD/AED per share)	9	**0.021**	**0.077**	0.006	0.024

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

	2011		*2010*	
	USD mm	***AED mm***	*USD mm*	*AED mm*
Profit for the year	**138**	**506**	43	158
Other comprehensive income:				
(Loss)/ gain on available-for-sale financial asset (note 12)	**(89)**	**(326)**	32	118
Other comprehensive (loss)/ income for the year	**(89)**	**(326)**	32	118
Total comprehensive income for the year	**49**	**180**	75	276

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	Notes	2011 USD mm	2011 AED mm	2010 USD mm	2010 AED mm
ASSETS					
Non-current assets					
Property, plant and equipment	10	**1,032**	**3,782**	1,045	3,828
Intangible assets	11	**1,342**	**4,918**	1,355	4,967
Available-for-sale financial asset	12	**-**	**-**	315	1,155
Investment property	13	**31**	**114**	37	136
		2,405	**8,814**	2,752	10,086
Current assets					
Inventories	14	**53**	**194**	51	187
Trade and other receivables	15	**501**	**1,836**	255	935
Due from related parties		**-**	**-**	1	3
Available-for-sale financial asset	12	**226**	**829**	-	-
Financial assets at fair value through profit or loss	16	**10**	**37**	10	37
Cash and cash equivalents	17	**112**	**411**	159	583
		902	**3,307**	476	1,745
TOTAL ASSETS		**3,307**	**12,121**	3,228	11,831
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	18	**1,801**	**6,602**	1,801	6,600
Statutory reserve		**48**	**176**	34	125
Legal reserve		**48**	**176**	34	125
Retained earnings		**220**	**806**	112	409
Other reserves	19	**55**	**200**	142	521
Convertible bonds- equity component		**48**	**176**	48	176
Attributable to shareholders of the Company		**2,220**	**8,136**	2,171	7,956
Non-controlling interest		**4**	**15**	3	11
Total equity		**2,224**	**8,151**	2,174	7,967
LIABILITIES					
Non-current liabilities					
Borrowings	20	**25**	**92**	897	3,288
Provisions	21	**17**	**62**	17	62
		42	**154**	914	3,350
Current liabilities					
Borrowings	20	**905**	**3,317**	-	-
Trade payables and accruals	22	**134**	**492**	140	514
Due to related parties		**2**	**7**	-	-
		1,041	**3,816**	140	514
Total liabilities		**1,083**	**3,970**	1,054	3,864
TOTAL EQUITY AND LIABILITIES		**3,307**	**12,121**	3,228	11,831

Director
14 March 2012

Director
14 March 2012

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended 31 December 2011

	Notes	2011 USD mm	2011 AED mm	2010 USD mm	2010 AED mm
OPERATING ACTIVITIES					
Profit before income tax		**222**	**814**	115	422
Adjustments for:					
Depreciation and depletion	10	**110**	**403**	104	381
Investment and finance income	6	**(3)**	**(11)**	(8)	(29)
Change in fair value of investment property	13	**6**	**22**	2	7
Other income/expenses		**1**	**4**	-	-
Finance costs	8	**87**	**319**	56	205
Exploration expenditure	10	**13**	**48**	13	48
Provision for impairments	7	**-**	**-**	5	18
Board compensation		**(2)**	**(7)**	(2)	(7)
		434	**1,592**	285	1,045
Changes in working capital:					
Trade and other receivables		**(246)**	**(901)**	(101)	(371)
Inventories		**(2)**	**(7)**	(5)	(18)
Trade payables and accruals		**(6)**	**(22)**	23	85
Due from related parties		**1**	**3**	-	-
Due to related parties		**2**	**7**	1	3
Net cash generated from operating activities		**183**	**672**	203	744
Income tax paid		**(84)**	**(308)**	(72)	(264)
Net cash flows from operating activities		**99**	**364**	131	480
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(86)**	**(316)**	(136)	(498)
Expenditure on intangibles	11	**(10)**	**(37)**	(34)	(125)
Proceeds from sale of interest in Komombo		**-**	**-**	35	128
Investment and finance income received		**3**	**11**	7	26
Others		**-**	**-**	2	7
Net cash used in investing activities		**(93)**	**(342)**	(126)	(462)
FINANCING ACTIVITIES					
Proceeds from borrowings		**16**	**59**	10	37
Finance costs paid		**(69)**	**(253)**	(69)	(253)
Net cash used in financing activities		**(53)**	**(194)**	(59)	(216)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(47)**	**(172)**	(54)	(198)
Cash and cash equivalents at the beginning of the year		**159**	**583**	213	781
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	17	**112**	**411**	159	583

The attached notes 1 to 30 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2011

	Attributable to shareholders of the Company															
	Share capital		*Statutory reserve*		*Legal reserve*		*Retained earnings*		*Other reserves*		*Convertible bonds-equity component*		*Non-controlling interest*		*Total*	
	USD mm	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*
At 31 December 2009	1,637	6,000	30	113	30	113	243	882	107	392	48	176	4	15	2,099	7,691
Profit for the year	-	-	-	-	-	-	43	158	-	-	-	-	-	-	43	158
Other comprehensive income	-	-	-	-	-	-	-	-	32	118	-	-	-	-	32	118
Total comprehensive income for the year	-	-	-	-	-	-	43	158	32	118	-	-	-	-	75	276
Board compensation	-	-	-	-	-	-	2)	(7)	-	-	-	-	-	-	(2)	(7)
Transfer to reserves	-	-	4	12	4	12	(8)	(24)	-	-	-	-	-	-	-	-
Share based payment	-	-	-	-	-	-	-	-	3	11	-	-	-	-	3	11
Issue of bonus share (note 18)	164	600	-	-	-	-	(164)	(600)	-	-	-	-	-	-	-	-
Loss attributable to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(1)	(4)	(1)	(4)
At 31 December 2010	**1,801**	**6,600**	**34**	**125**	**34**	**125**	**112**	**409**	**142**	**521**	**48**	**176**	**3**	**11**	**2,174**	**7,967**
Profit for the year	-	-	-	-	-	-	**138**	**506**	-	-	-	-	-	-	**138**	**506**
Other comprehensive income	-	-	-	-	-	-	-	-	**(89)**	**(326)**	-	-	-	-	**(89)**	**(326)**
Total comprehensive																

The attached notes 1 to 30 form part of these consolidated financial statements.

	Attributable to shareholders of the Company															
	Share capital		*Statutory reserve*		*Legal reserve*		*Retained earnings*		*Other reserves*		*Convertible bonds-equity component*		*Non-controlling interest*		*Total*	
	USD mm	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*	*USD mm*	*AED mm*
income for the year	-	-	-	-	-	-	**138**	**506**	**(89)**	**(326)**	-	-	-	-	**49**	**180**
Board compensation	-	-	-	-	-	-	**(2)**	**(7)**	-	-	-	-	-	-	**(2)**	**(7)**
Transfer to reserves	-	-	**14**	**51**	**14**	**51**	**(28)**	**(102)**	-	-	-	-	-	-	-	-
Share based payment (note 25)	-	-	-	-	-	-	-	-	**2**	**7**	-	-	-	-	**2**	**7**
Issue of shares (note 25)	-	**2**	-	-	-	-	-	-	-	**(2)**	-	-	-	-	-	-
Addition to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	**1**	**4**	**1**	**4**
At 31 December 2011	**1,801**	**6,602**	**48**	**176**	**48**	**176**	**220**	**806**	**55**	**200**	**48**	**176**	**4**	**15**	**2,224**	**8,151**

1. ACTIVITIES

Dana Gas PJSC ("Dana Gas" or the "Company") was incorporated in the Emirate of Sharjah, United Arab Emirates as a Public Joint Stock Company on 20 November 2005 pursuant to incorporation decree number 429/2005 issued by the Ministry of Economy. Dana Gas shares are listed on the Abu Dhabi Securities Exchange (ADX).

The Company, its Subsidiaries and joint ventures constitute the Group ("the Group"). The Group is engaged in the business of exploration, production, ownership, transportation, processing, distribution, marketing and sale of natural gas and petroleum related products, including the development of gas related projects and services.

The Company's registered head office is P. O. Box 2011, Sharjah, United Arab Emirates with offices in Al-Khobar, Bahrain, Cairo, Kurdistan Region of Iraq and London.

Principal subsidiaries and jointly controlled entities of the Group at 31 December 2011 and the group percentage of ordinary share capital or joint venture interest are set out below:

Subsidiaries	**%**	**Country of incorporation**	**Principal activities**
Dana Gas LNG Ventures	100	British Virgin Island	Oil and Gas exploration & production
Dana Gas Egypt (previously Centurion)	100	Barbados	Oil and Gas exploration & Production
Sajaa Gas Private Limited Company ("SajGas")	100	Emirate of Sharjah, UAE	Gas Sweetening
United Gas Transmissions Company Limited ("UGTC")	100	Emirate of Sharjah, UAE	Gas Transmission
Danagaz (Bahrain) WLL	66	Bahrain	Gas Processing
Joint Ventures	**%**	**Country of operations**	**Principal activities**
Pearl Petroleum Company Limited ("Pearl Petroleum")	40	Kurdistan Region of Iraq	Oil and Gas exploration & production
UGTC/ Emarat	50	Emirate of Sharjah	Gas Transmission
CNGCL	35	Emirate of Sharjah	Gas Marketing
EBGDCO	26.4	Egypt	Gas Processing
GASCITIES Ltd	50	MENASA	Gas Cities

2. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment property, available-for-sale financial asset and financial assets at fair value through profit or loss account that have been measured at fair value. The consolidated financial statements are presented in United States Dollars

(USD), which is the Group's functional currency, and all the values are rounded to the nearest million except where otherwise indicated. The United Arab Emirates Dirhams (AED) amounts have been presented solely for the convenience to readers of the consolidated financial statements. AED amounts have been translated at the rate of AED 3.6655 to USD 1.

Statement of compliance
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2011:

- IAS 24 Related Party Disclosures (amendment) effective 1 January 2011

- IFRIC 14 Prepayments of a Minimum Funding Requirement (amendment) effective 1 January 2011

Improvements to IFRSs (May 2010):

- IFRS 3 Business Combinations - measurement options available for non-controlling interest (NCI) effective 1 July 2010

- IFRS 7 Financial Instruments: Disclosures – collateral and qualitative disclosures

- IAS 1 Presentation of Financial Statements – analysis of other comprehensive income

The impact of the adoption of these standards or interpretations is described below.

IAS 24 Related Party Disclosures (Amendment)
The IASB has issued an amendment to IAS 24 that clarifies the identification of related party relationships, particularly in relation to significant influence or joint control. The new definitions emphasise a symmetrical view on related party relationships as well as clarify in which circumstances persons and key management personnel affect related party relationships of an entity. While the adoption of the amendment did not have any current impact on the financial position or performance, or disclosures of the Group, as all required information is currently being appropriately captured and disclosed, it is relevant to the application of the Group's accounting policy in identifying future potential related party relationships.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)
The amendment removes an unintended consequence when an entity is subject to minimum funding requirements (MFR) and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements; therefore the amendment on the Interpretation had no effect on the financial position, financial performance, stated accounting policy or other disclosures of the Group.

Improvement to IFRS

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each amendment. The adoption of the following amendments did not have any impact on the financial position or performance of the Group.

IFRS 3 Business Combinations - Measurement of non-controlling interests (NCI): The measurement options available for NCI have been amended. Only components of NCI that constitute a present ownership interest that entitle their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured either at: Fair value or The present ownership instruments' proportionate share of the acquiree's identifiable net assets.

All other components of NCI are to be measured at their acquisition date fair value, unless another measurement basis is required by another IFRS, e.g., IFRS 2.

IFRS 7 Financial Instruments Disclosures: The amendment was intended to simplify the disclosures required, by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

IAS 1 Presentation of Financial Statements: The amendment clarifies that an entity has an option to present an analysis of other comprehensive income by item, for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

Standards issued but not yet effective
Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects will have an impact on disclosures, financial position and/or financial performance, when applied at a future date. The Group intends to adopt those standards (where applicable) when they become effective.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income
The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The amendment affects presentation only and therefore will have no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 27 Separate Financial Statements (as revised in 2011)
As a consequence of the new IFRS 10 and IFRS 12 (refer below), what remains in IAS 27 is limited to accounting for subsidiaries, jointly arrangements, and associates in separate financial statements. The Group does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
As a consequence of the new IFRS 11 and IFRS 12 (refer below), IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. . The amendments become effective for annual periods beginning on or after 1 January 2013.

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015.

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities

IFRS 10 provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10 replaces IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation-Special Purpose Entities.

IFRS 11 establishes principles for the financial reporting by parties to a joint arrangement. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers.

IFRS 12 combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. As a consequence of these new IFRSs, the IASB also issued amended and retitled IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The new requirements are effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The Group is yet to assess what impact the adoption of these new standards will have on its financial position and/or performance, disclosures and stated accounting policies.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted The new requirements are effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The Group is yet to assess what impact the adoption of this new Standard will have on its financial position and/or performance, disclosures and stated accounting policies.

Basis of consolidation

(a) Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Joint ventures
The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it re-sells the assets to an independent party. However, a loss on

the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating decision-maker. The Chief Operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD which is Company's functional currency where AED is presented as the Group's presentation currency for convenience of the users of the consolidated financial statement.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in consolidated income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in other comprehensive income.

(c) Group companies

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The statement of financial position of subsidiaries and joint ventures with functional currencies other than US Dollars are translated using the closing rate method, whereby assets and liabilities are translated at the rates of exchange ruling at the statement of financial position date. The income statements of such subsidiaries and joint ventures are translated at average exchange rates for the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions). Any goodwill arising on the acquisition of such operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the operation and translated at the closing rate. Exchange differences arising on the retranslation of net assets are taken directly to equity. On the disposal of such entities, accumulated exchange differences are recognised in the consolidated income statement as a component of the gain or loss on disposal.

Property, plant and equipment

Property, plant and equipment is stated at cost net of accumulated depreciation and/or accumulated impairment losses, if any. Land is not depreciated.

Depreciation is computed on a straight line basis over the estimated useful lives of the assets as follows:

Oil and gas properties	unit-of-production
Buildings	25 years
Gas plant	15 – 25 years
Pipelines & related facilities	25 years
<u>Other assets:</u>	
Computers	3 years
Furniture and fixtures	3 years – 5 years
Vehicles	3 years – 5 years
Leasehold improvements	over the expected period of lease

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted prospectively if appropriate.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (cost)/income' in the income statement.

Capital work-in-progress is stated at cost. On commissioning, capital work-in-progress is transferred to property, plant and equipment and depreciated or depleted in accordance with Group policies.

Oil and gas assets

Oil and natural gas exploration and evaluation expenditures are accounted for using the 'successful efforts' method of accounting. Geological and geophysical exploration costs are charged against income as incurred. Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. If hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity which may

include the drilling of further wells (exploration or exploratory-type stratigraphic test wells), are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to a technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proven reserves of oil and natural gas are determined and development is sanctioned, capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure.

(a) Depletion

Oil and gas properties are depleted using the unit-of-production method. Unit-of-production rates are based on proved reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods.

(b) Impairment – exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less cost to sell and their value in use. For the purpose of assessing impairment, the exploration and evaluation assets subject to testing are grouped with existing cash-generating units of production fields that are located in the same geographical region.

Intangible assets
Intangible assets acquired as part of a business combination relating to oil and gas properties are recognised separately from goodwill if the asset is separable or arises from contractual or legal rights and its fair value can be measured reliably.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually either individually or at the cash-generating unit level. When development in respect of the oil and gas properties is internally approved, the related amount is transferred from intangible assets to property, plant and equipment and depleted in accordance with the Group's policy. If no future activity is planned, the remaining balance is written off.

Goodwill
Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses, any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Asset decommissioning obligation
Where required under existing production sharing contracts, the Group records the estimated costs of future abandonment and site restoration of oil and gas properties, which are added to the carrying value of the oil and

gas properties. The abandonment and site restoration costs initially recorded are depleted using the unit-of-production method based on proven oil and gas reserves. Subsequent revisions to abandonment and site restoration costs are considered as a change in estimates and are accounted for on a prospective basis.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset or a cash generating unit (CGU) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's or CGU's recoverable amount. An asset's or CGU's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets in which case, the asset is tested as part of a large CGU to which it belongs. Where the carrying value of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assumptions of the time value of money and the risks specific to the asset or CGU.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset or CGU is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Impairment of financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets
The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit or loss*
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables'.

(c) *Available-for-sale financial assets*
Available-for-sale (AFS) financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless

management intends to dispose of the investment within 12 months of the statement of financial position date. After initial measurement, AFS investments are subsequently measured at fair value with unrealised gains or losses recognised as "Other comprehensive income" in the AFS reserve until the investment is derecognised. At that time cumulative gain is recognised in other income and cumulative loss is recognised as Finance costs and removed from AFS reserve.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gain or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'investment and finance income' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payment is established.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These includes the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Investment properties
Investment properties are initially measured at cost, including transactions costs. Subsequent expenditure is added to the carrying value of investment properties when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance expenses and is charged to the consolidated income statement in the period in which it is accrued.

Subsequently investment properties are stated at fair value, which reflects market conditions at the reporting date. Any gains or loss arising from changes in fair values of investment properties are included in the income statement.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase price, cost of production, transportation and other directly allocable expenses. Costs of spares and consumables are determined on a weighted average basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

Trade and other receivables
Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents
In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Trade payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

General

Provisions are recognised when the Group has an present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Decommissioning liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of that particular asset. The cash flows are discounted at a current pre tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its UAE national employees, the Group makes contributions to a pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Income Taxes

In Egypt, the government receives production in lieu of income tax. The Group records this production as a current income tax expense.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of respective assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as finance cost in the income statement in the period in which they are incurred.

Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of profit on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term.

Profit-bearing loans and borrowings

All profit-bearing loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs directly attributable to the borrowing. The effective profit rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument.

After initial recognition, profit-bearing loans and borrowings are subsequently measured at amortised cost using the effective profit rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Convertible bonds

Convertible bonds that can be converted into share capital at the option of the holder, where the number of shares is fixed based on the reference price set in nine months time from the date of issue, are accounted for as

compound financial instruments. The equity component of the convertible bonds is calculated as the excess of issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option.

Share based payment transactions
Certain employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for either equity instruments ("equity settled transactions") or restricted shares.

Equity-settled transaction
The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using an appropriate pricing model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Restricted shares
Service-based restricted shares are granted at no cost to key employees and generally vest one third each year over a three year period from the date of grant. Restricted shares vest in accordance with the terms and conditions established by the Board of Directors and are based on continued service.

The fair value of service-based restricted shares is determined based on the numbers of shares granted and the closing price of the Company's common stock on the date of grant. The cost is being amortized on a straight line method, based on the vesting period.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Net revenue is measured at the fair value of the consideration received, excluding royalties, discounts, rebates, and other sales taxes or duties. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sale of hydrocarbons
Revenue from sale of hydrocarbons is recognised when the significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably.

Finance income
Revenue from surplus funds invested with financial institutions is recognised as the revenue accrues.

Fair values
The fair value of profit-bearing items is estimated based on discounted cash flows using profit rates for items with similar terms and risk characteristics.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported amounts

of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates if different assumptions were used and different conditions existed.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required, and where if actual results were to differ, may materially affect the financial position or financial results reported in future periods. Further information on each of these and how they impact the various accounting policies are described in the relevant notes to the financial statements.

- Impairment of goodwill: The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each cash-generating unit and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2011 was USD 308 million (2010: USD 308 million).
- Recoverable value of intangible oil and gas assets: The Group determines at each statement of financial position date whether there is any evidence of impairment in the carrying value of its intangible oil and gas assets. This requires management to estimate the recoverable value of its intangible oil and gas assets by reference to quoted market values, similar arms length transactions involving these assets etc. The carrying amount of such intangibles at 31 December 2011 was USD 170 million (2010: USD 183 million).
- The Group carries its investment properties at fair value, with changes in fair values being recognised in the consolidated income statement. The Group engaged a firm of qualified independent property consultant to determine fair value reflecting market conditions as at 31 December 2011.
- Decommissioning costs: Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.
- Units of production depreciation of oil and gas properties*:* Oil and gas properties are depreciated using the units of production (UOP) method over total proved reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field. Each items' life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates changes.

4. SEGMENTAL INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions. The CEO considers the business from a geographic perspective which is divided into three geographical units.

Year ended 31 December 2011

	United Arab Emirates	*Egypt*	*Kurdistan Region of Iraq*	*Rest of the World*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Revenue					
External sales net of royalties	5	290	226	-	521
Total revenue net of royalties	**5**	**290**	**226**	**-**	**521**
Gross profit	**3**	**166**	**195**	**-**	**364**
Investment and finance income					3
Other income					1
Change in fair value of investment property					**(6)**
General and administration expenses					**(40)**
Finance costs					**(87)**
Exploration expenditure					**(13)**
Profit before income tax					**222**
Income tax expense					**(84)**
PROFIT FOR THE YEAR					**138**
Segment assets as at 31 December 2011	**1,505**	**1,183**	**619**	**-**	**3,307**
Segment liabilities as at 31 December 2011	**944**	**129**	**10**	**-**	**1,083**
Other segment information					
Capital expenditures:					
Intangible assets	**-**	**10**	**-**	**-**	**10**
Property, plant and equipment	**15**	**69**	**2**	**-**	**86**
Total	**15**	**79**	**2**	**-**	**96**
Depreciation, depletion & amortisation	**(2)**	**(94)**	**(14)**	**-**	**(110)**
Change in fair value of investment property	**(6)**	**-**	**-**	**-**	**(6)**
Exploration expenditure	**-**	**(13)**	**-**	**-**	**(13)**

Year ended 31 December 2010

	United Arab Emirates	*Egypt*	*Kurdistan Region of Iraq*	*Rest of the World*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Revenue					
External sales net of royalties	4	264	82	-	350
Total revenue net of royalties	4	264	82	-	350
Gross Profit	3	134	76	-	213
Investment and finance income					8
Other Income					3
Provision for Impairment					(5)
Change in fair value of investment property					(2)
General and administration expenses					(33)
Finance costs					(56)
Exploration expenditure					(13)
Profit before income tax					115
Income tax expense					(72)
PROFIT FOR THE YEAR					43
Segment assets at 31 December 2010	1,646	1,082	500	-	3,228
Segment liabilities at 31 December 2010	917	114	23	-	1,054
Other segment information Capital expenditures:					
Intangible assets	-	34	-	-	34
Property, plant and equipment	12	97	59	-	168
Total	12	131	59	-	202
Depreciation, depletion & amortisation	(1)	(100)	(3)	-	(104)
Provision for impairment	(4)	(1)	-	-	(5)
Change in fair value of investment property	(2)	-	-	-	(2)
Exploration expenditure	-	(13)	-	-	(13)

5. NET REVENUE

	2011	*2010*
	USD mm	*USD mm*
Gross sales	**685**	483
Less: royalties	**(169)**	(137)
Net sales	**516**	346
Tariff/ management fee	**5**	4
Net revenue	**521**	350

6. INVESTMENT AND FINANCE INCOME

	2011	*2010*
	USD mm	*USD mm*
Profit share from bank deposits	**3**	7
Fair value gain on financial assets at fair value through profit or loss (note 16)	**-**	1
	3	8

7. PROVISION FOR IMPAIRMENTS

	2011	*2010*
	USD mm	*USD mm*
Provision for impairment of oil and gas assets	**-**	5
	-	5

In 2010 provision for impairment was in respect of JDZ – Block 4 oil & gas assets and development cost.

8. FINANCE COSTS

	2011	*2010*
	USD mm	*USD mm*
Finance cost on convertible bonds (note 20)	**87**	85
Finance cost capitalised	**-**	(29)
	87	56

9. EARNINGS PER SHARE

(a) Basic earnings per share is calculated by dividing net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

	2011	*2010*
Earnings:		
Net profit for the year - USD mm	**138**	43
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	**6,602**	6,600
EPS (Basic) – USD:	**0.021**	0.006

(b) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: convertible sukuk, share options and restricted shares. The convertible sukuk is assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the finance cost effect. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2011	*2010*
Earnings:		
Net profit for the period- USD mm	**138**	43
Finance cost on convertible Sukuk –USD mm	**75**	75
	213	118
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	**6,602**	6,600
Adjustments for:		
Share options / Restricted shares (million) *	**11**	7
Assumed conversion of convertible Sukuk (million)**	**1,908**	1,908
Weighted average number of ordinary shares for diluted earnings per share (million)	**8,521**	8,515

Note: Restricted shares had a dilutive effect on the EPS of the Group, however as the dilution is insignificant it is not disclosed separately.

* As at 31 December 2011 all the stock options issued to employees were out of money, hence no shares have been assumed for calculating diluted earnings per share. Effective 1 July 2010, key management employees are awarded with restricted shares, one third portion of which will vest yearly over a period of 3 years. These restricted shares have been taken into account in the calculation of diluted earnings per share.

** As disclosed in Note 20, on 7 July 2008, the conversion rate for the convertible sukuk was determined and has been fixed at 17,343.3 shares for every USD 10,000 Sukuk Certificate. The shareholders in the Annual General Meeting on 21 April 2010 approved the issuance of 10% bonus shares, due to which the conversion exchange ratio was reset from 17,343.3 shares to 19,076.6 shares for every USD 10,000 Sukuk Certificate. As at 31 December 2011 the conversion had an anti-dilutive effect on the EPS of the Company.

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	*Building*	*Oil and gas interests*	*Plant and equipment*	*Other assets*	*Pipeline & related facilities*	*Capital work-in-progress*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Cost:								
At 1 January 2011	**13**	**1**	**608**	**96**	**18**	**79**	**564**	**1,379**
Additions	**-**	**1**	**34**	**10**	**5**	**-**	**37**	**87**
Transfer from Intangible assets (note 11)	**-**	**-**	**23**	**-**	**-**	**-**	**-**	**23**
Transfer from Capital work-in-progress.	**1**	**10**	**62**	**234**	**5**	**40**	**(352)**	**-**
Dry hole costs written-off	**-**	**-**	**(13)**	**-**	**-**	**-**	**-**	**(13)**
At 31 December 2011	**14**	**12**	**714**	**340**	**28**	**119**	**249**	**1,476**
Depreciation/Depletion:								
At 1 January 2011	**-**	**-**	**299**	**22**	**7**	**6**	**-**	**334**
Depreciation/depletion charge for the year	**-**	**1**	**85**	**15**	**2**	**7**	**-**	**110**
At 31 December 2011	**-**	**1**	**384**	**37**	**9**	**13**	**-**	**444**
Net carrying amount:								
At 31 December 2011	**14**	**11**	**330**	**303**	**19**	**106**	**249**	**1,032**

Capital Work in Progress comprises:

	USD mm
SajGas Plant and facilities	**99**
UGTC Pipeline & Related facilities	**89**
Kurdistan Region of Iraq Project	**3**
Sharjah Western Offshore	**21**
EBGDCO	**37**
	249

	Freehold land	*Building*	*Oil and gas interests*	*Plant and equipment*	*Other assets*	*Pipeline &related facilities*	*Capital work-in-progress*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Cost:								
At 1 January 2010	13	1	494	93	16	25	529	1,171
Additions	-	-	74	3	2	-	89	168
Transfer from Intangible assets (note 11)	-	-	53	-	-	-	-	53
Transfer from Capital work-in-progress.	-	-	-	-	-	54	(54)	-
Dry hole costs written-off	-	-	(13)	-	-	-	-	(13)
At 31 December 2010	13	1	608	96	18	79	564	1,379
Depreciation/Depletion:								
At 1 January 2010	-	-	206	16	6	2	-	230
Depreciation/depletion charge for the year	-	-	93	6	1	4	-	104
At 31 December 2010	-	-	299	22	7	6	-	334
Net carrying amount:								
At 31 December 2010	13	1	309	74	11	73	564	1,045

Capital Work in Progress comprises:

	USD mm
SajGas Plant and facilities	126
UGTC Pipeline & Related facilities	91
Kurdistan Region of Iraq Project	309
Dana Gas Egypt	15
EBGDCO	14
Others	9
	564

11. INTANGIBLE ASSETS

	Oil and gas interests	***Purchase, transmission, sweetening and sale rights***	***Gas processing rights***	***Development cost***	***Goodwill***	***Total***
	USD mm	***USD mm***	***USD mm***	***USD mm***	***USD mm***	***USD mm***
Cost at 1 January 2011	**270**	**857**	**7**	**2**	**308**	**1,444**
Less: provision for impairment.....	**(87)**	**-**	**-**	**(2)**	**-**	**(89)**
At 1 January.....	**183**	**857**	**7**	**-**	**308**	**1,355**
Additions – net	**10**	**-**	**-**	**-**	**-**	**10**
Transfer to property, plant & equipment (note 10).....	**(23)**	**-**	**-**	**-**	**-**	**(23)**
At 31 December 2011	**170**	**857**	**7**	**-**	**308**	**1,342**

	Oil and gas interests	*Purchase, transmission, sweetening and sale rights*	*Gas processing rights*	*Development cost*	*Goodwill*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Cost at 1 January 2010	289	857	7	2	308	1,463
Less: Provision for impairment.....	(84)	-	-	-	-	(84)
At 1 January.....	205	857	7	2	308	1,379
Additions	34	-	-	-	-	34
Transfer to Property, plant & equip.	(53)	-	-	-	-	(53)
Provision for impairment (note 7).....	(3)	-	-	(2)	-	(5)
At 31 December 2010	183	857	7	-	308	1,355

(a) Oil and Gas Interests

Oil and gas interests of USD 170 million relates to Dana Gas Egypt which is the Upstream (Exploration and Production) Division of the Dana Gas Group. Dana Gas Egypt has a number of concessions and development leases in Egypt which are described below in more detail:

- El Wastani Development Lease – This development lease is held with a 100% working interest and represents approximately 26% of current production in Dana Gas Egypt. El Wastani production includes both gas and associated gas liquids. This lease has 13,017 acres of land included within its boundary and is located in the Nile Delta of Egypt.
- South El Manzala Development Leases – These development leases are held with a 100% working interest and are not currently producing. These development leases have 16,055 acres of land included within their boundaries and are located in the Nile Delta of Egypt.
- West El Manzala Exploration Concession – Dana Gas Egypt holds a 100% working interest in this Concession, which includes 476,216 acres of exploration land. The expiry date of the Exploration Concession and the total relinquishment of the non-productive land is 30 June 2012. Current drilling programs and seismic interpretation are being carried out to explore the acreage. This concession is located in the Nile Delta of Egypt. To date, nine development leases have been created from this exploration concession and produce both natural gas and associated liquids representing approximately

64% of Dana Gas Egypt current volumes. The Company has applied for a tenth development lease to cover the recently discovered South Abu El Naga field.

- West El Qantara Exploration Concession – Dana Gas Egypt holds a 100% working interest in this Concession, which includes 319,618 acres of exploration land. The expiry date of the Exploration Concession and the total relinquishment of the non-productive land is 30 June 2012. Current drilling programs and seismic interpretation are being carried out to explore the acreage. This concession is located in the Nile Delta of Egypt and two development leases have been granted to date. Only one is producing yet (Sama) and contributes approximately 9% of Dana Gas Egypt current volumes.
- Kom Ombo Exploration Concession – Dana Gas Egypt holds a 50% working interest in this Concession, which includes 5,654,727 acres of exploration land with the balance of 50% interest held by Sea Dragon Energy Limited ("Sea Dragon"). To date one development lease has been created from this exploration concession and produces approximately 1% of Dana Gas Egypt current volumes and produces only oil.

In addition to the above Dana Gas has the following interests which were acquired as part of Centurion acquisition:

- Block 4 Sao Tome/Nigeria – a 9.5% working interest in the exploration block. The block is located off shore in the Nigeria/Sao Tome Joint Development Zone. The block has 15,876 acres (net share) of land in its boundaries. Dana Gas and another partner have withdrawn from the Concession in accordance with the relevant agreements (PSC/JOA) due to the operator's decision to drill a third well without approval. The operator has initiated arbitration against the company and the proceedings are ongoing.
- Tunisia Exploration Lease –exploration rights in relation to up to a 50 percent working interest in deeper prospective horizons that underlie upper producing horizons. The deeper prospects rights which have been retained potentially contain significant gas and petroleum liquid resources. This is based on the presence of a large neighboring structure involving the Triassic reservoir, which is one of the main producing horizons in Algeria and Tunisia.

  During the year, Dana Gas entered into an agreement with Candax Energy Inc. ("Candax") whereby Dana Gas agreed to relinquish its rights to participate in future wells targeting the Deep Triassic Zone. As compensation for Dana Gas relinquishing its rights, Candax agreed to forego its claim for the payment of certain taxes and will make a one off payment in the event that a commercial discovery is made in the Deep Triassic Zone

Management has carried out a review of each of the oil and gas interests at 31 December 2011 and believes that no change in impairment provision of USD 87 million pertaining to JDZ Block-4, Tunisia and Komombo is required.

(b) Purchase, transmission, sweetening and sale rights

Intangible assets include USD 857 million which represent the fair value of the rights for the purchase, transmission, sweetening and sale of gas and related products acquired by the Company through its shareholdings in SajGas, UGTC and CNGCL. The fair value of the rights acquired in 2005 was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships. The intangible assets will be amortised over 25 years from the date of commencement of commercial activity in accordance with the terms of the contracts to which they relate. Commercial activity has not yet commenced. In July 2010, NIOC introduced gas into its completed transmission network and Dana Gas' UGTC pipeline and Saj gas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system which it is now rectifying. This repair may take several months. Notwithstanding this, Crescent Petroleum has initiated international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC and expects an enforceable decision by the international tribunal in 2012. Based on the information available at this time, the Directors and management are confident of a positive outcome.

In accordance with IAS 36 requirement relating to intangible assets not yet available for use, management had undertaken an impairment review of the intangible assets as at 31 December 2011. Management understands that progress has been made on the construction of the required facilities by the ultimate gas supplier and has reviewed the various inputs into the original valuation model. Management believes that the inputs into the original valuation model have not significantly changed.

Key assumptions used in value in use calculations

The calculation of value in use for the above cash generating unit is most sensitive to the following assumptions:

- Financial returns;
- Discount rates;
- Oil prices; and
- Reserve volumes and production profiles.

Financial returns: estimates are based on the unit achieving returns on existing investments (comprising both those that are currently cash flowing and those which are in exploration and development stage and which may therefore be consuming cash) at least in line with current forecast income and cost budgets during the planning period.

Discount rates – Discount rates reflect management's estimate of the risks specific to the above unit. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

Oil prices: management has used an oil price assumption based on the forward curve prevailing at the end of 2011 for the impairment testing of its individual oil & gas investments.

Reserve volumes and production profiles: management has used its internally developed economic models of reserves and production as a basis of calculating value in use.

Sensitivity to changes in assumptions
With regard to the assessment of value in use of the above cash generating unit, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount after giving due consideration to the macro-economic outlook for the oil & gas industry.

(c) Goodwill

Goodwill of USD 308 million relates to the acquisition of Dana Gas Egypt (previously known as Centurion) in January 2007 which enabled Dana Gas to acquire the upstream business qualification and therefore the rights to develop the gas fields in the Kurdistan region of Iraq. The recoverable amount of the above cash generating unit has been determined based on value in use calculation using cash flow projections approved by senior management up to a 20 year period or the economic limit of the producing field. The pre-tax discount rate applied to cash flow projections is 10% (2010: 10%). Cash flows are generated using forecasted production, capital and operating cost data over the expected life of each accumulation.

12. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2011	*2010*
	USD mm	*USD mm*
At 1 January	**315**	283
Change in fair value	**(89)**	32
At 31 December	**226**	315

The Group holds 3,161,116 ordinary shares in MOL received as consideration for the disposal of an interest in Pearl Petroleum in 2009. These shares are listed on the Budapest Stock Exchange and have been fair valued with reference to published price quotation at 31 December 2011.

13. INVESTMENT PROPERTY

The movement in investment property during the period is as follows:

	2011	*2010*
	USD mm	*USD mm*
Balance at 1 January	**37**	39
Change in fair value	**(6)**	(2)
Balance at 31 December	**31**	37

Investment property consists of industrial land owned by SajGas, a subsidiary, in the Sajaa area of the Emirate of Sharjah, United Arab Emirates. The Group considers a portion of land to be surplus to their operational requirements and will be used for earning rentals or held for capital appreciation.

Investment properties are stated at fair value which has been determined based on a valuation performed by an independent firm of qualified property consultants, with reference to comparable market transactions. This valuation reflects the decline in property values generally and has therefore resulted in a decrease in the fair value by USD 6 million (31 December 2010: decrease of USD 2 million) which was charged to the consolidated income statement.

14. INVENTORIES

	2011	*2010*
	USD mm	*USD mm*
Spares and consumables	**65**	64
Less: provision for impairment of inventory	**(12)**	(13)
	53	51

15. TRADE AND OTHER RECEIVABLES

	2011	*2010*
	USD mm	*USD mm*
Trade receivables	**475**	218
Prepaid expenses	**1**	1
Other receivables	**31**	45
Less: provision for impairment of other receivables	**(6)**	(9)
	501	255

Trade receivables are non-interest bearing and are generally on 30-60 days terms.

As at 31 December, the ageing analysis of trade receivables is as follows:

		Neither past due nor impaired	***Past due but not impaired***				
	Total		*<30 days*	*30-60 days*	*61-90 days*	*91-120 days*	*>120 days*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*
2011	**475**	**108**	**28**	**48**	**70**	**9**	**212**
2010	218	69	17	7	9	13	103

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011	*2010*
	USD mm	*USD mm*
Balance at 1 January.....	**10**	9
Change in fair value	**-**	1
Balance at 31 December.....	**10**	10

17. CASH AND CASH EQUIVALENTS

	2011	*2010*
	USD mm	*USD mm*
Cash at bank and on hand.....		
- Local Banks within UAE.....	**15**	17
- Foreign Banks outside UAE	**18**	9
Short term deposits.....		
- Local Banks within UAE.....	**79**	133
	112	159

Cash at bank earns profit at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one week and three months, depending on the immediate cash requirements of the Group, and earns profit at the respective short-term deposit rates. The fair value of cash and short-term deposits is USD 112 million (2010: USD 159 million). The effective profit rate earned on short term deposits ranged between 1.25% to 4.5% (2010: between 2.5% and 6.1%) per annum. As at 31 December 2011, 84% of cash and cash equivalents were held with UAE banks.

18. SHARE CAPITAL

	2011	*2010*
	USD mm	*USD mm*
Authorised:		
8,396,001,300 common shares of AED 1 each (USD 0.2728 each)		
Issued and fully paid up:		
6,602,001,300 common shares of AED 1 each (USD 0.2728 each).....	**1,801**	1,801

At the Annual General Meeting held on 21 April 2010, the shareholders approved a 10% bonus issue amounting to USD 164 million (AED 600 million). Consequently the Company's paid up share capital has increased to AED 6.6 billion comprising of 6.6 billion shares of AED 1 each (2010: 6.6 billion shares of AED 1 each).

During the year, the Company issued 2 million fully paid up shares to its employees under the Restricted share scheme (note 25), consequently the authorised share capital was also increased by 2 million shares.

19. OTHER RESERVES

	Share Option	***Fair value reserve***	***Total***
	USD mm	***USD mm***	***USD mm***
At 1 January 2010	6	101	107
Value of employee services (note 25)	3	-	3
Change in fair value of available-for-sale financial assets (note 12)	-	32	32
At 31 December 2010	9	133	142
Value of employee services (note 25)	2	-	2
Change in fair value of available-for-sale financial assets (note 12)	-	(89)	(89)
At 31 December 2011	**11**	**44**	**55**

20. BORROWINGS

	2011	*2010*
	USD mm	*USD mm*
Non-current		
Convertible bonds	**-**	887
Bank borrowings	**25**	10
	25	897
Current		
Convertible bonds	**904**	-
Bank borrowings	**1**	-
	905	-
Total borrowings	**930**	897

a) CONVERTIBLE BONDS

In October 2007, the Group issued convertible bonds in the form of Trust Certificates / Sukuk-al-Mudarabah ("the Sukuk") for a total value of USD 1 billion. The Sukuk, which is structured to conform to the principles of Islamic Shariah, was approved by the Company's shareholders at an Extraordinary General Meeting held in July 2007. The Sukuk matures in 2012 and has a fixed profit rate of 7.5% to be paid quarterly. The reference share price for conversion, based on the terms and conditions of the Sukuk issue, was determined on 7 July 2008. The exchange ratio has been set at 17,343.4 shares for every USD 10,000 Sukuk certificate (i.e. an effective conversion price of AED 2.118 per share). Each Trust Certificate may be redeemed at the option of the holder at any time after 7 July 2008 to the maturity date. It may be converted into shares, or at the option of Dana Gas, into the equivalent sum of money based on the prevailing share price at conversion. Dana Gas may also voluntarily redeem the Trust Certificates under certain conditions. In 2008, Dana Gas repurchased convertible sukuk with a nominal value of USD 80 million. At the Annual General Meeting held on 21 April 2010, the shareholders approved a 10% bonus issue and consequently conversion ratio for Sukuk was increased from 17,343.3 shares to 19,076.7 shares for every USD 10,000 Sukuk certificate (i.e. an effective conversion price reset at AED 1.926 per share).

The Sukuk is secured against the shares of Dana Gas LNG Ventures Ltd., SajGas and UGTC in accordance with the principles of Islamic Shariah.

The fair value of the liability component, included in liabilities, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion option, is included in shareholders' equity.

As noted above the Sukuk is due to mature in October 2012. The Board of Directors has considered the future operating and capital cash flow requirements for the Company, and is fully confident of meeting the Company's licence obligations despite the challenges in the international financial markets and regional turmoil surrounding some of the Company's operations. Meanwhile, with regard to the Sukuk and its maturity in the Fourth Quarter, the Board considers that a number of retirement options are available to it in the light of the above uncertainties.

The convertible bond recognised in the statement of financial position is calculated as follows:

	2011	*2010*
	USD mm	*USD mm*
Liability component as at 1 January	**887**	871
Finance cost (note 8)	**87**	85
Profit paid	**(58)**	(58)
	916	898
Current portion of profit classified under trade payables and accruals (note 22)	**(12)**	(11)
Liability component as at 31 December	**904**	887

b) BANK BORROWINGS

On 22 April 2010, EBGDCO (Joint Venture Company) entered into a facility agreement with Commercial International Bank (Egypt) S.A.E. "CIB" for financing USD 66.5 million of the then investment cost of project of establishment of Gas Liquids extraction plant at Ras Shukeir. The facility matures in 12 years and carries variable rate of LIBOR + Margin during the repayment period. In order to finance increase in investment costs, the company, on 20 December 2011, executed a supplemental facility agreement with CIB for additional USD 20 million. This supplemental facility matures in 4 years from the date of first drawdown. Danagaz WLL share of the draw downs is approx USD 26 million as at 31 December 2011.

As continuing security for the performance and full payment of liabilities under the Facility Agreement and supplemental facility agreement, Danagaz W.L.L. has pledged its entire share in share capital of EBGDCO in favour of CIB.

Dana Gas PJSC has given an undertaking "not to dispose" of its equity stake in Danagaz WLL except to a qualified investor approved by CIB, Egypt and not create any lien/pledge of its equity stake in Danagaz WLL. This facility is non-recourse to Dana Gas PJSC. The Pledge of Danagaz shares and the undertaking from Dana Gas PJSC as stated above will be released by the bank upon the Project achieving Project and Financial completion.

21. PROVISIONS

	2011	*2010*
	USD mm	*USD mm*
Asset decommissioning obligation	**15**	15
Employee's end of service benefits	**2**	2
	17	17

22. TRADE PAYABLES AND ACCRUALS

	2011	*2010*
	USD mm	*USD mm*
Trade payables	**70**	67
Accrued expenses and other payables	**52**	62
Profit accrued on convertible bonds (note 20)	**12**	11
	134	140

23. INTEREST IN JOINT VENTURE

(a) Kurdistan Region of Iraq Project

In April 2007, the Group entered into agreements with the Kurdistan Regional Government of Iraq for the development of its substantial gas resources on the Khor Mor and Chemchemal gas fileds. Since then, the focus has been on developing, processing and transporting natural gas on a fast-track basis, from the Khor Mor field including processing and the extraction of LPG and condensate, provide natural gas supplies to fuel domestic electric power generation plants near the major urban centers of Erbil and Suleymania. Further development of the gas reserves are planned to supply natural gas as feedstock and energy for local industries.

With effect from 5 February 2009 Dana Gas and Crescent assigned their benefits and obligations under the Authorisation to Pearl Petroleum as advised in the Notice of Assignment and Undertaking to the KRG dated 5 February 2009, which was acknowledged as received by the Kurdistan Region Minister of Natural Resources on behalf of the KRG. Accordingly, all the assets and liabilities of the Joint Venture as at 4 February 2009 were transferred at cost to Pearl Petroleum.

On 15 May 2009, Dana Gas and Crescent signed a Share Sale Agreement with OMV and MOL wherein an equity interest of 5% each was sold by Dana Gas and Crescent to OMV and MOL respectively. Consequently, the new shareholding interest in Pearl Petroleum is as follows: 40% to Dana Gas, 40% to Crescent, 10% to OMV and 10% to MOL.

Pearl Petroleum and its shareholders since 18 May 2009 are engaged in an ongoing dialogue with the Ministry of Natural Resources of the KRG as to the interpretation of the agreements ("the Authorisation").

Pearl Petroleum and its shareholders have assessed the legal position with advice from their legal advisers and are fully confident of Pearl Petroleum's rights under the Authorisation in accordance with applicable law. Pearl Petroleum and the shareholders' judgment, based on such assessment and the progress of the continuing dialogue with the KRG, is that these discussions should result in satisfactory outcome which should not have a material adverse impact on the state of the Pearl Petroleum or the carrying values of its assets.

The following amounts represent the Group's 40% share of the assets and liabilities of the joint venture:

	2011	*2010*
	USD mm	*USD mm*
Assets:		
Long-term assets	**351**	363
Current assets	**268**	137
Total Assets	**619**	500
Liabilities:		
Current liabilities	**11**	23
Net Assets	**608**	477
Income	**226**	82
Operating Cost	**(29)**	(6)
Gross Profit	**197**	76

(b) UGTC / Emarat Joint Venture

The Group has a 50% interest in the UGTC / Emarat jointly controlled operations which owns one of the largest gas pipeline in the UAE (48 inch diameter) with an installed capacity of 1000 MMscfd, to transport gas in Sharjah from Sajaa to Hamriyah. The following amounts represent the Group's 50% share of the assets and liabilities of the joint venture:

	2011	*2010*
	USD mm	*USD mm*
Assets:		
Long-term assets	**23**	23
Current assets	**11**	8
Total Assets	**34**	31
Liabilities:		
Current liabilities	**1**	-
Net Assets	**33**	31
Income	**4**	4
Operating cost	**(2)**	(2)
Net profit	**2**	2

(c) EBGDCO:

The Group through its subsidiary Danagaz WLL has a 40% equity interest in joint venture company EBGDCO involved in construction and operation of gas liquid extraction plant in Egypt capable of processing 150 MMscfpd of natural gas. Apart from Danagaz WLL, EGAS and APICORP have equity interest in EBGDCO, a Company registered in Egypt with its principal objective of fractionation of natural gas derivatives as well as marketing and selling these derivatives. The following amount represents the Group's subsidiary share in the assets & liabilities of the joint venture.

	2011	*2010*
	USD mm	*USD mm*
Assets:		
Long-term assets	**38**	14
Current assets	**7**	6

	2011	*2010*
	USD mm	*USD mm*
Total Assets	**45**	20
Liabilities:		
Bank Borrowings	**26**	10
Current liabilities	**5**	1
Total Liabilities	**31**	11
Net Assets	**14**	9

24. CONTINGENCIES AND COMMITMENTS

(a) Dana Gas Egypt

Dana Gas Egypt has contracted one drilling rig for six months ending 29 February 2012 and in the event that Dana Gas Egypt does not proceed with planned drilling with this rig, it would be obligated to pay the rig operator a variable stand by rate based on days not utilised under the contract.

In March 2006, Dana Gas Egypt entered into an agreement with CTIP Oil and Gas Limited ("CTIP") to acquire a 25% percent working interest in the West El Manzala and West El Qantara Concessions. Following the closing of this acquisition, the Company held a 100% participating interest in each of these Concessions. As agreed under the terms of the said acquisition agreement Dana Gas Egypt has paid USD 13 million as a result of the first Government approved plan of Development in the West El Manzala Concession. In addition, Dana Gas Egypt has agreed to pay additional payments that could total up to a further USD 12.5 million as and when discovery volumes equal or in excess of 1Tcf of Proved Reserves. Dana Gas Egypt has also granted a three percent net profits interest to CTIP on future profit from the Concessions.

(b) Nigeria / Sao Tome

In 2006, Centurion signed a Production Sharing Contract ("PSC") and formal granting by the Joint Development Authority of its 10 percent (gross) equity interest, 9.5 percent (net) in Block- 4 of the Nigeria/Sao Tome. This was later assigned to Dana Gas PJSC in 2009. Dana Gas and another partner have withdrawn from the Concession in accordance with the relevant agreements (PSC/JOA) due to operator's decision to drill a third well without approval. The operator has initiated arbitration against the company and the proceedings are ongoing.

(c) Sharjah Western Offshore

Capital expenditure committed at the end of the reporting period but not yet incurred amounted to USD 18 million.

(d) EBGDCO

EBGDCO through its banker CIB has issued a letter of credit to a supplier, out of which an amount of USD 5 million (DG Share: USD 2 million) is outstanding as at 31 December 2011 (2010: USD 14 million (DG Share: USD 4 million).

25. SHARE BASED PAYMENT

Share options / Restricted shares are granted to Executive directors and to selected employees. Following are the plans which are operated by the Company:

Pioneer Grant – Share Option Plan
The Pioneer Grant is a one-time option grant aimed to recognise the pioneering spirit of the founding members of the management team of Dana Gas PJSC. Options in the plan vest upon completion of a defined service

period. Pursuant to the shareholder approval and resolution of the Board of Directors in 2008 the rules of the Pioneer Grant were amended to allow the exercise of existing share options to be satisfied by the use of shares. Subsequently, all options granted in 2007 (4,275,000 shares with an average exercise price of AED 1.00) were converted from cash-settled to equity-settled share options. In addition, options over 1,650,000 shares with an average exercise price of AED 1.00 were awarded to individuals who did not receive a share option grant in 2007. The average fair value of these options is AED 0.90 per option.

Key Employee Long Term Incentive Plan ("LTIP") – Share Option Plan
The LTIP seeks to align employee and shareholder interests and reward Company and employee performance over an extended period through the payment of cash bonuses calculated by reference to the market price of one share as compared to its exercise price determined at the time of grant. Options in the plan vest upon completion of a defined service period. Pursuant to the shareholder's approval and resolution of the Board of Directors in 2008 the rules of the LTIP were amended to allow the exercise of existing and new share options to be satisfied by the use of shares. Subsequently, all options granted in 2007 were converted from cash-settled to equity-settled share options.

Key Employee Long Term Incentive Plan ("LTIP") – Share Option Plan (continued)
The weighted average fair value of options granted in 2009 was determined using the Black-Scholes valuation model - AED 0.62 per option (2008: AED 1.09). The significant inputs into the model were average share price of AED 1.1 (2008: AED 2.04), expected option life of 8 years and an annual risk-free interest rate of 3.37% (2008: 4.62%). The volatility measured at the standard deviation of continuously compounded share returns was based on statistical analysis of daily share prices.

Restricted Shares
The Group has made restricted share awards of 6 million shares (2010: 7 million shares) to key employees during the year. Awards under this plan are generally subject to vesting over time, contingent upon continued employment and to restriction on sale, transfer or assignment until the end of a specified period, generally over one to three years from date of grant. All awards may be cancelled if employment is terminated before the end of the relevant restriction period. The Group determines fair value of restricted shares unit based on the numbers of unit granted and the grant date fair value.

The charge recognised in income statement under share based payment plans is shown in the following table:

	2011	*2010*
	USD mm	*USD mm*
Expense arising from share-based payment transactions	**2**	3
	2	3

26. RELATED PARTY DISCLOSURES

Related parties represent joint ventures, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

Transactions with related parties included in the consolidated income statement are as follows:

	2011		*2010*	
	Revenues	***Fees for management services***	*Revenues*	*Fees for management services*
	USD mm	***USD mm***	*USD mm*	*USD mm*
Joint ventures	**1**	**-**	1	-
Major shareholders	**-**	**1**	-	-

	1	**1**	1	-

The remuneration to the Board of Directors has been disclosed in the consolidated statement of changes in equity.

Compensation of key management personnel
The remuneration of members of key management during the year was as follows:

	2011	*2010*
	USD mm	*USD mm*
Short-term benefits	**10**	7
Stock options	**2**	2
	12	9

27. INCOME TAX EXPENSE

The Company is not liable to tax in its primary jurisdiction. The income tax expense relates to its Egypt operations which are taxed at an average tax rate of 40.55% (2010: 40.55%).

The effective tax rate was 35% (2010: 55%).

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors
The Group's principal financial liabilities comprise borrowings, decommissioning obligations, trade payables and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Board of Directors review and agree policies for managing each of these risks which are summarised below.

(a) Foreign currency risk

The Group is only exposed to material foreign currency risks in relation to available for sale financial assets which are denominated in Hungarian Forint (HUF), as a significant portion of the Group's asset, liabilities, revenues and expenses are USD denominated.

At 31 December 2011, if the HUF had strengthened/weakened by 10% against the USD with all other variables held constant, total comprehensive income for the year would have been USD 23 million higher/lower (2010: USD 32 million), as a result of foreign exchange gains/losses on translation of HUF denominated available-for-sale financial assets.

(b) Interest rate risk

The Group has minimal exposure to interest rate risk on bank deposits and long term borrowings which are obtained at variable rates by one of the Group's subsidiary to finance its project. The Group's Convertible bonds carry fixed profit rate and hence is not exposed to interest rate risk.

(c) Price risk

The Group is exposed to equity securities price risk in relation to the investments held by the Group and classified as available-for-sale financial assets. The Group's investment is in equity of an entity which is publicly traded on Budapest Stock exchange. As at 31 December 2011, if the equity price had increased/decreased by 10% with all other variables held constant the Group's comprehensive income for the year would have been USD 23 million higher/lower (2010: USD 32 million).

(d) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from trade receivables and bank balances.

(i) Trade receivables

The trade receivables arise from its operations in UAE, Egypt and Kurdistan Region of Iraq. The requirement for impairment is analysed at each reporting date on an individual basis for major customers. As majority of the Group's trade receivable are from Government related entities no impairment was necessitated at this point. The maximum exposure to credit risk at the reporting date is the carrying amount as illustrated in note 15.

(ii) Bank balances

Credit risk from balances with banks and financial institutions is managed by Group's Treasury in accordance with the Group policy. Investment of surplus funds is made only with counterparties approved by the Group's Board of Directors. The Group's maximum exposure to credit risk in respect of bank balances as at 31 December 2011 is the carrying amount as illustrated in note 17.

(e) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings, trade payables and other payables. The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments:

Year ended 31 December 2011

	On demand	***Less than 3 months***	***3 to 12 months***	***1 to 5 years***	***>5 years***	***Total***
	USD mm	***USD mm***	***USD mm***	***USD mm***	***USD mm***	***USD mm***
Borrowings	**-**	**6**	**973**	**14**	**17**	**1,010**
Trade and other payables.....	**-**	**134**	**-**	**-**	**-**	**134**
Provisions	**-**	**-**	**2**	**6**	**22**	**30**
	-	**140**	**975**	**20**	**39**	**1,174**

Year ended 31 December 2010

	On demand	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*> 5 years*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Borrowings	-	6	63	978	-	1,047
Trade and other payables.....	-	140	-	-	-	140

	On demand	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*> 5 years*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Provisions	-	-	-	8	21	29
	-	146	63	986	21	1,216

Capital risk management
The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010. Capital comprises share capital, retained earnings, other reserves and equity component of convertible bonds, and is measured at USD 2,124 million as at 31 December 2011 (2010: USD 2,103 million).

29. FAIR VALUE ESTIMATION

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements:

	Carrying amount 2011	***Fair value 2011***	*Carrying amount 2010*	*Fair value 2010*
	USD mm	***USD mm***	*USD mm*	*USD mm*
Financial assets				
Available for sale financial asset	**226**	**226**	315	315
Trade and other receivables	**499**	**499**	254	254
Cash and short term deposits	**112**	**112**	159	159
Financial liabilities				
Borrowings	**930**	**930**	897	897
Trade and other payables.....	**134**	**134**	140	140

The fair value of bank borrowings is the amortised cost determined as the present value of discounted future cash flows using the effective interest rate.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The following table presents the Group' assets that are measured at fair value on 31 December 2011:

	Level 1	***Level 2***	***Level 3***	***Total***
	USD mm	***USD mm***	***USD mm***	***USD mm***
Assets				
Available for sale financial asset				
- Equity securities.....	**226**	**-**	**-**	**226**
Financial assets at fair value through profit or	**-**	**10**	**-**	**10**

loss				
Total	**226**	**10**	**-**	**236**

The following table presents the Group' assets that are measured at fair value on 31 December 2010:

	Level 1	*Level 2*	*Level 3*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*
Assets				
Available for sale financial asset				
- Equity securities	315	-	-	315
Financial assets at fair value through profit or loss	-	10	-	10
Total	315	10	-	325

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1 and comprises of Budapest Stock Exchange (BSE) equity investments classified as available-for-sale financial asset.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

30. FINANCIAL INSTRUMENTS BY CATEGORY

	Loans & receivables	***Assets at fair value through the profit and loss***	***Available-for-sale financial asset***	***Total***
	USD mm	***USD mm***	***USD mm***	***USD mm***
31 December 2011				
Assets as per Statement of Financial Position				
Available-for-sale financial assets	**-**	**-**	**226**	**226**
Trade and other receivables excluding pre-payments	**499**	**-**	**-**	**499**
Financial assets at fair value through profit or loss	**-**	**10**	**-**	**10**
Cash and cash equivalents	**112**	**-**	**-**	**112**
Total	**611**	**10**	**226**	**847**

	Liabilities at fair value through the profit and loss	***Derivatives used for hedging***	***Other financial liabilities at amortised cost***	***Total***
	USD mm	***USD mm***	***USD mm***	***USD mm***
31 December 2011				
Liabilities as per Statement of Financial				

	Liabilities at fair value through the profit and loss	***Derivatives used for hedging***	***Other financial liabilities at amortised cost***	***Total***
	USD mm	***USD mm***	***USD mm***	***USD mm***
Position				
Borrowings	**-**	**-**	**930**	**930**
Provisions	**-**	**-**	**17**	**17**
Trade and other payable excluding statutory liabilities	**-**	**-**	**134**	**134**
Total	**-**	**-**	**1,081**	**1,081**

	Loans & receivables	*Assets at fair value through the profit and loss*	*Available-for-sale financial asset*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*
31 December 2010				
Assets as per Statement of Financial Position				
Available-for-sale financial assets	-	-	315	315
Trade and other receivables excluding pre-payments	254	-	-	254
Financial assets at fair value through profit or loss	-	10	-	10
Cash and cash equivalents	159	-	-	159
Total	413	10	315	738

	Liabilities at fair value through the profit and loss	*Derivatives used for hedging*	*Other financial liabilities at amortised cost*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*
31 December 2010				
Liabilities as per Statement of Financial Position				
Borrowings	-	-	897	897
Provisions	-	-	17	17
Trade and other payable excluding statutory liabilities	-	-	140	140
Total	-	-	1,054	1,054

Dana Gas PJSC and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2010

DANA GAS PJSC
Report of the Directors

The Board of Directors of Dana Gas ("Dana Gas" or the "Company") are pleased to announce the consolidated financial results of the Company, its subsidiaries and joint ventures (together referred to as the "Group") for the year ended 31 December 2010.

Principal Activities

Dana Gas was incorporated in the Emirate of Sharjah ("Sharjah"), United Arab Emirates, as a public joint stock company on 20 November 2005 pursuant to incorporation decree number 429/2005 issued by the Ministry of Economy.

Dana Gas is the Middle East's first and largest private sector natural gas company. The Group currently operates in the MENASA (Middle East, North Africa & South Asia) Region across the natural gas value chain; from exploration and production, through gas processing and transportation, to the distribution, marketing and utilization of gas as feedstock and fuel to the petrochemical, industrial and the power sectors. Since its establishment, the Company has grown from a small core team at its head office in Sharjah to a regional as well as international natural gas company with offices in Sharjah, Egypt, Saudi Arabia, Bahrain, the Kurdistan Region of Iraq and in the United Kingdom

Results for year ended 31 December 2010

During the current year, Dana Gas achieved Gross Revenues of AED 1.78 billion as compared to AED 1.27 billion in 2009; an increase of **40%**. The increase in revenue was contributed by higher production in Egypt and Kurdistan (combined increase of 31% over last year) coupled with higher hydrocarbon prices. As a result the company realized a record gross profit of AED 781 million, which was 79% higher than last year (2009: AED 436 million)

The Group achieved a net profit after tax of AED 158 million during the current year as compared to AED 88 million in 2009. Earnings before interest, tax, depreciation, amortization and exploration write offs ("EBITDAX") was AED 1,034 million compared to AED 1,440 million in 2009. This decrease was mainly due to a one-off gain on sale of a 10% interest in Kurdistan Region of Iraq recorded in 2009.

The above net profit **excludes** an unrealized gain of AED 118 million recorded in 2010 for the Company's investment in MOL (the Hungarian oil and Gas Company, who are one of our partners in the Kurdistan Region of Iraq). This is booked directly to equity under "Comprehensive Income" in line with the Company's published accounting policy.

Liquidity and Financial Resources

During the year, the operating cash flow and the Group's cash and bank balances were principally used to fund its capital expenditure programme in Egypt, the Kurdistan Region of Iraq and Sharjah Offshore.

The Group's cash and bank balances as at 31 December 2010 stood at AED 583 million (2009: AED 781 million) of which 94% was held with local banks in the UAE.

Business Update

In line with its outlined strategy, the Dana Gas Group continues to maximize the value of its existing oil and gas assets and projects, while pursuing growth through a strategy of targeted acquisitions and new business development across the gas value chain. We continue to balance our capital expenditure with the available sources of finance to ensure we maintain a robust Balance Sheet.

Egypt E&P operations

Dana Gas Egypt ended 2010 by achieving the production target of 42,000 barrels of oil equivalent per day (boepd) with production for the full year of operations of 15.4 MMBOE i.e. averaging 42,300 boepd. This represents an increase of 22% over last year's with production commencing from five new fields. During the year, the Company continued its exploration success by adding seven new discoveries in the Nile Delta from eleven exploration wells drilled.

The U.K. based advisory firm, Gaffney, Cline & Associates have carried out an independent evaluation of Dana Gas Egypt's hydrocarbon reserves as at 31 December 2010. Following this review, the Company's gross proved

reserves (1P) as at 31 December 2010 are estimated to be 89 millions of barrels of oil equivalent "MMBOE (31 December 2009: 47 MMBOE). The gross proved and probable reserves (2P) as at 31 December 2010 are estimated to be 152 MMBOE (31 December 2009: 132 MMBOE). The gross proved, probable and possible reserves (3P) as at 31 December 2010 are estimated to be 253 MMBOE (31 December 2009: 228 MMBOE).

The 2P reserves results give a total reserves addition of 15% (after 2009 production). The total production replacement ratio associated with this 2P reserves increase is 229%.

Kurdistan Region of Iraq (KRI) Project (Pearl Petroleum Company Limited)

In April 2007, the Group entered into agreements with the Kurdistan Regional Government of Iraq for the development of its substantial gas resources on the Khor Mor and Chemchemal gas fields. Since then, the focus has been on developing, processing and transporting natural gas from the Khor Mor field including processing and the extraction of LPG and condensate and provide natural gas supplies to fuel domestic electric power generation plants near the major urban centers of Erbil and Suleymania. Further development of the gas reserves are planned to supply natural gas as feedstock and energy for local industries.

During the year production in the Kurdistan Region of Iraq (Dana's 40% share) was 4.81 million BOE i.e averaging 13,200 boepd. The first train of the LPG plant was in partial operation until the year end, producing gas and condensate. In January 2011, commissioning of the first train of the LPG plant has been completed.

Dana Gas has a 40% holding in Pearl Petroleum Company and at 31 December 2010, Dana Gas investment in Kurdistan exceeds AED 1.3 billion.

Gas Cities

Dana Gas has a 50% interest in a joint venture known as GASCITIES Ltd for the development of a series of "Gas Cities" across the MENASA region.

In 2009, GASCITIES Ltd signed a Memorandum of Understanding to carry out a series of pre-feasibility studies to establish gas and land allocations for a potential Gas City in the Hodeidah Region of Yemen.

The Company is also assessing the feasibility for Gas Cities in Egypt and in Kurdistan.

UAE Gas Project

The UAE Gas Project to process and transport imported gas continues to await the commencement of gas supplies by National Iranian Oil Company ("NIOC") to Crescent Petroleum. Dana Gas has a 35% interest in Crescent National Gas Corporation Limited (CNGCL) and owns 100% of SajGas and UGTC. After a delay of over 4 years, we understand that NIOC has recently introduced hydrocarbons into the completed upstream facilities (within Iran) to progress the commissioning and testing activities. This potentially allows for contractual gas deliveries to commence. Notwithstanding this, Crescent Petroleum has served NIOC with an arbitration notice in July 2009 and the arbitration process is underway.

Egypt Gulf of Suez – Gas Liquids Extraction Plant

The Company, through its subsidiary Danagaz Bahrain, is a 26.4% owner (effective) in Egyptian Bahrain, Gas Derivative Company (Joint Venture) to build, own and operate a Liquids Extraction Plant in Egypt in partnership with the Egyptian National Gas Company (EGAS) and the Arab Petroleum Investments Corporation (APICORP). The contract for the LPG plant was awarded in June 2009. Financing for this project is in place and the construction phase is currently ongoing and is expected to be completed in the mid of 2011.

Sharjah Western Offshore Concession

In March 2008, Dana Gas was awarded twenty-five year oil and gas concession by the Government of Sharjah for the exploration and development of the Western Offshore Concession in Sharjah, UAE. The concession award marks Dana Gas' entry into the GCC exploration and production sector and will also be the first offshore upstream asset for the Company. The concession agreement covers a total area of over 1,000 square kilometers including part of the Zora Gas Field, which has established gas reserves and a ready market.

The project consists of construction and installation of a new unmanned platform, together with 2-3 horizontal gas production wells, to be located approx 33 km offshore, linked by a new 12" gas and condensate pipeline, to a new onshore gas processing plant which will be located adjacent to the SEWA facility within the Sharjah Hamriya Free Zone Area. A comprehensive integrated engineering contract has been placed with Tripatra Engineering which will place the concept, FEED, and detailed engineering for all 3 main project components (platform, pipeline and plant), in the hands of one single design entity. Engineering and procurement will proceed in parallel to shorten the project schedule as much as possible. Long lead procurement will begin early on in FEED (within 2011) and suitable potential construction contractors will be brought in early during the design phase for project familiarization and the best prospect of achieving the earliest start. The planned gas production of 50-60 million scfd is targeted to be on-stream in mid-late 2012, unless construction and installation streamlining can be achieved, to enable a quicker startup.

Appropriations

The shareholders in the Annual General Meeting held on 21 April 2010 approved the issuance of 10% bonus shares to shareholders. These bonus shares were issued in April 2010.

Directors

The Directors who served during the period were:

H.H. Sheikh Ahmed Bin Sultan Al-Qasimi, Honorary Chairman
Mr. Hamid Dhiya Jafar, Chairman
Dr. Adel Khalid Al-Sabeeh, Deputy Chairman
Mr. Ahmed Rashid Al-Arbeed, Chief Executive Officer
Mr. Rashid Saif Al-Jarwan, Executive Director
H.E. Sheikh Sultan Bin Ahmed Bin Sultan Al-Qasimi
H.H Shaikha Hanadi Al Thani
Mr. Abdulaziz Hamad Aljomaih
Mr. Abdullah Ali Al Majdouie
Mr. Adib Abdullah Al-Zamil
Mr. Khalid Abdul Rahman Saleh Al-Rajhi
Mr. Majid Hamid Jafar
Mr. Nasser Al Nowais
Mr. Rashad Mohammed Al-Zubair
Mr. Said Arrata
Dr. Tawfeeq Abdulrahman Almoayed
Mr. Varoujan Nerguizian
Mr. Ziad Abdulla Ibrahim Galadari

Auditors

The financial statements have been audited by Ernst & Young who retire and, being eligible, offer themselves for reappointment

On behalf of the Board of Directors

Director
23 February 2011

ERNST & YOUNG

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC

Report on the Financial Statements

We have audited the accompanying financial statements of Dana Gas PJSC and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2010, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flow and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Consolidated Financial Statements
The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the articles of association of Dana Gas PJSC and the UAE Commercial Companies Law of 1984 (as amended) and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2010, its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion we draw attention to note 12 to the consolidated financial statements which discloses that the continued delay in commencement of gas supplies has prompted a key supplier of the Group to initiate arbitration proceedings against its ultimate supplier. Based on the information available at this time, the Directors and management are confident of a positive outcome.

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the consolidated financial statements include in all material respects, the applicable requirements of the UAE Commercial Companies Law of 1984 (as amended) and the Articles of Association of Dana Gas PJSC; proper books of account have been kept by Dana Gas PJSC, an inventory was duly carried out and the contents of the report of the Board of Directors relating to these consolidated financial statements are consistent with the books of account. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the UAE Commercial Companies Law of 1984 (as amended) or of the Articles of Association of Dana Gas PJSC have occurred during the year which would have had a material effect on the business of Dana Gas PJSC or on its financial position.

Signed by
Ali H. Issa
Registration No. 488

Sharjah, United Arab Emirates
23 February 2011

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2010

	Notes	2010 USD mm	2010 AED mm	2009 USD mm	2009 AED mm
Revenue		**487**	**1,785**	349	1,279
Royalties		**(137)**	**(502)**	(111)	(407)
Net revenue	5	**350**	**1,283**	238	872
Cost of sales		**(33)**	**(121)**	(33)	(121)
Depreciation and depletion	11	**(104)**	**(381)**	(86)	(315)
Gross profit		**213**	**781**	119	436
Investment and finance income	6	**8**	**29**	10	37
Other income	7	**3**	**11**	331	1,213
Provision for impairments	8	**(5)**	**(18)**	(116)	(425)
Change in fair value of investment property	14	**(2)**	**(7)**	(71)	(260)
General and administration expenses		**(33)**	**(121)**	(27)	(99)
Finance costs	9	**(56)**	**(205)**	(55)	(202)
Exploration expenditure	11	**(13)**	**(48)**	(119)	(436)
PROFIT BEFORE TAX		**115**	**422**	72	264
Income tax expense		**(72)**	**(264)**	(48)	(176)
PROFIT FOR THE YEAR		**43**	**158**	24	88
Basic and diluted earnings per share (USD/AED per share)	10	**0.006**	**0.024**	0.004	0.013

The attached notes 1 to 31 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2010

	2010		*2009*	
	USD mm	***AED mm***	*USD mm*	*AED mm*
Profit for the year	**43**	**158**	24	88
Other comprehensive income:				
Gain on available-for-sale financial asset (note 13)	32	118	101	370
Other comprehensive income for the year	**32**	**118**	101	370
Total comprehensive income for the year	**75**	**276**	125	458

The attached notes 1 to 31 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2010

	Notes	2010 USD mm	2010 AED mm	2009 USD mm	2009 AED mm
ASSETS					
Non-current assets					
Property, plant and equipment	11	**1,045**	**3,828**	941	3,449
Intangible assets	12	**1,355**	**4,967**	1,379	5,055
Available-for-sale financial asset	13	**315**	**1,155**	283	1,037
Investment property	14	**37**	**136**	39	143
		2,752	**10,086**	2,642	9,684
Current assets					
Inventories	15	**51**	**187**	46	169
Trade and other receivables	16	**255**	**935**	199	728
Due from related parties		**1**	**3**	2	7
Financial assets at fair value through profit or loss	17	**10**	**37**	9	33
Cash and cash equivalents	18	**159**	**583**	213	781
		476	**1,745**	469	1,718
TOTAL ASSETS		**3,228**	**11,831**	3,111	11,402
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	19	**1,801**	**6,600**	1,637	6,000
Statutory reserve		**34**	**125**	30	113
Legal reserve		**34**	**125**	30	113
Retained earnings		**112**	**409**	243	882
Other reserves	20	**142**	**521**	107	392
Convertible bonds- equity component		**48**	**176**	48	176
Attributable to shareholders of the Company		**2,171**	**7,956**	2,095	7,676
Non-controlling interest		**3**	**11**	4	15
Total equity		**2,174**	**7,967**	2,099	7,691
LIABILITIES					
Non-current liabilities					
Borrowings	21	**897**	**3,288**	871	3,193
Provisions	22	**17**	**62**	14	51
		914	**3,350**	885	3,244
Current liabilities					
Trade payables and accruals	23	**140**	**514**	127	467
		140	**514**	127	467
Total liabilities		**1,054**	**3,864**	1,012	3,711
TOTAL EQUITY AND LIABILITIES		**3,228**	**11,831**	3,111	11,402

Director
23 February 2011

Director
23 February 2011

The attached notes 1 to 31 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW
Year ended 31 December 2010

	Notes	2010 USD mm	2010 AED mm	2009 USD mm	2009 AED mm
OPERATING ACTIVITIES					
Profit before tax		**115**	**422**	72	264
Adjustments for:					
Depreciation and depletion	11	**104**	**381**	86	315
Investment and finance income	6	**(8)**	**(29)**	(10)	(37)
Change in fair value of investment property	14	**2**	**7**	71	260
Other income/expenses		**-**	**-**	(331)	(1,213)
Finance costs	9	**56**	**205**	55	202
Exploration expenditure	11	**13**	**48**	119	436
Provision for impairments	8	**5**	**18**	116	425
Board compensation		**(2)**	**(7)**	(2)	(7)
		285	**1,045**	176	645
Changes in working capital:					
Trade and other receivables		**(101)**	**(371)**	(41)	(150)
Inventories		**(5)**	**(18)**	(1)	(4)
Trade payables and accruals		**23**	**85**	21	77
Due from related parties		**1**	**3**	(2)	(7)
Net cash generated from operating activities		**203**	**744**	153	561
Income tax paid		**(72)**	**(264)**	(48)	(176)
Net cash from operating activities		**131**	**480**	105	385
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(136)**	**(498)**	(151)	(556)
Expenditure on intangibles	12	**(34)**	**(125)**	(66)	(242)
Proceeds from sale of interest in joint venture	25	**-**	**-**	177	650
Proceeds from sale of interest in Komombo	25	**35**	**128**	-	-
Investment and finance income received		**7**	**26**	9	32
Others		**2**	**7**	-	-
Net cash used in investing activities		**(126)**	**(462)**	(31)	(116)
FINANCING ACTIVITIES					
Proceeds from borrowings		**10**	**37**	-	-
Repurchase of own convertible bonds		**-**	**-**	(10)	(37)
Finance costs paid		**(69)**	**(253)**	(68)	(249)
Net cash used in financing activities		**(59)**	**(216)**	(78)	(286)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(54)**	**(198)**	(4)	(17)
Cash and cash equivalents at the beginning of the year		**213**	**781**	217	798
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	18	**159**	**583**	213	781

The attached notes 1 to 31 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
At 31 December 2010

	Attributable to shareholders of the Company															
	Share capital		*Statutory reserves*		*Legal reservse*		*Retained earnings*		*Other reserve*		*Convertible bonds equity component*		*Non-controlling interest*		*Total*	
	US D mm	*AE D mm*	*US D mm*	*AE D mm*	*US D mm*	*AE D mm*	*US D mm*	*AE D mm*	*US D mm*	*AE D mm*	*US D mm*	*AE D mm*	*US D mm*	*AE D mm*	*US D mm*	*AE D mm*
At 31 December 2008	1,637	6,000	28	104	28	104	225	819	4	15	48	176	1	3	1,971	7,221
Profit for the year	-	-	-	-	-	-	24	88	-	-	-	-	-	-	24	88
Other comprehensive income	-	-	-	-	-	-	-	-	101	370	-	-	-	-	101	370
Total comprehensive income for the year	-	-	-	-	-	-	24	88	101	370	-	-	-	-	125	458
Board compensation	-	-	-	-	-	-	(2)	(7)	-	-	-	-	-	-	(2)	(7)
Transfer to reserves	-	-	2	9	2	9	(4)	(18)	-	-	-	-	-	-	-	-
Share based payment	-	-	-	-	-	-	-	-	2	7	-	-	-	-	2	7
Addition to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	3	12	3	12
At 31 December 2009	**1,637**	**6,000**	**30**	**113**	**30**	**113**	**243**	**882**	**107**	**392**	**48**	**176**	**4**	**15**	**2,099**	**7,691**
Profit for the year	-	-	-	-	-	-	**43**	**158**	-	-	-	-	-	-	**43**	**158**
Other comprehensive income	-	-	-	-	-	-	-	-	**32**	**118**	-	-	-	-	**32**	**118**
Total comprehensive income for the year	-	-	-	-	-	-	**43**	**158**	**32**	**118**	-	-	-	-	**75**	**276**
Board compensation	-	-	-	-	-	-	**(2)**	**(7)**	-	-	-	-	-	-	**(2)**	**(7)**
Transfer to reserves	-	-	**4**	**12**	**4**	**12**	**(8)**	**(24)**	-	-	-	-	-	-	-	-
Share based payment (note 27)	-	-	-	-	-	-	-	-	**3**	**11**	-	-	-	-	**3**	**11**
Issue of bonus share (note 19)	**164**	**600**	-	-	-	-	**(164)**	**(600)**	-	-	-	-	-	-	-	-
Loss to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	**(1)**	**(4)**	**(1)**	**(4)**
At 31 December 2010	**1,801**	**6,600**	**34**	**125**	**34**	**125**	**112**	**409**	**142**	**521**	**48**	**176**	**3**	**11**	**2,174**	**7,967**

The attached notes 1 to 31 form part of these consolidated financial statements.

1. ACTIVITIES

Dana Gas PJSC ("Dana Gas" or the "Company") was incorporated in the Emirate of Sharjah, United Arab Emirates as a Public Joint Stock Company on 20 November 2005 pursuant to incorporation decree number 429/2005 issued by the Ministry of Economy. Dana Gas shares are listed on the Abu Dhabi Securities Exchange (ADX).

The Company, its Subsidiaries and joint ventures constitute the Group ("the Group"). The Group is engaged in the business of exploration, production, ownership, transportation, processing, distribution, marketing and sale of natural gas and petroleum related products, including the development of gas related projects and services.

The Company's registered head office is P. O. Box 2011, Sharjah, United Arab Emirates with offices in Al-Khobar, Bahrain, Cairo, Kurdistan Region of Iraq and London.

Principal subsidiaries and jointly controlled entities of the Group at 31 December 2010 and the group percentage of ordinary share capital or joint venture interest are set out below:

Subsidiaries	**%**	**Country of incorporation**	**Principal activities**
Dana Gas LNG Ventures	100	British Virgin Island	Oil and Gas production exploration &
Dana Gas Egypt (previously Centurion)	100	Barbados	Oil and Gas production exploration &
Sajaa Gas Private Limited Company ("SajGas")	100	Emirate of Sharjah, UAE	Gas Sweetening
United Gas Transmissions Company Limited ("UGTC")	100	Emirate of Sharjah, UAE	Gas Transmission
Danagaz (Bahrain) WLL	66	Bahrain	Gas Processing
Joint Ventures	**%**	**Country of operations**	**Principal activities**
Pearl Petroleum Company Limited ("Pearl Petroleum")	40	Kurdistan Region of Iraq	Oil and Gas exploration & production
UGTC / Emarat	50	Emirate of Sharjah	Gas Transmission
CNGCL	35	Emirate of Sharjah	Gas Marketing
EBGDCO	26.4	Egypt	Gas Processing
GASCITIES Ltd	50	MENASA	Gas Cities

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss account that have been measured at fair value. The consolidated financial statements are presented in United States Dollars (USD), which is the Group's functional currency, and all the values are rounded to the nearest million except where otherwise indicated. The United Arab Emirates Dirhams (AED) amounts have been presented solely for the convenience to readers of the consolidated financial statements. AED amounts have been translated at the rate of AED 3.6655 to USD 1.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2010:

- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009, including consequential amendments to IFRS 2, IFRS 5, IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedge Items effective 1 July 2009
- IFRIC 17 Distributions of Non-cash Assets to Owners effective 1 July 2009

The adoption of the standards or interpretations is described below:

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the Group.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised and the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after 1 January 2010. The above amendment had no impact on the Group's financial statements.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedge item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The amendment has no impact on the financial position or performance of the Group.

IFRIC 17 Distribution of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no affect on either the financial position nor performance of the Group.

Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions and non-controlling Interests

Non controlling interests represent the portion of profit or loss and net assets not held by Group and are presented separately in the Consolidated Income Statement and within equity in Consolidated Statement of Financial Position, separately from Parents's equity. The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group and are recorded in the income statement. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) Joint ventures

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it re-sells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to

ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD which is Company's functional currency where AED is presented as the group's presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in consolidated income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(c) Group companies
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The statement of financial position of subsidiaries and joint ventures with functional currencies other than US Dollars are translated using the closing rate method, whereby assets and liabilities are translated at the rates of exchange ruling at the statement of financial position date. The income statements of such subsidiaries and joint ventures are translated at average exchange rates for the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions). Any goodwill arising on the acquisition of such operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the operation and translated at the closing rate. Exchange differences arising on the retranslation of net assets are taken directly to equity. On the disposal of such entities, accumulated exchange differences are recognised in the consolidated income statement as a component of the gain or loss on disposal.

Property, plant and equipment

Property, plant and equipment is stated at cost net of accumulated depreciation and/or accumulated impairment losses, if any. Land is not depreciated.

Depreciation is computed on a straight line basis over the estimated useful lives of the assets as follows:

Oil and gas properties	unit-of-production
Buildings	25 years
Gas plant	15 – 25 years
Pipelines & related facilities	25 years
Other assets:	
Computers	3 years
Furniture and fixtures	3 years – 5 years
Vehicles	3 years – 5 years
Leasehold improvements	over the expected period of lease

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted prospectively if appropriate.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (cost)/income' in the income statement.

Capital work-in-progress is stated at cost. On commissioning, capital work-in-progress is transferred to property, plant and equipment and depreciated or depleted in accordance with Group policies.

Oil and gas assets

Oil and natural gas exploration and evaluation expenditures are accounted for using the 'successful efforts' method of accounting. Geological and geophysical exploration costs are charged against income as incurred. Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. If hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity which may include the drilling of further wells (exploration or exploratory-type stratigraphic test wells), are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to a technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proven reserves of oil and natural gas are determined and development is sanctioned, capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure.

(a) Depletion

Oil and gas properties are depleted using the unit-of-production method. Unit-of-production rates are based on proved reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods.

(b) Impairment – exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less cost to sell and their value in use. For the purpose of assessing impairment, the exploration and evaluation assets subject to testing are grouped with existing cash-generating units of production fields that are located in the same geographical region.

Intangible assets

Intangible assets acquired as part of a business combination relating to oil and gas properties are recognised separately from goodwill if the asset is separable or arises from contractual or legal rights and its fair value can be measured reliably.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually either individually or at the cash-generating unit level. When development in respect of the oil and gas properties is internally approved, the related amount is transferred from intangible assets to property, plant and equipment and depleted in accordance with the Group's policy. If no future activity is planned, the remaining balance is written off.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Asset decommissioning obligation

Where required under existing production sharing contracts, the Group records the estimated costs of future abandonment and site restoration of oil and gas properties, which are added to the carrying value of the oil and gas properties. The abandonment and site restoration costs initially recorded are depleted using the unit-of-production method based on proven oil and gas reserves. Subsequent revisions to abandonment and site restoration costs are considered as a change in estimates and are accounted for on a prospective basis.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset

does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assumptions of the time value of money and the risks specific to the asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Impairment of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the income statement. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value;

(b) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;

(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit or loss*
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables'.

(c) *Available-for-sale financial assets*
Available-for-sale (AFS) financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date. After initial measurement, AFS investments are subsequently measured at fair value with unrealised gains or losses recognised as "Other comprehensive income" in the AFS reserve until the investment is derecognised. At that time cumulative gain is recognised in other income and cumulative loss is recognised as Finance costs and removed from AFS reserve.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gain or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'investment and finance income' in the period in which they arise. Dividends income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payment is established.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These includes the use of recent arm's length transactions, referent to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Investment properties

Investment properties are initially measured at cost, including transactions costs. Subsequent expenditure is added to the carrying value of investment properties when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance expenses and is charged to the consolidated income statement in the period in which it is accrued.

Subsequently investment properties are stated at fair value, which reflects market conditions at the reporting date. Any gains or loss arising from changes in fair values of investment properties are included in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase price, cost of production, transportation and other directly allocable expenses. Costs of spares and consumables are determined on a weighted average basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

Trade and other receivables

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Trade payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

General
Provisions are recognised when the Group has an present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Decommissioning liability
Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of that particular asset. The cash flows are discounted at a current pre tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Employees' end of service benefits
The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its UAE national employees, the Group makes contributions to a pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Income Taxes

In Egypt, the government receives production in lieu of income tax. The Group records this production as a current income tax expense.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of respective assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as finance cost in the income statement in the period in which they are incurred.

Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of profit on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term.

Profit-bearing loans and borrowings

All profit-bearing loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs directly attributable to the borrowing. The effective profit rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument.

After initial recognition, profit-bearing loans and borrowings are subsequently measured at amortised cost using the effective profit rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Convertible bonds

Convertible bonds that can be converted into share capital at the option of the holder, where the number of shares is fixed based on the reference price set in nine months time from the date of issue, are accounted for as compound financial instruments. The equity component of the convertible bonds is calculated as the excess of issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option.

Share based payment transactions

Certain employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for either equity instruments ("equity settled transactions") or restricted shares.

Equity-settled transaction

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using an appropriate pricing model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Restricted shares

Service-based restricted shares are granted at no cost to key employees and generally vest one third each year over a three year period from the date of grant. Restricted shares vest in accordance with the terms and conditions established by the Board of Directors and are based on continued service.

The fair value of service-based restricted shares is determined based on the numbers of shares granted and the closing price of the Company's common stock on the date of grant. The cost is being amortized on a straight line method, based on the vesting period.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Net revenue is measured at the fair value of the consideration received, excluding royalties, discounts, rebates, and other sales taxes or duties. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sale of hydrocarbons
Revenue from sale of hydrocarbons is recognised when the significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably.

Finance income
Revenue from surplus funds invested with financial institutions is recognised as the revenue accrues.

Fair values
The fair value of profit-bearing items is estimated based on discounted cash flows using profit rates for items with similar terms and risk characteristics.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Impairment of goodwill: The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each cash-generating unit and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2010 was USD 308 million (2009: USD 308 million).
- Recoverable value of intangible oil and gas assets: The Group determines at each statement of financial position date whether there is any evidence of impairment in the carrying value of its intangible oil and gas assets. This requires management to estimate the recoverable value of its intangible oil and gas assets by reference to quoted market values, similar arms length transactions involving these assets etc. The carrying amount of intangibles assets at 31 December 2010 was USD 183 million (2009: USD 205 million).
- The Group carries its investment properties at fair value, with changes in fair values being recognised in the consolidated income statement. The Group engaged a firm of qualified independent property consultant to determine fair value reflecting market conditions as at 31 December 2010.

4. SEGMENTAL INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions. The CEO considers the business from a geographic perspective which is divided into four geographical units.

Year ended 31 December 2010

	United Arab Emirates	*Egypt*	*Kurdistan Region of Iraq*	*Rest of the World*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Revenue					
External sales net of royalties	**4**	**264**	**82**	**-**	**350**
Total revenue net of royalties	**4**	**264**	**82**	**-**	**350**
Gross Profit	**3**	**134**	**76**	**-**	**213**
Investment and finance income					**8**
Other Income					**3**
Provision for Impairment					**(5)**
Change in fair value of investment property					**(2)**
General and administration expenses					**(33)**
Finance costs					**(56)**
Exploration cost write-off					**(13)**
Profit before income tax					115
Income tax expense					(72)
PROFIT FOR THE YEAR					43
Segment assets at 31 December 2010	**1,646**	**1,082**	**500**	**-**	**3,228**
Segment liabilities at 31 December 2010	**917**	**114**	**23**	**-**	**1,054**
Other segment information					
Capital expenditures:					
Intangible assets	**-**	**34**	**-**	**-**	**34**
Property, plant and equipment	**12**	**97**	**59**	**-**	**168**
Total	**12**	**131**	**59**	**-**	**202**
Depreciation, depletion & amortization	**(1)**	**(100)**	**(3)**	**-**	**(104)**
Provision for impairment	**(4)**	**(1)**	**-**	**-**	**(5)**
Change in fair value of investment property	**(2)**	**-**	**-**	**-**	**(2)**
Exploration costs written off	**-**	**(13)**	**-**	**-**	**(13)**

Year ended 31 December 2009

	United Arab Emirates	*Egypt*	*Kurdistan Region of Iraq*	*Rest of the World*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Revenue					
External sales net of royalties	4	192	42	-	238
Total revenue net of royalties	4	192	42	-	238
Gross Profit	3	79	37	-	119
Investment and finance income					10
Other income					331
Provision for Impairment					(116)
Change in fair value of investment property					(71)
General and administrative expenses					(27)
Finance costs					(55)
Exploration cost write-off					(119)
Profit before income tax					72
Income tax expense					(48)
PROFIT FOR THE YEAR					24
Segment assets at 31 December 2009	1,697	1,045	369	-	3,111
Segment liabilities at 31 December 2009	905	77	30	-	1,012
Other segment information					
Capital expenditures:					
Intangible assets	1	53	-	12	66
Property, plant and equipment	12	79	95	-	186
Total	13	132	95	12	252
Depreciation, depletion & amortization	(1)	(85)	-	-	(86)
Provision for impairment	-	(39)	-	(77)	(116)
Change in fair value of investment property	(71)	-	-	-	(71)
Exploration costs written off	-	(107)	-	(12)	(119)

5. NET REVENUE

	2010	*2009*
	UDS mm	*USD mm*
Gross sales	**483**	345
Less: Royalties	**(137)**	(111)
Net sales	**346**	234
Tariff fee	**4**	4
Net revenue	**350**	238

6. INVESTMENT AND FINANCE INCOME

	2010	*2009*
	UDS mm	*USD mm*
Profit share from bank deposits	**7**	9
Fair value gain on financial assets at fair value through profit or loss (note 17)	**1**	1
	8	10

7. OTHER INCOME

	2010	*2009*
	UDS mm	*USD mm*
Gain on sale of interest in Pearl Petroleum (note 25)	**-**	292
Gain on sale of interest in Komombo (note 25)	**-**	35
Others	**3**	4

	3	331

8. PROVISION FOR IMPAIRMENTS

	2010	*2009*
	UDS mm	*USD mm*
Provision for Impairment of:		
- oil & gas assets (note 12)	**5**	84
¬¬- inventory (note 15)	**-**	13
- doubtful debts (note 16)	**-**	19
	5	116

9. FINANCE COSTS

	2010	*2009*
	UDS mm	*USD mm*
Finance cost on convertible bonds (note 21)	**85**	83
Finance cost capitalised	**(29)**	(28)
	56	55

10. EARNINGS PER SHARE

(a) Basic earnings per share is calculated by dividing net profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

	2010	*2009*
Earnings:		
Net Profit for the period- USD mm	**43**	24
Shares:		
Weighted average number of shares outstanding for calculating basic EPS-million	**6,600**	6,600
EPS (Basic) – USD:	**0.006**	0.004

(b) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: convertible sukuk, share options and restricted shares. The convertible sukuk is assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the finance cost effect. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2010	*2009*
Earnings:		
Net Profit for the period- USD mm	**43**	24
Finance cost on convertible sukuk	**75**	75
	118	99
Shares:		
Weighted average number of shares outstanding for calculating basic EPS-million	**6,600**	6,600
Adjustments for:		
Assumed conversion of convertible Sukuk (million)*	**1,908**	1,908
Share options / Restricted shares (million) **	**7**	-
Weighted average number of ordinary shares for diluted earnings per share	**8,515**	8,508

(million) .....

Note: Restricted shares had a dilutive effect on the EPS of the Group, however as the dilution is insignificant it is not disclosed separately.

* As disclosed in Note 21, on 7 July 2008, the conversion rate for the convertible sukuk was determined and has been fixed at 17,343.3 shares for every USD 10,000 Sukuk Certificate. The shareholders in the Annual General Meeting on 21 April 2010 approved the issuance of 10% bonus shares, due to which the conversion exchange ratio was reset from 17,343.3 shares to 19,076.6 shares for every USD 10,000 Sukuk Certificate. As at 31 December 2010 the conversion had an anti-dilutive effect on the EPS of the Company.

** As at 31 December 2010 all the stock options issued to employees were out of money, hence no shares have been assumed for calculating diluted earnings per share. During the year key management employees were awarded with restricted shares which will be vested over a period of 3 years. These restricted shares have been taken into account in the calculation of diluted earnings per share.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	*Building*	*Oil and gas properties*	*Plant and equipment*	*Other assets*	*Pipeline & related facilities*	*Capital work-in-progress*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Cost:								
At 1 January 2010	13	1	494	93	16	25	529	1,171
Additions	-	-	74	3	2	-	89	168
Transfer from Intangible assets (note 12)	-	-	53	-	-	-	-	53
Transfer from Capital work-in-progress.	-	-	-	-	-	54	(54)	-
Dry hole costs written-off	-	-	(13)	-	-	-	-	(13)
At 31 December 2010	**13**	**1**	**608**	**96**	**18**	**79**	**564**	**1,379**
Depreciation/Depletion:								
At 1 January 2010	-	-	206	16	6	2	-	230
Depreciation/depletion charge for the year	-	-	93	6	1	4	-	104
At 31 December 2010	-	-	299	22	7	6	-	334
Net carrying amount:								
At 31 December 2010	**13**	**1**	**309**	**74**	**11**	**73**	**564**	**1,045**

Capital Work in Progress comprises:

	USD mm
SajGas Plant and facilities	126
UGTC Pipeline & Related facilities	91
Kurdistan Region of Iraq Project	309
Dana Gas Egypt	15
EBGDCO	14
Others	9
	564

	Freehold land	*Building*	*Oil and gas properties*	*Plant and equipment*	*Other assets*	*Pipeline & related facilities*	*Capital work-in-progress*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Cost:								
At 1 January 2009	13	1	349	80	14	25	479	961
Additions	-	-	57	13	2	-	114	186
Transfer from Intangible assets (note 12)	-	-	207	-	-	-	-	207
Disposal of Interest in Joint Venture (note 25)	-	-	-	-	-	-	(64)	(64)
Dry hole costs written-off	-	-	(119)	-	-	-	-	(119)
At 31 December 2009	**13**	**1**	**494**	**93**	**16**	**25**	**529**	**1,171**
Depreciation/Depletion:								
At 1 January 2009	-	-	129	12	2	1	-	144
Depreciation/depletion charge for the year	-	-	77	4	4	1	-	86
At 31 December 2009	-	-	206	16	6	2	-	230
Net carrying amount:								
At 31 December 2009	**13**	**1**	**288**	**77**	**10**	**23**	**529**	**941**

Capital Work in Progress comprises:

	USD mm
SajGas Plant and facilities	120
UGTC Pipeline & Related facilities	89
Kurdistan Region of Iraq Project	306
Others	14
	529

12. INTANGIBLE ASSETS

	Oil and gas interests	*Purchase, transmission, sweetening and sale rights*	*Gas processing rights*	*Development cost*	*Goodwill*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Cost at 1 January 2010	289	857	7	2	308	1,463
Less: Provision for impairment(note 8)	(84)	-	-	-	-	(84)
At 1 January	205	857	7	2	308	1,379
Additions	34	-	-	-	-	34
Transfer to Property,plant & equip.	(53)	-	-	-	-	(53)
Provision for impairment (note 8)	(3)	-	-	(2)	-	(5)
At 31 December 2010	**183**	**857**	**7**	**-**	**308**	**1,355**
At 31 December 2009	205	857	7	2	308	1,379

(a) Oil and Gas Interests

Oil and gas interests of USD 183 million relates to Dana Gas Egypt which is the Upstream (Exploration and Production) Division of the Dana Gas Group. Dana Gas Egypt has a number of concessions and development leases in Egypt which are described below in more detail:

- El Wastani Development Lease – This development lease is held with a 100% working interest and represents approximately 34% of current production in Egypt. El Wastani production includes both gas and associated gas liquids. This lease has 13,017 acres of land included within their boundaries and is located in the Nile Delta of Egypt.
- South El Manzala Development Leases – These development leases are held with a 100% working interest and are not currently producing. These development leases have 16,055 acres of land included within their boundaries and are located in the Nile Delta of Egypt.
- West El Manzala Exploration Concession – Dana Gas Egypt holds a 100% working interest in this Concession, which includes 476,216 acres of exploration land. The expiry date of the Exploration Concession and the total relinquishment of the non-productive land is 30 June 2012. Current drilling programs and seismic interpretation are being carried out to explore the acreage. This concession is located in the Nile Delta of Egypt. To date, nine development leases have been created from this exploration concession after adding the recently granted West Manzala Area 1 and produce approximately 58% of Egypt current volumes and produce both natural gas and associated liquids. The Company has applied for a tenth development lease to cover the recently discovered South Abu El Naga field.
- West El Qantara Exploration Concession – Dana Gas Egypt holds a 100% working interest in this Concession, which includes 319,618 acres of exploration land. The expiry date of the Exploration Concession and the total relinquishment of the non-productive land is 30 June 2012. Current drilling programs and seismic interpretation are being carried out to explore the acreage. This concession is located in the Nile Delta of Egypt and two development leases have been granted to date. Only one is producing yet (Sama) and contributes to approximately 7% of Egypt current volumes.
- Kom Ombo Exploration Concession – Dana Gas Egypt holds a 50% working interest in this Concession, which includes 5,654,727 acres of exploration land with the balance of 50% interest held by Sea Dragon Energy Limited ("Sea Dragon"). To date one development lease has been created from this exploration concession and produces approximately 1% of Egypt current volumes and produces only oil.

In addition to the above Dana Gas has the following interests which were acquired as part of Centurion acquisition:

- Block 4 Sao Tome/Nigeria – a 9.5% working interest in the exploration block. The block is located off shore in the Nigeria/Sao Tome Joint Development Zone. The block has 15,876 acres (net share) of land in its boundaries.
- Tunisia Exploration Lease –exploration rights in relation to up to a 50 percent working interest in deeper prospective horizons that underlie upper producing horizons. The deeper prospects rights which have been retained potentially contain significant gas and petroleum liquid resources. This is based on the presence of a large neighboring structure involving the Triassic reservoir, which is one of the main producing horizons in Algeria and Tunisia.

Management has carried out a review of each of the oil and gas interests in 2010 and believes that no change in impairment provision of USD 84 million pertaining to JDZ Block-4, Tunisia and Komombo is required.

(b) Purchase, transmission, sweetening and sale rights

Intangible assets include USD 857 million which represent the fair value of the rights for the purchase, transmission, sweetening and sale of gas and related products acquired by the Company through its shareholdings in SajGas, UGTC and CNGCL. The fair value of the rights acquired in 2005 was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships. The intangible assets will be amortised over 25 years from the date of commencement of commercial activity in accordance with the terms of the contracts to which they relate. Commercial activity has not yet commenced. The ultimate supplier of gas, NIOC, has after a delay of over 4 years completed the installation of all the main components of the required upstream facilities in Iran. Crescent Petroleum, which has the gas supply contract with NIOC, announced that it has taken NIOC to international arbitration pursuant to its contract, in response to demands for performance by customers in the UAE given the four years of delays in delivery of the contractual quantities of natural gas by NIOC. Based on the information available at this time, the Directors and management are confident of a positive outcome.

In accordance with IAS 36 requirement relating to intangible assets not yet available for use, management had undertaken an impairment review of the intangible assets as at 31 December 2010. Management understands that progress has been made on the construction of the required facilities by the ultimate gas supplier and has reviewed the various inputs into the original valuation model. Management believes that the inputs into the original valuation model have not significantly changed.

Key assumptions used in value in use calculations

The calculation of value in use for the above cash generating unit is most sensitive to the following assumptions:

- Financial returns;
- Discount rates:
- Oil prices; and
- Reserve volumes and production profiles;

Financial returns: estimates are based on the unit achieving returns on existing investments (comprising both those that are currently cash flowing and those which are in exploration and development stage and which may therefore be consuming cash) at least in line with current forecast income and cost budgets during the planning period;

Discount rates – Discount rates reflect management's estimate of the risks specific to the above unit. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

Oil prices: management has used an oil price assumption based on the forward curve prevailing at the end of 2010 for the impairment testing of its individual oil & gas investments.

Reserve volumes and production profiles: management has used its internally developed economic models of reserves and production as a basis of calculating value in use.

Sensitivity to changes in assumptions

With regard to the assessment of value in use of the above cash generating unit, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount after giving due consideration to the macro-economic outlook for the oil & gas industry.

(c) Goodwill

Goodwill of USD 308 million relates to the acquisition of Dana Gas Egypt (previously known as Centurion) in January 2007 which enabled Dana Gas to acquire the upstream business qualification and therefore the rights to develop the gas fields in the Kurdistan region of Iraq. The recoverable amount of the above cash generating unit has been determined based on value in use calculation using cash flow projections approved by senior management up to a 20 year period or the economic limit of the producing field. The pre-tax discount rate applied to cash flow projections is 10% (2009: 10%). Cash flows are generated using forecasted production, capital and operating cost data over the expected life of each accumulation.

13. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2010	*2009*
	USD mm	*USD mm*
At 1 January	**283**	-
Additions	**-**	182
Change in fair value	**32**	101
At 31 December	**315**	283

The Group holds 3,161,116 ordinary shares in MOL (note 25) received as consideration for the disposal of an interest in Pearl Petroleum in 2009. These shares are listed on the Budapest Stock Exchange and have been fair valued with reference to published price quotation at 31 December 2010.

14. INVESTMENT PROPERTY

The movement in investment property during the period is as follows:

	2010	*2009*
	USD mm	*USD mm*
Balance at 1 January	**39**	110
Change in fair value	**(2)**	(71)
Balance at 31 December	**37**	39

Investment property consists of industrial land owned by SajGas, a subsidiary, in the Sajaa area of the Emirate of Sharjah, United Arab Emirates. The Group considers a portion of land to be surplus to their operational requirements and will be used for earning rentals or held for capital appreciation.

Investment properties are stated at fair value which has been determined based on a valuation performed by an independent firm of qualified property consultants, with reference to comparable market transactions. This valuation reflects the decline in property values generally and has therefore resulted in a decrease in the fair value by USD 2 million (31 December 2009: decrease of USD 71 million) which was charged to the consolidated income statement.

15. INVENTORIES

	2010	*2009*
	USD mm	*USD mm*
Spares and consumables	**64**	59
Less: Provision for impairment of inventory (note 8)	**(13)**	(13)
	51	46

16. TRADE AND OTHER RECEIVABLES

	2010	*2009*
	USD mm	*USD mm*
Trade receivables	**218**	135
Prepaid expenses	**1**	1
Other receivables	**45**	82
Less: Provision for impairment of other receivables (note 8)	**(9)**	(19)
	255	199

Trade receivables are non-interest bearing and are generally on 30-60 days terms.

As at 31 December, the ageing analysis of trade receivables is as follows:

		Neither past due nor impaired	***Past due but not impaired***				
	Total		*<30 days*	*30-60 days*	*60-90 days*	*90-120 days*	*>120 days*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*
2010	218	69	17	7	9	13	103
2009	135	48	12	12	11	11	41

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2010	*2009*
	USD mm	*USD mm*
Balance at 1 January	**9**	8
Change in fair value	**1**	1
Balance at 31 December	**10**	9

18. CASH AND CASH EQUIVALENTS

	2010	*2009*
	USD mm	*USD mm*
Cash at bank and on hand		
- Local Banks within UAE	**17**	20
- Foreign Banks outside UAE	**9**	8
Short term deposits		
Local Banks within UAE	**133**	182
Cash in transit	**-**	3
	159	213

Cash at bank earns profit at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one week and three months, depending on the immediate cash requirements of the Group, and earns profit at the respective short-term deposit rates. The fair value of cash and short-term deposits is USD 159 million (2009: USD 213 million). The effective profit rate earned on short term deposits ranged between 2.5% to 6.1% (2009: between 2.5% and 6.1%) per annum. As at 31 December 2010, 94% of cash and cash equivalents were held with UAE banks.

19. SHARE CAPITAL

	2010	*2009*
	USD mm	*USD mm*
Authorised:		
8,394,000,000 common shares of AED 1 each (USD 0.2728 each)		
Issued and fully paid up:		
6,600,000,000 common shares of AED 1 each (USD 0.2728 each)	**1,801**	1,637

At the Annual General Meeting held on 21 April 2010, the shareholders approved a 10% bonus issue amounting to USD 164 million (AED 600 million). Consequently the Company's paid up share capital has increased to AED 6.6 billion comprising of 6.6 billion shares of AED 1 each (2009: 6 billion shares of AED 1 each).

20. OTHER RESERVES

	Share option	***Fair value reserve***	***Total***
	USD mm	***USD mm***	***USD mm***
At 1 January 2009	4	-	4
Value of employee services (note 27)	2	-	2
Change in fair value of available-for-sale financial assets (note 13)	-	101	101
At 31 December 2009	**6**	**101**	**107**
Value of employee services (note 27)	**3**	**-**	**3**
Change in fair value of available-for-sale financial assets (note 13)	**-**	**32**	**32**
At 31 December 2010	**9**	**133**	**142**

21. BORROWINGS

	2010	*2009*
	USD mm	*USD mm*
Convertible bonds	**887**	871
Bank borrowings	**10**	-
At 31 December	**897**	871

a) CONVERTIBLE BONDS

In October 2007, the Group issued convertible bonds in the form of Trust Certificates / Sukuk-al-Mudarabah ("the Sukuk") for a total value of USD 1 billion. The Sukuk, which is structured to conform to the principles of Islamic Shariah, was approved by the Company's shareholders at an Extraordinary General Meeting held in July 2007. The Sukuk matures in 2012 and has a fixed profit rate of 7.5% to be paid quarterly. The reference share price for conversion, based on the terms and conditions of the Sukuk issue, was determined on 7 July 2008. The exchange ratio has been set at 17,343.4 shares for every USD 10,000 Sukuk certificate (i.e. an effective conversion price of AED 2.118 per share). Each Trust Certificate may be redeemed at the option of the holder at any time after 7 July 2008 to the maturity date. It may be converted into shares, or at the option of Dana Gas, into the equivalent sum of money based on the prevailing share price at conversion. Dana Gas may also voluntarily redeem the Trust Certificates under certain conditions. In 2008, Dana Gas repurchased convertible sukuk with a nominal value of USD 80 million. At the Annual General Meeting held on 21 April 2010, the shareholders approved a 10% bonus issue and consequently conversion ratio for Sukuk was increased from 17,343.3 shares to 19,076.7 shares for every USD 10,000 Sukuk certificate.

The Sukuk is secured by way of a pledge over the shares of Dana Gas LNG Ventures Ltd., SajGas and UGTC in accordance with the principles of Islamic Shariah.

The fair value of the liability component, included in non-current liabilities, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion option, is included in shareholders' equity.

The convertible bond recognised in the statement of financial position is calculated as follows:

	2010	*2009*
	USD mm	*USD mm*
Liability component as at 1 January	**871**	856
Finance cost (note 9)	**85**	83
Profit paid	**(58)**	(57)
	898	882
Current portion of profit classified under trade and other payable (note 23)	**(11)**	(11)
Liability component at 31 December	**887**	871

b) BANK BORROWINGS

On 22 April 2010, EBGDCO (Joint Venture Company) entered into a facility agreement with Commercial International Bank (Egypt) S.A.E. "CIB" for the financing of 70% (USD 66.5 Million) of the investment cost of the company's project comprising establishment of Gas Liquids extraction plant at Ras Shukeir. The facility matures in 12 years and carries variable rate of LIBOR + Margin during the repayment period. The first drawdown for the said facility was made in June 2010 and Danagaz W.L.L's share of the drawdown is approx USD 10 Million as at 31 December 2010.

As continuing security for the performance and full payment of liabilities under the Facility Agreement, Danagaz W.L.L. has pledged its entire share in share capital of EBGDCO in favour of CIB.

Dana Gas PJSC has given an undertaking "not to dispose" of its equity stake in Danagaz WLL except to a qualified investor approved by CIB, Egypt and not create any lien/pledge of its equity stake in Danagaz WLL. This facility is non-recourse to Dana Gas PJSC.

22. PROVISIONS

	2010	*2009*
	USD mm	*USD mm*
Asset decommissioning obligation	**15**	12
Employee's end of service benefits	**2**	2
	17	14

23. TRADE PAYABLES AND ACCRUALS

	2010	*2009*
	USD mm	*USD mm*
Trade payables	**67**	63
Accrued expenses and other payables	**62**	53
Profit accrued on convertible bonds (note 21)	**11**	11
	140	127

24. INTEREST IN JOINT VENTURE

(a) Kurdistan Region of Iraq Project

In April 2007, the Group entered into agreements with the Kurdish Regional Government of Iraq for the development of its substantial gas resources on the Khor Mor and Chemchemal gas fileds. Since then, the focus has been on developing, processing and transporting natural gas on a fast-track basis, from the Khor Mor field

including processing and the extraction of LPG and condensate, provide natural gas supplies to fuel domestic electric power generation plants near the major urban centers of Erbil and Suleymania. Further development of the gas reserves are planned to supply natural gas as feedstock and energy for local industries.

With effect from 5 February 2009 Dana Gas and Crescent assigned their benefits and obligations under the Authorisation to Pearl Petroleum as advised in the Notice of Assignment and Undertaking to the KRG dated 5 February 2009, which was acknowledged as received by the Kurdistan Region Minister of Natural Resources on behalf of the KRG. Accordingly, all the assets and liabilities of the Joint Venture as at 4 February 2009 were transferred at cost to Pearl Petroleum.

On 15 May 2009, Dana Gas and Crescent signed a Share Sale Agreement with OMV and MOL wherein an equity interest of 5% each was sold by Dana Gas and Crescent to OMV and MOL respectively. Consequently, the new shareholding interest in Pearl Petroleum is as follows: 40% to Dana Gas, 40% to Crescent, 10% to OMV and 10% to MOL.

Pearl Petroleum and its shareholders since 18 May 2009 are engaged in an ongoing dialogue with the Ministry of Natural Resources of the KRG as to the interpretation of the agreements ("the Authorisation").

Pearl Petroleum and its shareholders have assessed the legal position with advice from their legal advisers and are fully confident of Pearl Petroleum's rights under the Authorisation in accordance with applicable law. Pearl Petroleum and the shareholders' judgment, based on such assessment and the progress of the continuing dialogue with the KRG, is that these discussions should result in satisfactory outcome which should not have a material adverse impact on the state of the Pearl Petroleum or the carrying values of its assets.

The following amounts represent the Group's 40% share of the assets and liabilities of the joint venture:

	2010	*2009*
	USD mm	*USD mm*
Assets:		
Long-term assets	**363**	306
Current assets	**137**	63
Total Assets	**500**	369
Liabilities:		
Long-term liabilities	**-**	-
Current liabilities	**23**	31
Total Liabilities	**23**	31
Net Assets	**477**	338
Income	**82**	42
Operating Cost	**(6)**	(5)
Gross Profit	**76**	37

(b) UGTC / Emarat Joint Venture

The Group has a 50% interest in UGTC / Emarat unincorporated Joint Venture which has developed the largest gas pipeline in the UAE (48 inch diameter) with a design capacity of 1000 MMscfd, to transport gas in Sharjah from Sajaa to Hamriyah. The following amounts represent the Group's 50% share of the assets and liabilities of the joint venture:

	2010	*2009*
	USD mm	*USD mm*
Assets:		
Long-term assets	**23**	24
Current assets	**8**	5
Total Assets	**31**	29
Liabilities:		

Long-term liabilities	-	-
Current liabilities	-	-
Total Liabilities	-	-
Net Assets	**31**	29
Income	**4**	4
Operating cost	**(2)**	(2)
Profit	**2**	2

(c) EBGDCO:

The Group's subsidiary Danagaz WLL has a 40% equity interest in Joint Venture Company EBGDCO to build, own and operate a Gas liquids extraction plant in Egypt in partnership with Egyptian Natural Gas Company (EGAS) and Arab Petroleum Investments Corporation (APICORP). The following amounts represent the Group's subsidiary interest in the assets and liabilities of the joint venture:

	2010	*2009*
	USD mm	*USD mm*
Assets:		
Long-term assets	**14**	4
Current assets	**6**	6
Total Assets	**20**	10
Liabilities:		
Long-term liabilities	**10**	-
Current liabilities	**1**	-
Total Liabilities	**11**	-
Net Assets	**9**	10

25. DISPOSAL OF INTERESTS

(a) Disposal of Interest in Pearl Petroleum Company Limited

On 15 May 2009, Dana Gas and Crescent signed a Share Sale Agreement with OMV and MOL wherein an equity interest of 5% each was sold by Dana Gas and Crescent to OMV and MOL respectively. Consequently, the new shareholding interest in Pearl Petroleum is as follows: 40% to Dana Gas, 40% to Crescent, 10% to OMV and 10% to MOL.

The assets and liabilities transferred by Dana Gas as a result of the disposal and the related consideration, recorded in "Other Income", is presented below:

	USD mm
Non-current assets	**64**
Other current assets	**6**
Current liabilities	**(7)**
Total carrying amount of net assets disposed	**63**
Costs on disposal	**4**
	67
Less: Total consideration	**359**
Profit on sale of interest	**292**

Of the total consideration, USD 177 million was received in cash and USD 182 million in the form of shares in MOL (note 13).

(b) Komombo Concession Farmout

In December 2009, Dana Gas Egypt entered into a settlement agreement with KIOEC for reassignment of their 50% interest in the Komombo Concession in Southern Egypt to Dana Gas Egypt. Following completion of this

settlement agreement, Dana Gas Egypt farmed out the 50% interest in the Komombo Concession to Sea Dragon on 31 December 2009. Dana Gas Egypt and Sea Dragon are joint operators of this concession. The Group recorded a net gain of USD 35 million.

26. CONTINGENCIES AND COMMITMENTS

(a) Dana Gas Egypt

Dana Gas Egypt has two drilling rigs under contract and in the event that Dana Gas Egypt does not proceed with planned drilling with these rigs, it would be obligated to pay the rig operators a variable rate based on days not utlised under the contracts. The remaining commitment at 31 December 2010 was USD 4.4 million.

In March 2006, Dana Gas Egypt entered into an agreement with CTIP Oil and Gas Limited ("CTIP") to acquire a 25% percent working interest in the West El Manzala and West El Qantara Concessions. Following the closing of this acquisition, the Company held a 100% participating interest in each of these Concessions. As agreed under the terms of the acquisition agreement Dana Gas Egypt has paid USD 13 million as a result of the first Government approved plan of Development in the West El Manzala Concession. In addition, Dana Gas Egypt has agreed to pay additional payments that could total up to a further USD 12.5 million as and when discovery volumes equal or in excess of 1Tcf of Proved Reserves. Dana Gas Egypt has also granted a three percent net profits interest to CTIP on future profit from the Concessions.

(b) Nigeria / Sao Tome

In 2006, Centurion signed a Production Sharing Contract ("PSC") and formal granting by the Joint Development Authority of its 10 percent (gross) equity interest, 9.5 percent (net) in Block- 4 of the Nigeria/Sao Tome. This was later assigned to Dana Gas PJSC in 2009. Dana Gas and another partner have withdrawn from the Concession in accordance with the relevant agreements (PSC/JOA) due to operator's decision to drill a third well without approval. The operator has disputed this position.

(c) Pearl Petroleum Company Limited

Dana Gas has incurred over USD 350 million in expenditure to date and commitments, not yet accrued, amount to approximately USD 1 million (40% share) for the development project in the Kurdistan Region of Iraq.

(d) EBGDCO

EBGDCO, through its banker, CIB, has issued a letter of credit to a supplier. Against this LC an amount of USD 14 million (DG Share USD 4 million) is outstanding as on 31 December 2010.

27. SHARE BASED PAYMENT

Share options / Restricted shares are granted to Executive directors and to selected employees. Following are the plans which are operated by the Company:

Pioneer Grant – Share Option Plan

The Pioneer Grant is a one-time option grant aimed to recognize the pioneering spirit of the founding members of the management team of Dana Gas PJSC. Options in the plan vest upon completion of a defined service period. Pursuant to the shareholder approval and resolution of the Board of Directors in 2008 the rules of the Pioneer Grant were amended to allow the exercise of existing share options to be satisfied by the use of shares. Subsequently, all options granted in 2007 (4,275,000 shares with an average exercise price of AED 1.00) were converted from cash-settled to equity-settled share options. In addition, options over 1,650,000 shares with an average exercise price of AED 1.00 were awarded to individuals who did not receive a share option grant in 2007. The average fair value of these options is AED 0.90 per option.

Key Employee Long Term Incentive Plan ("LTIP") – Share Option Plan

The LTIP seeks to align employee and shareholder interests and reward Company and employee performance over an extended period through the payment of cash bonuses calculated by reference to the market price of one share as compared to its exercise price determined at the time of grant. Options in the plan vest upon completion of a defined service period. Pursuant to the shareholder's approval and resolution of the Board of Directors in 2008 the rules of the LTIP were amended to allow the exercise of existing and new share options to be satisfied by the use of shares. Subsequently, all options granted in 2007 were converted from cash-settled to equity-settled share options.

The weighted average fair value of options granted in 2009 was determined using the Black-Scholes valuation model - AED 0.62 per option (2008: AED 1.09). The significant inputs into the model were average share price of AED 1.1 (2008: AED 2.04), expected option life of 8 years and an annual risk-free interest rate of 3.37% (2008: 4.62%). The volatility measured at the standard deviation of continuously compounded share returns was based on statistical analysis of daily share prices over the last 3 ½ years.

Restricted Shares

The Group has made restricted share awards to key employees during the current year. Awards under this plan are generally subject to vesting over time, contingent upon continued employment and to restriction on sale, transfer or assignment until the end of a specified period, generally over one to three years from date of grant. All award may be cancelled if employment is terminated before the end of the relevant restriction period. The Group determines fair value of restricted shares unit based on the numbers of unit granted and the grant date fair value.

The charge recognised in income statement under share based payment plans is shown in the following table:

	2010	*2009*
	USD mm	*USD mm*
Expense arising from share-based payment transactions	**3**	2
	3	2

28. RELATED PARTY TRANSACTIONS

Related parties represent joint ventures, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

Transactions with related parties included in the income statement are as follows:

	2010		*2009*	
	Revenues	***Fees for management services***	*Revenues*	*Fees for management services*
	USD mm	***USD mm***	*USD mm*	*USD mm*
Joint ventures	**1**	**-**	1	-
Major shareholders	**-**	**-**	-	1
	1	**-**	1	1

The remuneration to the Board of Directors has been disclosed in the statement of changes in equity.

Compensation of key management personnel

The remuneration of members of key management during the year was as follows:

	2010	*2009*

	USD mm	*USD mm*
Short-term benefits	**7**	8
Stock options	**2**	2
	9	10

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

The Group's principal financial liabilities comprise convertible bonds, decommissioning obligations, trade payables and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Board of Directors review and agree policies for managing each of these risks which are summarised below.

(a) Foreign currency risk

The Group is only exposed to foreign currency risks, in relation to available for sale financial assets which are denominated in Hungarian Forint (HUF), as significant portion of the Group's asset, liabilities, revenues and expenses are USD denominated.

At 31 December 2010, if the HUF had strengthened/weakened by 10% against the USD with all other variables held constant, total comprehensive income for the year would have been USD 32 million higher/lower, as a result of foreign exchange gains/losses on translation of HUF denominated available-for-sale financial assets.

(b) Interest rate risk

The Group has minimal exposure to interest rate risk on bank deposits and long term borrowings which are obtained at variable rates by one of the Group's subsidiary to finance its project. Its Convertible bonds carry fixed profit rate and hence is not exposed to interest rate risk.

(c) Price Risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified as available-for-sale. The Group's investment in equity of other entities that are publicly traded is listed on Budapest Stock exchange. At 31 December 2010, if the equity price had increased/decreased by 10% with all other variables held constant the Group's comprehensive income for the year would have been USD 32 million higher/lower.

The Group is also exposed to commodity price risk (crude oil price), however this has been partially mitigated due to fixed pricing agreement in Egypt for sale of natural gas which constitute approximately 44% of the Groups revenue. At 31 December 2010, if the average price of crude oil had increased/decreased by 10% with all other variable held constant the Group's comprehensive income for the year would have been USD 17 million higher/lower.

(d) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from trade receivables and deposits with banks and financial institutions.

Trade receivables

The majority of the Group trade receivables arise from its operations in Egypt and Kurdistan Region of Iraq. The requirement for impairment is analysed at each reporting date on an individual basis for major customers. The calculation is based on actually incurred historical data and the status of the customer. As majority of the Group's trade receivable are from Government related entities no impairment was necessitated at this point. The maximum exposure to credit risk at the reporting date is the carrying amount as illustrated in note 16.

Cash deposits

Credit risk from balances with banks and financial institutions is managed by Group's Treasury in accordance with the Group policy. Investment of surplus funds is made only with counterparties approved by the Group's Board of Directors. The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2010 and 2009 is the carrying amount as illustrated in note 18.

(e) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of convertible bonds, trade payables and other payables. The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments:

Year ended 31 December 2010

	On demand	***Less than3 months***	***3 to 12 months***	***1 to 5 years***	***>5 years***	***Total***
	USD mm	***USD mm***	***USD mm***	***USD mm***	***USD mm***	***USD mm***
Convertible bonds	**-**	**6**	**63**	**978**	**-**	**1,047**
Trade and other payables	**-**	**140**	**-**	**-**	**-**	**140**
Provisions	**-**	**-**	**-**	**8**	**21**	**29**
	-	**146**	**63**	**986**	**21**	**1,216**

Year ended 31 December 2009

	On demand	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*>5 years*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*	*USD mm*	*USD mm*
Convertible bonds	-	6	63	1,041	-	1,110
Trade and other payables	-	127	-	-	-	127
Provisions	-	-	-	8	19	27
	-	133	63	1,049	19	1,264

Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2010 and the period ended 31 December 2009. Capital comprises share capital, retained earnings, other reserves and equity component of convertible bonds, and is measured at USD 2,103 million as at 31 December 2010 (2009: USD 2,035 million).

30. FAIR VALUE ESTIMATION

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements:

	Carrying amount 2010	***Fair value 2010***	*Carrying amount 2009*	*Fair value 2009*
	USD mm	***USD mm***	*USD mm*	*USD mm*
Financial assets				
Cash and short term deposits	**159**	**159**	213	213
Financial liabilities				
Bank borrowings	**897**	**897**	871	871

The fair value of bank borrowings is the amortised cost determined as the present value of discounted future cash flows using the effective interest rate. The Group considers that the carrying amounts of trade and other receivables, trade and other payables, other current and non-current financial assets and liabilities also approximate their fair values.

Effective 1 January 2009, the Group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The following table presents the Group' assets that are measured at fair value on 31 December 2010:

	Level 1	***Level 2***	***Level 3***	***Total***
	USD mm	***USD mm***	***USD mm***	***USD mm***
Assets				
Available for sale financial asset				
- Equity securities	315	-	-	315
Financial assets at fair value through profit or loss	-	10	-	10
Total	**315**	**10**	**-**	**325**

The following table presents the Group' assets that are measured at fair value on 31 December 2009:

	Level 1	***Level 2***	***Level 3***	***Total***
	USD mm	***USD mm***	***USD mm***	***USD mm***
Assets				
Available for sale financial asset				
- Equity securities	283	-	-	283
Financial assets at fair value through profit or loss	-	9	-	9
Total	**283**	**9**	**-**	**292**

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for

financial assets held by the group is the current bid price. These instruments are included in level 1 and comprises of BSE equity investments classified as available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

31. FINANCIAL INSTRUMENTS BY CATEGORY

	Loans & receivables	*Assets at fair value through the profit and loss*	*Available for-sale*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*
31 December 2010				
Assets as per statement of financial position				
Available-for-sale financial assets	-	-	315	315
Trade and other receivables excluding pre-payments	254	-	-	254
Financial assets at fair value through profit or loss	-	10	-	10
Cash and cash equivalents	159	-	-	159
Total	**413**	**10**	**315**	**738**

	Liabilities at fair value through the profit and loss	*Derivatives used for hedging*	*Other financial liabilities at amortised cost*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*
31 December 2010				
Liabilities as per statement of financial position				
Borrowings	-	-	897	897
Provisions	-	-	17	17
Trade and other payable excluding statutory liabilities	140	-	-	140
Total	**140**	**-**	**914**	**1,054**

	Loans & receivables	*Assets at fair value through the profit and loss*	*Available for-sale*	*Total*
	USD mm	*USD mm*	*USD mm*	*USD mm*
31 December 2009				
Assets as per statement of financial position				
Available-for-sale financial assets	-	-	283	283
Trade and other receivables excluding pre-payments	198	-	-	198
Financial assets at fair value through profit or loss	-	9	-	9
Cash and cash equivalents	213	-	-	213
Total	411	9	283	703

	Liabilities at fair value	*Derivatives used for*	*Other financial*	*Total*

	through the profit and loss	*hedging*	*liabilities at amortised cost*	
	USD mm	*USD mm*	*USD mm*	*USD mm*
31 December 2009				
Liabilities as per statement of financial position				
Borrowings	-	-	871	871
Provisions	-	-	14	14
Trade and other payable excluding statutory liabilities	127	-	-	127
Total	127	-	885	1,012

Dana Gas Sukuk Limited

AUDITED REPORT AND AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2012

DANA GAS SUKUK LIMITED

Report of the Directors

The directors present the audited financial statements for Dana Gas Sukuk Limited (the 'Company') for the year ended 31 December 2012.

Incorporation

The Company was incorporated as public limited liability company in Jersey, Channel Islands on 16 July 2007.

Activities

The Company was formed as a special purpose vehicle for the purpose of participating in a financing transaction (the 'Transaction') arranged by JP Morgan Securities Ltd., Citigroup Global Markets Limited and Barclays Bank plc (the 'Joint Lead Managers'). Pursuant to a declaration of trust dated 31 October 2007 the Company issued USD 1 billion trust certificates (the 'Certificates') convertible into shares of Dana Gas PJSC (the 'Mudarib' or 'Dana'). The Certificates are backed by a portfolio of assets (the 'Mudarabah'), which is constituted pursuant to an agreement between the Company and the Mudarib setting out the terms pursuant to which the Mudarib can invest the issue proceeds from the Certificates in accordance with the investment plan (the 'Mudarabah Agreement').

The Company raised monies pursuant to the issuance of the Certificates. The Certificates were initially issued to the Joint Lead Managers and are listed on the London Stock Exchange. The total principal amount of the Certificates is USD 1,000,000,000.

The proceeds of the issue of the Certificates were applied by the Company as the capital of the Mudarabah assets to be invested by the Mudarib in accordance with an investment plan and the terms of the Mudarabah Agreement.

On the closing date the Company entered into a purchase undertaking with Dana pursuant to which Dana undertook the obligation to purchase all of the Company's rights, benefits and entitlements in and to the Mudarabah assets in cash. The Company also entered into a sales undertaking whereby the Company shall sell the relevant portion of the Company's rights, benefits and entitlements in and to the Mudarabah assets at the relevant exercise price.

The above transactions of the Company are part of pass through arrangements and accordingly, the Company does not generate any income from the Mudarabah assets and does not incur any cost with respect to the Certificates liabilities.

Dana Gas PJSC

Dana Gas PJSC was incorporated in the Emirate of Sharjah, United Arab Emirates as a Public Joint Stock Company on 20 November 2005 pursuant to incorporation decree number 429/2005 issued by the Ministry of Economy. Dana shares are listed on the Abu Dhabi Securities Exchange (ADX) and its annual audited and quarterly financial statements are published on ADX. The most recent financial statements for the period ended 31 March 2012 disclose in Note 12 (a) the following in respect of convertible Sukuk.

In October 2007, Dana arranged to issue convertible Sukuk-al-Mudarabah (the "Sukuk") for a total value of USD 1 billion in the form of Trust Certificates. The Sukuk, which were drawn up to conform to the principles of Islamic Sharia, were approved by Dana's shareholders at an Extraordinary General Meeting held in July 2007. Pursuant to the conditions of the Sukuk, the proceeds were used for the acquisition and development of assets (the "Mudarabah Assets") owned by Dana LNG Ventures Limited, which is the ultimate owner of the Company's Egyptian operations. The Sukuk matured on 31 October 2012 and had a profit rate of up to 7.5% payable quarterly from profits of the Mudarabah Assets. In 2008, Dana purchased some of the Sukuk from the market with a nominal value of USD 80 million.

The Sukuk are limited recourse and secured against the shares of Dana LNG Ventures Limited (BVI), Sajaa Gas Company Limited (Sharjah) and United Gas Transmissions Company Limited (Sharjah). The net book value of the aforesaid assets is in excess of the amount of Sukuk.

Dana announced on 10 December 2012 that a standstill and lockup agreement has been reached with an "Ad-Hoc committee" of Sukuk certificate holders for a refinancing transaction ("the Transaction") in relation to the Sukuk. The standstill and lockup agreement also includes a detailed set of terms, conditions and implementation schedule.

The salient features of the agreement are a reduction in Dana outstanding Sukuk amount from USD 1 billion to USD 850 million via USD 70 million of cash pay-down and cancellation of another USD80 million of the existing Sukuk already owned by Dana. The remaining USD 850 million will be split into two tranches being a USD 425 million Ordinary Sukuk and USD 425 million Convertible Sukuk (together the "New Sukuks"), each with 5-year maturity to ensure long term financing.

The Ordinary Sukuk will have a profit rate of 9% per annum and Convertible Sukuk will have a profit rate of 7% per annum.

The security package available to holders of the New Sukuks will be enhanced by USD 300 million of value comprising security over receivables of Dana Egyptian assets, and certain Egyptian assets and UAE assets. The Conversion price of the Convertible Sukuk will be set at a 50% premium to the 75 calendar day volume-weighted average price, measured over a period commencing on 1 December 2012 (with a floor of AED 0.75 and cap of AED 1.00). Dana has the option to pay down the outstanding principal amount of the New Sukuks prior to the new maturity date of 31 October 2017, subject to the applicable call premium on the Ordinary Sukuk and the soft call provisions on the Convertible Sukuk.

Dana is currently pursuing the steps necessary for seeking the consent of the shareholders, existing Sukuk holders and the approvals of the regulatory authorities, as necessary, in order to successfully complete the Transaction early in the second quarter of 2013.

Going concern

Though the Company was formed with the sole objective of participating in the transaction involving the issuance of the Certificates which were due for redemption in October 2012, it is the intention of Dana for the Company to participate in the restructuring as described above and to remain in existence post restructuring of the existing Sukuk until 31 October 2017, the date of maturity of the New Sukuks. Having made reasonable enquiries, the directors believe that, based on the terms of the Lock-up and Standstill agreement, which a majority of certificate holders have already entered into, the restructuring will be approved. The Directors have received written confirmation of financial support for working capital needs from Dana Gas PJSC and therefore believe that the Company shall have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements continue to be prepared on a going concern basis.

Result and dividend

The results of the Company's activities are reported in the Company's Statement of Comprehensive Income.

A dividend in the sum of USD 833 was paid during 2012 (2011: USD 832). At the end of the year, the directors recommend the payment of a dividend in the sum of USD 835 (2011: USD 833).

DANA GAS SUKUK LIMITED

Directors

The directors who served during the year and subsequently are:

Shane Michael Hollywood
Alasdair James Hunter

Auditors

Ernst & Young LLP have expressed willingness to continue in office.

Secretary

Bedell Secretaries Limited was appointed on 26 October 2007.

Registered office

26 New Street
St Helier
Jersey
JE2 3RA

DANA GAS SUKUK LIMITED

Statements of director's responsibilities

The directors are responsible for preparing the Annual report and financial statements in accordance with applicable law and regulations.

Jersey Company Law requires the directors to prepare financial statements for each financial period in accordance with any generally accepted accounting principles. The financial statements of the company are required by law to give a true and fair view of the state of affairs of the Company at the period end and of the profit or loss of the company for the period then ended. In preparing these financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- specify which generally accepted accounting principles have been adopted in their preparation; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements prepared by the company comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

Duly Authorised
Bedell Secretaries Limited
Secretary

Date: 21 MARCH 2013

ERNST & YOUNG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DANA GAS SUKUK LIMITED

We have audited the financial statements of Dana Gas Sukuk Limited for the year ended 31 December 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 3 1 December 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991 .

Matters on which we are required to report by exception
We have nothing to report in respect ofthe following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financ ial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

G. Davies

Geraint Davies
For and on behalf of Ernst & Young LLP
Jersey, Channel Islands
Date: 21 March 2013

DANA GAS SUKUK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2012

	31 December 2012	*31 December 2011*
	USD	*USD*
Income		
Fee Income	835	833
PROFIT FOR THE YEAR	835	833
Other comprehensive Income	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	835	833

The attached explanatory notes 1 to 10 form part of these financial statements

DANA GAS SUKUK LIMITED
STATEMENT OF FINANCIAL POSITION
Year ended 31 December 2012

	Note	***31 December 2012***	*31 December 2011*
		USD	*USD*
ASSETS			
Current assets			
Cash and cash equivalents		837	835
TOTAL ASSETS		837	835
EQUITY			
Share capital	5	2	2
Retained earnings		835	833
TOTAL EQUITY		837	835

The financial statements were approved by the board of directors on 21 MARCH 2013 and signed on behalf of the board by:

Director

Director

The attached explanatory notes 1 to 10 form part of these financial statements

DANA GAS SUKUK LIMITED
STATEMENT OF CASHFLOWS
Year ended 31 December 2012

	31 December 2012	*31 December 2011*
	USD	*USD*
OPERATING ACTIVITY		
Profit for the year	835	833
Cash generated from operating activity	835	833
FINANCING ACTIVITY		
Dividend paid	(833)	(832)
Cash used in financing activities	(833)	(832)
INCREASE IN CASH AND CASH EQUIVALENTS	2	1
Cash and cash equivalents at 1 January	835	834
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	837	835

The attached explanatory notes 1 to 10 form part of these financial statements

DANA GAS SUKUK LIMITED
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2012

	Share Capital	Retained earnings	Total
	USD	USD	USD
Balance at 1 January 2011	2	832	834
Profit for the year	—	833	833
Total comprehensive income for the year	—	833	835
Dividend paid	—	(832)	(832)
Balance at 31 December 2011	2	833	835
Balance at 1 January 2012	2	833	835
Profit for the year	—	835	835
Total comprehensive income for the year	—	835	835
Dividend paid	—	(833)	(833)
Balance at 31 December 2012	2	835	837

The attached explanatory notes 1 to 10 form part of these financial statements

1. GENERAL

The Company is a public limited company incorporated in Jersey, Channel Islands. The registered number of the company is 98113. The principal activities of the Company are described in the report of the directors. The Company is a special purpose company established for the purpose of the issuance of USD 1 billion trust Certificates. The Company issued the Certificates on 31 October 2007, the Certificates matured on 31 October 2012 but are expected to be replaced by new certificates as disclosed in note 4. The Company's assets and liabilities are consolidated at Dana Gas PJSC group level and are published on an annual basis.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with accounting principles generally accepted in Jersey, incorporating International Financial Reporting Standards (IFRS) as issued by the IASB and have been prepared under the historical cost convention.

The financial statements are presented in United States Dollars (USD), being the functional currency of the Company.

Going concern

Though the Company was formed with the sole objective of participating in the transaction involving the issuance of the Certificates which were due for redemption in October 2012, it is the intention of Dana for the Company to participate in the restructuring as described above and to remain in existence post restructuring of the existing Sukuk until 31 October 2017, the date of maturity of the New Sukuks. Having made reasonable enquiries, the directors believe that, based on the terms of the Lock-up and Standstill agreement, which a majority of certificate holders have already entered into, the restructuring will be approved. The Directors have received written confirmation of financial support for working capital needs from Dana Gas PJSC and therefore believe that the Company shall have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements continue to be prepared on a going concern basis.

Statement of compliance

The financial statements for the year ended 31 December 2012 have been prepared in accordance with IFRS and are in conformity with Companies (Jersey) Law 1991, as amended.

Adoption of new and revised standards

There were no new standards or interpretations issued or effective during the period which were applicable to the Company

Critical judgements and accounting estimates

The preparation of these financial statements requires the directors to make estimates and assumptions that affect the reported amounts of revenues, assets and liabilities as at the statement of financial position date.

In the event such estimates and assumptions which are based on the best judgement of the directors, as at the balance sheet date deviate from the actual circumstances in the future, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. There were no significant judgements and estimates made during the year that could have an impact on the Company’s financial statements.

Sources of estimation uncertainty

There are no significant assumptions made concerning the future or other sources of estimation uncertainty that have been identified as giving rise to a significant risk of causing a material adjustment to the Company's financial statements within the next financial year.

Financial Instruments

A financial asset or a financial liability is recognized in the statement of financial position when and only when, the Company becomes a party to the contractual provisions of the instruments. The only financial instrument carried on the statement of financial position is cash and cash equivalents.

Offsetting financial instruments

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet if there is a legally enforceable right to set off the recognised amounts and the Company intends to settle on a net basis.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that the asset is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had negative effect on the estimated future cash flows of such assets. All impaired losses are recognised in profit or loss.

Recognition & Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

i. The right to receive cash flow from the asset have expired; or

ii. The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Revenue recognition

The transactions of the Company are pass through arrangements and accordingly, the Company does not generate any income from the Mudarabah assets and does not incur any costs with respect to the Certificate liabilities. The annual transaction fee receivable is recognised on an accruals basis and is due to the Company in accordance with the Transaction documentation.

The fee which the Company receives is for the trustee services it provides in the structure. The administrative expenses of the Company are insignificant and are paid by Dana.

Foreign Currencies

Transactions in foreign currencies are recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Foreign exchange gain or losses are taken to the statement of comprehensive income.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

3. TAXATION

The Company is registered in Jersey, Channel Islands as an income tax paying company. The general rate of corporation tax for companies resident in Jersey (such as the Company) is 0% for the current year of assessment (2011: 0%)

4. ISSUANCE OF TRUST CERTIFICATES

The Certificates were constituted by a declaration of trust (the 'Declaration of Trust') dated 31 October 2007 (the 'Closing Date') among the Company, Dana and HSBC Trustee (C.I.) Limited (the 'Delegate'). Pursuant to the Declaration of Trust, the Company declared that it will hold certain assets, primarily consisting of all of its rights, title and interest in the outstanding assets of the Mudarabah constituted by the Mudarabah Agreement dated the Closing Date and entered into between the Company (as rab al-maal) and the Mudarib, the purchase undertaking (the 'Purchase Undertaking') granted by Dana in its capacity as obligor (the 'Obligor'), the other Transaction documents and all proceeds of the foregoing, upon trust absolutely for the Certificateholders pro rata according to the principal amount of Certificates held by each Certificate holder. On the Closing Date, the Company contributed USD 1,000,000,000 to the capital of the Mudarabah created pursuant to the terms of the Mudarabah Agreement which has been used to purchase the assets as mentioned above.

On 31 January 2008 and on each 31 January, 30 April, 31 July and 31 October thereafter (each, a 'Periodic Distribution Date'), the Company has paid periodic distribution amounts to Certificate holders calculated on the basis of 7.50 per cent. per annum of the outstanding principal amount of the Certificates. The Company is required to pay periodic distribution amounts solely from the proceeds received in respect of the trust assets.

In accordance with the requirements of the Sukuk, the Company issued an exercise notice on Dana on 29 October 2012 requiring Dana to settle the relevant exercise price in accordance with the terms and conditions of Sukuk. Though the Sukuk matured on 31 October 2012, following non-payment, Dana entered into a Standstill Agreement on 6 November 2012 with an Ad-Hoc committee of Sukuk certificate holders holding a majority of outstanding Sukuk with a view to restructure the same. Following this, Dana also entered into a Standstill and Lock up Agreement with the said Ad-Hoc Committee on 10 December 2012 with a detailed set of terms and conditions.

The salient features of the said restructuring are a reduction in Dana outstanding debt from USD 1 billion to USD 850 million via USD 70 million of cash pay-down and cancellation of another USD 80 million of the existing Sukuk already owned by Dana. The remaining USD 850 million will be split into two tranches to ensure potential dilution for shareholders remains substantially similar to current levels of Existing Sukuk: a USD 425 million Ordinary Sukuk and USD 425 million Convertible Sukuk (together the "New Sukuks"), each with 5-year maturity to ensure long term financing.

The Ordinary Sukuk will have a profit rate of 9% per annum and the Convertible Sukuk will have a profit rate of 7% per annum with the combined average at 8% per annum. representing a slight increase over the Existing Sukuk profit rate of 7.5% per annum. The security package available to holders of the New Sukuks will be enhanced by USD 300 million of value comprising security over receivables of Dana Egyptian assets, and

certain Egyptian assets and UAE assets. The Conversion price of the Convertible Sukuk will be set at a 50% premium to the 75 calendar day volume-weighted average price, measured over a period commencing on 1 December 2012 (with a floor of AED 0.75 and cap of AED 1.00). Dana has the option to pay down the outstanding principal amount of the New Sukuks prior to the new maturity date of 31 October 2017, subject to the applicable call premium on the Ordinary Sukuk and the soft call provisions on the Convertible Sukuk.

The Company is currently pursuing the steps necessary for seeking the consent of the shareholders, existing Sukuk holders and the approvals of the regulatory authorities, as necessary, in order to successfully complete the Transaction early in the second quarter of 2013.

The Company has determined that as the cash flows arising from the above transactions are required to be paid on either to Dana or the Certificate holders without material delay the above arrangement complies with the requirements of IAS 39 Financial Instruments: Recognition and Measurement to be treated as pass through arrangements and accordingly the investment in Mudarabah and the associated Certificate liabilities and the cash flows arising thereon are not required to be incorporated in these financial statements.

5. SHARE CAPITAL

	31 December 2012	*31 December 2011*
	USD	*USD*
Authorized:		
2 Ordinary shares of USD 1 each.....	2	2
Issued and fully paid up:		
2 Ordinary shres of USD 1 each	2	2

6. RELATED PARTY TRANSACTIONS

The directors of the Company are the Company's only key management personnel. The directors of the company are also directors of Bedell Trustees Limited and Bedell Secretaries Limited and partners of Bedell Group. Shane Michael Hollywood is a director of Bedell Trust Company Limited. Alasdair James Hunter is also a partner of Bedell Cristin. The directors' fees are included in the fee expense payable which is met by Dana. Total fees paid to Bedell Group/Bedell Trust Company Limited during the period amounted to GBP £14,315.68 (USD 23,931) (2011: GBP 12,571.06 (USD 20,758) and there were no fees payable as at 31 December 2012 (2011: Nil).

7. RISK MANAGEMENT

Due to the pass through nature of the transactions and the limited recourse nature of the Company's obligations, its exposure to credit risk, liquidity risk, market risk, currency risk and profit rate risk is considered to be minimal.

As the Company was established only for the purpose of issuing the Certificates and participating in the related transactions, the Company's capital requirement is limited to its current share capital.

8. DIVIDENDS PER SHARE

The dividend paid in 2012 was USD 833 (USD 416.5 per share). A dividend in respect of the year ended 31 December 2012 of USD 835 (USD 417.5 per share) is to be proposed at the meeting. These financial statements do not reflect this dividend payable.

9. FAIR VALUE ESTIMATION

Due to the pass through nature of the transaction and limited recourse nature of the Company's obligation, the certificates are not disclosed in the financial statements of the Company. The following information is provided in the financial statements for the better understanding of the reader.

The fair value of the convertible sukuk as of 31 December 2012 was US$ 920 million (2011: US$904 million), which equals its book value, as the sukuk matured on 31 October 2012. Following non-payment, Dana entered into a Standstill Agreement on 6 November 2012 with an Ad-Hoc committee of Sukuk certificate holders holding a majority of outstanding Sukuk with a view to restructure the same. Following this, Dana also entered into a Standstill and Lock up Agreement with the said Ad-Hoc Committee on 10 December 2012 with a detailed set of terms and conditions, as disclosed in note 4.

10. ULTIMATE CONTROLLING PARTY

The Company is owned by Bedell Trustees Limited on trust for charitable purposes. The accounts of the Company are consolidated into the accounts of Dana Gas PJSC and can be obtained from Abu Dhabi Securities Exchange (ADX) website. In accordance with IAS 24 (Related Parties) Dana Gas PJSC is considered by the directors to be the ultimate controlling party.

Dana Gas Sukuk Limited

AUDITED REPORT AND AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2011

DANA GAS SUKUK LIMITED

Report of the Directors

The directors present the audited financial statements for Dana Gas Sukuk Limited (the ‘Company’) for the year ended 31 December 2011.

Incorporation

The Company was incorporated as public limited liability company in Jersey, Channel Islands on 16 July 2007.

Activities

The Company was formed as a special purpose vehicle for the purpose of participating in a financing transaction (the 'Transaction') arranged by JP Morgan Securities Ltd., Citigroup Global Markets Limited and Barclays Bank plc (the 'Joint Lead Managers'). Pursuant to a declaration of trust dated 31 October 2007 the Company issued USD 1 billion trust certificates (the 'Certificates') convertible into shares of Dana Gas PJSC (the 'Mudarib' or 'Dana'). The Certificates are backed by a portfolio of assets (the 'Mudarabah'), which is constituted pursuant to an agreement between the Company and the Mudarib setting out the terms pursuant to which the Mudarib can invest the issue proceeds from the Certificates in accordance with investment plan (the 'Mudarabah Agreement').

The Company raised monies pursuant to the issuance of the Certificates. The Certificates were initially issued to the Joint Lead Managers and are listed on the London Stock Exchange. The total principal amount of the Certificates is USD 1,000,000,000.

The proceeds of the issue of the Certificates were applied by the Company as the capital of the Mudarabah assets to be invested by the Mudarib in accordance with an investment plan and the terms of the Mudarabah Agreement.

On the closing date the Company entered into a purchase undertaking and sale undertaking with Dana pursuant to which Dana undertook certain obligations in respect of Mudarabah assets.

The above transactions of the company are part of pass through arrangements and in accordance with the requirements of IAS 39 Financial Instruments, the investment in Mudarabah and the associated Certificate liabilities and the cash flows arising thereon are not incorporated in these financial statements.

Dana Gas PJSC

Dana Gas PJSC was incorporated in the Emirate of Sharjah, United Arab Emirates as a Public Joint Stock Company on 20 November 2005 pursuant to incorporation decree number 429/2005 issued by the Ministry of Economy. Dana Gas shares are listed on the Abu Dhabi Securities Exchange (ADX) and its annual audited and quarterly financial statements are published on ADX. The most recent financial statements for the period ended 31 March 2012 disclose in Note 12 (a) the following in respect of convertible sukuk.

In October 2007, the Group arranged to issue convertible Sukuk-al-Mudarabah (the “Sukuk”) for a total value of USD 1 billion in the form of Trust Certificates. The Sukuk, which were structured to conform to the principles of Islamic Shariah, was approved by the Company’s shareholders at an Extraordinary General Meeting held in July 2007. The Sukuk mature on 31 October 2012 and has a fixed profit rate of 7.5% to be paid quarterly. The reference share price for conversion into shares of the Company, based on the terms and conditions of the Sukuk issue, was determined on 7 July 2008. The exchange ratio has been set at 17,343.4 shares for every USD 10,000 Trust certificate (i.e. an effective conversion price of AED 2.118 per share). Each Trust Certificate may be redeemed at the option of the holder any time after 7 July 2008 up to the maturity date. It may be converted into shares, or at the option of Dana Gas, into the equivalent sum of money based on the prevailing share price at conversion. Dana Gas may also voluntarily redeem the Trust Certificates under certain conditions. In 2008, Dana Gas purchased convertible sukuk with a nominal value of USD 80 million. At the Annual General Meeting held on 21 April 2010, the shareholders approved a 10% bonus issue and consequently conversion ratio for Sukuk was increased from 17,343.3 shares to 19,076.7 shares for every USD 10,000 Trust Certificate (i.e. an effective conversion price reset at AED 1.926 per share).

DANA GAS SUKUK LIMITED

The Sukuk are limited recourse and secured against the shares of Dana Gas LNG Ventures Ltd., SajGas and UGTC in accordance with the principles of Islamic Shariah.

As noted above, the Sukuk are due to mature on 31 October 2012. The Board of Directors has considered the future operating and capital cash flow requirements for the assets underpinned as security for the Sukuk, and is fully confident of meeting the related licence obligations despite the challenges in the international financial markets and regional turmoil surrounding some of the operations. Meanwhile, with regard to the maturity of the Sukuk, the Board considers that a number of options are available to it in the light of the above uncertainties.

Going concern

As disclosed above, the Company has been formed with the sole objective of participating in the Transaction involving the issuance of the Certificates which are due for redemption in October 2012. The future activities of the Company following maturity on 31 October 2012 have yet to be determined. Subject to satisfactory Sukuk arrangements at or before maturity, the Directors have a reasonable expectation of continued financial support for working capital needs from Dana Gas PJSC and therefore believe that the Company shall have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements continue to be prepared on a going concern basis.

Result and dividend

The results of the Company's activities are reported in the Company's Statement of Comprehensive Income.

A dividend in the sum of USD 832 was paid during 2011 (2010: USD 806). At the end of the year, the directors recommend the payment of a dividend in the sum of USD 833 (2010: USD 832)

Directors

The directors who served during the year and subsequently are:

Shane Michael Hollywood

Alasdair James Hunter

Auditors

Ernst & Young LLP have expressed willingness to continue in office.

Secretary

Bedell Secretaries Limited was appointed on 26 October 2007.

Registered office

26 New Street
St Helier
Jersey
JE2 3RA

Statements of director's responsibilities

The directors are responsible for preparing the Annual report and financial statements in accordance with applicable law and regulations.

Jersey Company law requires the directors to prepare financial statements for each financial period in accordance with any generally accepted accounting principles. The financial statements of the company are required by law

to give a true and fair view of the state of affairs of the Company at the period end and of the profit or loss of the company for the period then ended . In preparing these financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- specify which generally accepted accounting principles have been adopted in their preparation; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements prepared by the company comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

Duly Authorised
Bedell Secretaries Limited
Secretary

Date: 26 June 2012

DANA GAS SUKUK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DANA GAS SUKUK LIMITED

We have audited the financial statements of Dana Gas Sukuk for the year ended 31 December 2011 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Geraint Davies
For and on behalf of Ernst & Young LLP
Jersey, Channel Islands
Date: 27 June 2012

DANA GAS SUKUK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2011

	31 December 2011	*31 December 2010*
	USD	*USD*
Income		
Fee Income	833	832
PROFIT FOR THE YEAR	833	832
Other comprehensive Income	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	833	832

The attached explanatory notes 1 to 9 form part of these financial statements

DANA GAS SUKUK LIMITED
STATEMENT OF FINANCIAL POSITION
At 31 December 2011

	Note	***31 December 2011***	*31 December 2010*
		USD	*USD*
ASSETS			
Current assets			
Cash and cash equivalents		835	834
TOTAL ASSETS		835	834
EQUITY			
Share capital	5	2	2
Retained earnings		833	832
TOTAL EQUITY		835	834

The financial statements were approved by the board of directors on 26 June 2012 and signed on behalf of the board by:

Director

Director

The attached explanatory notes 1 to 9 form part of these financial statements

DANA GAS SUKUK LIMITED
STATEMENT OF CASH FLOWS
Year ended 31 December 2011

	31 December 2011	*31 December 2010*
	USD	*USD*
OPERATING ACTIVITY		
Profit for the year	833	832
Cash from operating activity	833	832
FINANCING ACTIVITY		
Dividend paid	(832)	(806)
Cash used in financing activity	(832)	(806)
INCREASE IN CASH AND CASH EQUIVALENTS	1	26
Cash and cash equivalents at 1 January	834	808
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	835	834

The attached explanatory notes 1 to 9 form part of these financial statements

DANA GAS SUKUK LIMITED
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2011

	Share Capital	Retained earnings	Total
Balance at 1 January 2010	2	806	808
Dividend paid	—	(806)	(806)
Profit for the year	—	832	832
Total comprehensive income for the year	2	832	834
Balance at 31 December 2010	2	832	834
Balance at 1 January 2011	2	832	834
Dividend paid	—	(832)	(832)
Profit for the year	—	833	833
Total comprehensive income for the year	—	833	833
Balance at 31 December 2011	2	833	835

The attached explanatory notes 1 to 9 form part of these financial statements

1. GENERAL

The Company is a public limited company incorporated in Jersey, Channel Islands. The registered number of the company is 98113. The principal activities of the Company are described in the report of the directors. The Company is a special purpose company established for the purpose of the issuance of USD 1 billion trust Certificates. The Company issued the Certificates on 31 October 2007, the Certificates mature on 31 October 2012. The Company's assets and liabilities are consolidated at Dana Gas PJSC group level and are published on an annual basis.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with accounting principles generally accepted in Jersey, incorporating International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention.

The financial statements are presented in United States Dollars (US$), being the functional currency of the Company.

Statement of compliance

The financial statements for the year ended 31 December 2011 have been prepared in accordance with IFRS and are in conformity with Companies (Jersey) Law 1991, as amended.

Adoption of new and revised standards

There were no new standards or interpretations issued or effective during the period which were applicable to the Company

Critical judgements and accounting estimates

The preparation of these financial statements requires the directors to make estimates and assumptions that affect the reported amounts of revenues, assets and liabilities as at the statement of financial position date.

In the event such estimates and assumptions which are based on the best judgement of the directors, as at the balance sheet date deviate from the actual circumstances in the future, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. There were no significant judgements and estimates made during the year that could have an impact on the Company’s financial statements.

Sources of estimation uncertainty

There are no significant assumptions made concerning the future or other sources of estimation uncertainty that have been identified as giving rise to a significant risk of causing a material adjustment to the Company’s financial statements within the next financial year.

Financial Instruments

A financial asset or a financial liability is recognized in the statement of financial position when and only when, the Company becomes a party to the contractual provisions of the instruments. The only financial instrument carried on the statement of financial position is cash and cash equivalents.

Offsetting financial instruments

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet if there is a legally enforceable right to set off the recognised amounts and the Company intends to settle on a net basis.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that the asset is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had negative effect on the estimated future cash flows of such assets. All impaired losses are recognised in profit or loss.

Recognition & Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

i. The right to receive cash flow from the asset have expired; or

ii. The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and

iii. Either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Revenue recognition

The transactions of the Company are pass through arrangements and accordingly, the Company does not generate any income from the Mudarabah assets and does not incur any costs with respect to the Certificate liabilities. The annual transaction fee receivable is recognized on an accruals basis and is due to the Company in accordance with the Transaction documentation.

The fee which the company receives is for the trustee services it provides in the structure. The administrative expenses of the Company are insignificant and are paid by Dana.

Foreign Currencies

Transactions in foreign currencies are recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Foreign exchange gain or losses are taken to the statement of comprehensive income.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the financials statements in the period in which the dividends are approved by the Company's shareholders.

3. TAXATION

The Company is registered in Jersey, Channel Islands as an income tax paying company. The general rate of corporation tax for companies resident in Jersey (such as the company) is 0% for the current year of assessment.

4. ISSUANCE OF TRUST CERTIFICATES

The Certificates were constituted by a declaration of trust (the 'Declaration of Trust') dated 31 October 2007 (the 'Closing Date') among the Company, Dana and HSBC Trustee (C.I.) Limited (the 'Delegate'). Pursuant to the Declaration of Trust, the Company declared that it will hold certain assets, primarily consisting of all of its rights, title and interest in the outstanding assets of the Mudarabah constituted by the Mudarabah Agreement dated the Closing Date and entered into between the Company (as rab al-maal) and the Mudarib, the purchase undertaking (the 'Purchase Undertaking') granted by Dana in its capacity as obligor (the 'Obligor'), the other Transaction documents and all proceeds of the foregoing, upon trust absolutely for the Certificateholders pro rata according to the principal amount of Certificates held by each Certificateholder. On the Closing Date, the Company contributed USD 1,000,000,000 to the capital of the Mudarabah created pursuant to the terms of the Mudarabah Agreement which has been used to purchase the assets as mentioned above.

On 31 January 2008 and on each 31 January, 30 April, 31 July and 31 October thereafter (each, a 'Periodic Distribution Date'), the Company has paid periodic distribution amounts to Certificate holders calculated on the basis of 7.50 per cent. per annum of the outstanding principal amount of the Certificates. The Company is required to pay periodic distribution amounts solely from the proceeds received in respect of the trust assets.

Each Certificate may be redeemed at the option of the holder at any time during the period commencing 6 July 2008 (the 'Exchange price setting date') and ending on the close of business on either (i) the date falling 25 days prior to the scheduled redemption date or (ii) if such Certificate is to be redeemed prior to the scheduled redemption date, the 25th trading day prior to the relevant day of redemption.

In respect of early voluntary redemption the Company shall have the option either to deliver a number of shares equal to a product of the exchange ratio and the principal amount of the Certificates being redeemed, divided by US$ 10,000 or (ii) pay an amount (in US$) equal to the product of the redemption reference price and the number of shares that are due to be issued, in each case in redemption of the Certificates on the applicable early redemption date.

The Certificates may also be redeemed at the option of the Company (a) in part in an amount not exceeding US$ 500 million during any six month period during which the Company is permitted to issue an optional partial redemption notice on notice at their principal amount plus all accrued but unpaid periodic distribution amounts at any time on or after 16 July 2008 and prior to the last day of the exercise period applicable to such optional redemption if the aggregate value as exceeds US$ 20,000 on 20 out of any 30 consecutive trading days not earlier than the fifth day prior to the date on which the relevant notice for redemption is given by the Company to the Certificate holders or (b) in part in an amount not exceeding US$ 250 million during any six month period during which the Company is permitted to issue an optional partial redemption notice on notice at their principal amount plus all accrued but unpaid periodic distribution amounts at any time on or after 10 November 2010 and prior to the last day of the exercise period applicable to such optional redemption if the aggregate value as exceeds US$ 13,000 on 20 out of any 30 consecutive trading days ending not earlier than the fifth day prior to the date on which the relevant notice for redemption is given by the issuer to the Certificate holders or (c) at any time if the certificate holder voluntarily early redemptions have occurred in respect of 90 percent or more of the principal amount of Certificates originally issued.

The embedded options, comprising of a call option for the Company to redeem the Certificates, and a put option sold to the holder for early redemption are closely related to the convertible instrument and accordingly have not been separated from the host contract.

The Company has determined that as the cash flows arising from the above transactions are required to be paid on either to Dana or the Certificate holders without material delay the above arrangement complies with the requirements of IAS 39 Financial Instruments: Recognition and Measurement to be treated as pass through arrangements and accordingly the investment in Mudarabah and the associated Certificate liabilities and the cash

flows arising thereon are not required to be incorporated in these financial statements as they are not assets or liabilities of the Company.

5. SHARE CAPITAL

	31 December 2011	*31 December 2010*
	USD	*USD*
Authorized:		
2 Ordinary shares of US$ 1 each	2	2
Issued and fully paid up:		
2 Ordinary shres of US$ 1 each	2	2

6. RELATED PARTY TRANSACTIONS

The directors of the Company are the Company's only key management personnel. The directors of the company are also directors of Bedell Trustees Limited and Bedell Secretaries Limited and partners of Bedell Group. Shane Michael Hollywood is a director of Bedell Trust Company Limited. Alasdair James Hunter is also a partner of Bedell Cristin. The directors' fees are included in the fee expense payable which is met by Dana. Total fees paid to Bedell Group/Bedell Trust Company Limited during the period amounted to GBP £12,671.06 (USD 20,923) (2010: GBP 12,404.92 (USD 19,476) and there were no fees payable as at 31 December 2011 (2010: Nil)

7. RISK MANAGEMENT

Due to the pass through nature of the transactions and the limited recourse nature of the Company's obligations, its exposure to credit risk, liquidity risk, market risk, currency risk and profit rate risk is considered to be minimal.

As the Company was established only for the purpose of issuing the Certificates and participating in the related transactions, the Company's capital requirement is limited to its current share capital.

8. DIVIDENDS PER SHARE

The dividend paid in 2011 was USD 832 (USD 416 per share). A dividend in respect of the year ended 31 December 2011 of USD 833 (USD 416.5 per share) is to be proposed at the meeting. These financial statements do not reflect this dividend payable.

9. ULTIMATE CONTROLLING PARTY

The Company is owned by Bedell Trustees Limited on trust for charitable purposes. The directors consider the ultimate controlling party to be Bedell Trustees Limited. The accounts are consolidated into the accounts of Dana Gas PJSC, its beneficial owner and can be obtained from Abu Dhabi Securities Exchange (ADX) website.

Dana Gas Sukuk Limited

AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2010

Report of the Directors

The directors present the audited financial statements for Dana Gas Sukuk Limited (the ‘Company’) for the year ended 31 December 2010.

Incorporation

The Company was incorporated as public limited liability company in Jersey, Channel Islands on 16 July 2007.

Activities

The Company was formed as a special purpose vehicle for the purpose of participating in a financing transaction (the 'Transaction') arranged by JP Morgan Securities Ltd., Citigroup Global Markets Limited and Barclays Bank plc (the 'Joint Lead Managers'). Pursuant to a declaration of trust dated 31 October 2007 the Company issued US$ 1 billion trust certificates (the 'Certificates') convertible into shares of Dana Gas PJSC (the 'Mudarib' or 'Dana'). The Certificates are backed by a portfolio of assets (the 'Mudarabah'), which is constituted pursuant to an agreement between the Company and the Mudarib setting out the terms pursuant to which the Mudarib can invest the issue proceeds from the Certificates in accordance with an pre-agreed investment plan (the 'Mudarabah Agreement').

The Company raised monies pursuant to the issuance of the Certificates. The Certificates were initially issued to the Joint Lead Managers and are listed on the London Stock Exchange. The total principal amount of the Certificates is USD 1,000,000,000.

The proceeds of the issue of the Certificates were applied by the Company as the capital of the Mudarabah to be invested by the Mudarib in accordance with an investment plan and the terms of the Mudarabah Agreement.

On the closing date the Company entered into a purchase undertaking with Dana pursuant to which Dana undertakes that upon the Company exercising its option to oblige Dana to purchase all or, as applicable, the relevant proportion of the Company’s rights, benefits and entitlements in and to the Mudarabah assets, Dana shall purchase the same following the issue of an exercise notice. The Company entered into a sale undertaking with Dana pursuant to which Dana may, subject to the Company being entitled to redeem the Certificates early, by exercising its option under the sale undertaking and serving notice on the Company, oblige the Company to sell all its rights, benefits and entitlements in and to the Mudarabah at a cash exercise price equal to the aggregate principal amount of the Certificates then outstanding plus all accrued and unpaid amounts thereunder as of such date.

In order to secure the obligations of Dana under the purchase undertaking and to pay the relevant amounts due under the sale undertaking to deliver the shares and/or pay the relevant exercise price, Dana granted a first ranking pledge over certain shares held by it in Dana LNG Ventures Limited, Sajaa Gas Private Limited Company and United Gas Transmission Company Limited.

The above transactions of the Company are part of pass through arrangements and accordingly, the Company does not generate any income from the Mudarabah assets and does not incur any cost with respect to the Certificates liabilities.

Going concern

The Transaction documents are structured such that the obligations of the Company are limited in recourse and the Company has the benefit of bankruptcy remoteness (non-petition) provisions pursuant to which each Transaction party recognises the limited financial resources of the Company and the intended bankruptcy remoteness of the Company.

After making enquires, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Result and dividend

The results of the Company's activities are reported in the Company's Statement of Comprehensive Income.

A dividend in the sum of USD 806 was paid during 2010 (2009: USD 792). At the end of the year, the directors recommend the payment of a dividend in the sum of USD 832 (2009: USD 806)

Directors

The directors who served during the year and subsequently are:

Shane Michael Hollywood
Rebecca Liesl Bates – Resigned 13 December 2010
Alasdair James Hunter – Appointed on 13 December 2010

Auditors

Ernst & Young LLP have expressed willingness to continue in office.

Secretary

Bedell Secretaries Limited was appointed on 26 October 2007.

Registered office

26 New Street
St Helier
Jersey
JE2 3RA

DANA GAS SUKUK LIMITED

Statements of director's responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable Jersey Law and International Financial Reporting Standards ('IFRS').

The Companies (Jersey) Law 1991, as amended, requires the directors to prepare for each financial period, financial statement that give a true and fair view of the state of affairs of the Company as at the end of the financial period and the results of the Company for the period. In preparing these financial statements, the directors should:

- Select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; andState that the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991, as amended. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

Duly Authorised
Bedell Secretaries Limited
Secretary

Date: 21 June 2011

ERNST & YOUNG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DANA GAS SAKUK LIMITED

We have audited the financial statements of Dana Gas Sakuk for the year ended 31 December 2010 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Geraint Davies
for and on behalf of Ernst & Young LLP
Jersey, Channel Islands
Date: 21 June 2011

DANA GAS SUKUK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
At 31 December 2010

	31 December 2010	*31 December 2009*
	USD	*USD*
Income		
Fee Income	832	806
PROFIT FOR THE YEAR	832	806
Other comprehensive Income	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	832	806

The attached explanatory notes 1 to 9 form part of these financial statements

DANA GAS SUKUK LIMITED
STATEMENT OF FINANCIAL POSITION
At 31 December 2010

	Note	***31 December 2010***	*31 December 2009*
		USD	*USD*
ASSETS			
Current assets			
Cash and cash equivalents		834	808
TOTAL ASSETS		834	808
EQUITY			
Share capital	5	2	2
Retained earnings		832	806
TOTAL EQUITY		834	808

The financial statements were approved by the board of directors on 21 JUNE 2011 of the board by:

Director

Alternate Director

The attached explanatory notes 1 to 9 form part of these financial statements

DANA GAS SUKUK LIMITED
STATEMENT OF CASH FLOWS
Year ended 31 December 2010

	31 December 2010	*31 December 2009*
	USD	*USD*
OPERATING ACTIVITY		
Profit for the year	832	806
Cash from operating activity	832	806
FINANCING ACTIVITY		
Dividend paid	(806)	(792)
Cash used in financing activity	(806)	(792)
INCREASE IN CASH AND CASH EQUIVALENTS	26	14
Cash and cash equivalents at 1 January	808	794
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	834	808

The attached explanatory notes 1 to 9 form part of these financial statements

DANA GAS SUKUK LIMITED
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2010

	Share Capital	Retained earnings	Total
Balance at 1 January 2009	2	792	794
Dividend paid	—	(792)	(792)
Profit for the year	—	806	806
Total comprehensive income for the year	2	806	806
Balance at 31 December 2009	2	806	808
Balance at 1 January 2010	2	806	808
Dividend paid	—	(806)	(806)
Profit for the year	—	832	832
Total comprehensive income for the year	—	832	832
Balance at 31 December 2010	2	832	834

The attached explanatory notes 1 to 9 form part of these financial statements

1. GENERAL

The Company is a public limited company incorporated in Jersey, Channel Islands. The registered number of the company is 98113. The principal activities of the Company are described in the report of the directors. The Company is a special purpose company established for the purpose of the issuance of US$ 1 billion trust Certificates. The Company issued the Certificates on 31 October 2007, the Certificates mature on 31 October 2012. The Company's assets and liabilities are consolidated at Dana Gas PJSC group level and are published on an annual basis.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with accounting principles generally accepted in Jersey, incorporating International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention.

The financial statements are presented in United States Dollars (US$), being the functional currency of the Company.

Statement of compliance

The financial statements for the year ended 31 December 2010 have been prepared in accordance with IFRS and are in conformity with Companies (Jersey) Law 1991, as amended.

Adoption of new and revised standards

There were no new standards or interpretations issued or effective during the period which were applicable to the Company

Critical judgements and accounting estimates

The preparation of these financial statements requires the directors to make estimates and assumptions that affect the reported amounts of revenues, assets and liabilities as at the statement of financial position date.

In the event such estimates and assumptions which are based on the best judgement of the directors, as at the balance sheet date deviate from the actual circumstances in the future, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. There were no significant judgements and estimates made during the year that could have an impact on the Company’s financial statements.

Sources of estimation uncertainty

There are no significant assumptions made concerning the future or other sources of estimation uncertainty that have been identified as giving rise to a significant risk of causing a material adjustment to the Company’s financial statements within the next financial year.

Financial Instruments

A financial asset or a financial liability is recognized in the statement of financial position when and only when, the Company becomes a party to the contractual provisions of the instruments. The only financial instrument carried on the statement of financial position is cash and cash equivalents.

Offsetting financial instruments

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet if there is a legally enforceable right to set off the recognised amounts and the Company intends to settle on a net basis.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that the asset is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had negative effect on the estimated future cash flows of such assets. All impaired losses are recognised in profit or loss.

Recognition & Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

i. The right to receive cash flow from the asset have expired; or

ii. The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement; and

iii. Either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Revenue recognition

The transactions of the Company are pass through arrangements and accordingly, the Company does not generate any income from the Mudarabah assets and does not incur any costs with respect to the Certificate liabilities. The annual transaction fee receivable is recognized on an accruals basis and is due to the Company in accordance with the Transaction documentation.

The fee which the company receives is for the trustee services it provides in the structure. The administrative expenses of the Company are insignificant and are paid by Dana.

Foreign Currencies

Transactions in foreign currencies are recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Foreign exchange gain or losses are taken to the statement of comprehensive income.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the financials statements in the period in which the dividends are approved by the Company's shareholders.

3. TAXATION

The Company is registered in Jersey, Channel Islands as an income tax paying company. The general rate of corporation tax for companies resident in Jersey (such as the company) is 0% for the current year of assessment.

4. ISSUANCE OF TRUST CERTIFICATES

The Certificates were constituted by a declaration of trust (the 'Declaration of Trust') dated 31 October 2007 (the 'Closing Date') among the Company, Dana and HSBC Trustee (C.I.) Limited (the 'Delegate'). Pursuant to the Declaration of Trust, the Company declared that it will hold certain assets, primarily consisting of all of its rights, title and interest in the outstanding assets of the Mudarabah constituted by the Mudarabah Agreement dated the Closing Date and entered into between the Company (as rab al-maal) and the Mudarib, the purchase undertaking (the 'Purchase Undertaking') granted by Dana in its capacity as obligor (the 'Obligor'), the other Transaction documents and all proceeds of the foregoing, upon trust absolutely for the Certificateholders pro rata according to the principal amount of Certificates held by each Certificateholder. On the Closing Date, the Company contributed U.S.$1,000,000,000 to the capital of the Mudarabah created pursuant to the terms of the Mudarabah Agreement which has been used to purchase the assets as mentioned above.

On 31 January 2008 and on each 31 January, 30 April, 31 July and 31 October thereafter (each, a 'Periodic Distribution Date'), the Company has paid periodic distribution amounts to Certificate holders calculated on the basis of 7.50 per cent. per annum of the outstanding principal amount of the Certificates. The Company is required to pay periodic distribution amounts solely from the proceeds received in respect of the trust assets. Unless redeemed previously, the Certificates will be redeemed at 100 per cent. of their principal amount on 31 October 2012.

Each Certificate may be redeemed at the option of the holder at any time during the period commencing 6 July 2008 (the 'Exchange price setting date') and ending on the close of business on either (i) the date falling 25 days prior to the scheduled redemption date or (ii) if such Certificate is to be redeemed prior to the scheduled redemption date, the 25th trading day prior to the relevant day of redemption.

In respect of early voluntary redemption the Company shall have the option either to deliver a number of shares equal to a product of the exchange ratio and the principal amount of the Certificates being redeemed, divided by US$ 10,000 or (ii) pay an amount (in US$) equal to the product of the redemption reference price and the number of shares that are due to be issued, in each case in redemption of the Certificates on the applicable early redemption date.

The Certificates may also be redeemed at the option of the Company (a) in part in an amount not exceeding US$ 500 million during any six month period during which the Company is permitted to issue an optional partial redemption notice on notice at their principal amount plus all accrued but unpaid periodic distribution amounts at any time on or after 16 July 2008 and prior to the last day of the exercise period applicable to such optional redemption if the aggregate value as exceeds US$ 20,000 on 20 out of any 30 consecutive trading days not earlier than the fifth day prior to the date on which the relevant notice for redemption is given by the Company to the Certificate holders or (b) in part in an amount not exceeding US$ 250 million during any six month period during which the Company is permitted to issue an optional partial redemption notice on notice at their principal amount plus all accrued but unpaid periodic distribution amounts at any time on or after 10 November 2010 and prior to the last day of the exercise period applicable to such optional redemption if the aggregate value as exceeds US$ 13,000 on 20 out of any 30 consecutive trading days ending not earlier than the fifth day prior to the date on which the relevant notice for redemption is given by the issuer to the Certificate holders or (c) at any time if the certificate holder voluntarily early redemptions have occurred in respect of 90 percent or more of the principal amount of Certificates originally issued.

The embedded options, comprising of a call option for the Company to redeem the Certificates, and a put option sold to the holder for early redemption are closely related to the convertible instrument and accordingly have not been separated from the host contract.

The Company has determined that as the cash flows arising from the above transactions are required to be paid on either to Dana or the Certificate holders without material delay the above arrangement complies with the requirements of IAS 39 Financial Instruments: Recognition and Measurement to be treated as pass through

arrangements and accordingly the investment in Mudarabah and the associated Certificate liabilities and the cash flows arising thereon are not required to be incorporated in these financial statements as they are not assets or liabilities of the Company.

5. SHARE CAPITAL

Share Capital

	31 December 2010	*31 December 2009*
	USD	*USD*
Authorized:		
2 Ordinary shares of US$ 1 each	2	2
Issued and fully paid up:		
2 Ordinary shres of US$ 1 each	2	2

6. RELATED PARTY TRANSACTIONS

The directors of the Company are the Company's only key management personnel. Shane Michael Hollywood is also a director of Bedell Trust Company Limited. The directors of the company are also directors of Bedell Trustees Limited and Bedell Secretaries Limited and partners of Bedell Group. Rebecca Liesl Bates was a director of Bedell Trustee Limited and Bedell Secretaries Limited during the financial year but resigned from these positions on 13 December 2010. The directors' fees are included in the fee expense payable which is met by Dana. Total fees paid to Bedell Group/Bedell Trust Company Limited during the period amounted to GBP £12,404.92 (USD 19,476) (2009: GBP 14,879.64 (USD 23,286.63) and there were no fees payable as at 31 December 2010 (2009: Nil)

7. RISK MANAGEMENT

Due to the pass through nature of the transactions and the limited recourse nature of the Company's obligations, its exposure to credit risk, liquidity risk, market risk, currency risk and profit rate risk is considered to be minimal.

As the Company was established only for the purpose of issuing the Certificates and participating in the related transactions, the Company's capital requirement is limited to its current share capital.

8. DIVIDENDS PER SHARE

The dividend paid in 2009 was USD 806 (USD 403 per share). A dividend in respect of the year ended 31 December 2010 of USD 832 (USD 416 per share) is to be proposed at the meeting. These financial statements do not reflect this dividend payable.

9. ULTIMATE CONTROLLING PARTY

The Company is owned by Bedell Trustees Limited on trust for charitable purposes. The directors consider the ultimate controlling party to be Bedell Trustees Limited. The accounts are consolidated into the accounts of Dana Gas PJSC, its beneficial owner and can be obtained from Abu Dhabi Securities Exchange (ADX) website.

TRUSTEE

Dana Gas Sukuk Limited
26 New Street
St. Helier
Jersey JE2 3RA
Channel Islands

MUDARIB AND OBLIGOR

Dana Gas PJSC
P.O. Box 2011
Sharjah
United Arab Emirates

DELEGATE

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

REGISTRAR AND TRANSFER AGENT AND REPLACEMENT AGENT

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg
Luxembourg

PRINCIPAL PAYING AND EXCHANGE AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

CALCULATION AGENT

Conv-Ex Advisors Limited
30 Crown Place
London EC2A 4EB
United Kingdom

PRINCIPAL SECURITY AGENT

Deutsche Bank AG, Abu Dhabi Branch
Injazat Building First Floor
Unit No 11-16
Mohammed Bin Zayed City
P.O. Box 135056
Abu Dhabi
United Arab Emirates

EGYPTIAN SECURITY AGENT

Commercial International Bank (Egypt) S.A.E.
Nile Tower Building 21/23
Charles de Gaulle Street
Giza
Egypt

LOCAL AGENT

Bank of Sharjah PSC
P.O. Box 1394
Al Hosh Avenue
Sharjah
United Arab Emirates

LISTING AGENT

Arthur Cox Listing Services Limited
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

LEGAL ADVISERS

To Dana Gas as to the laws of England, the United Arab Emirates and the United States
Latham & Watkins LLP
Dubai International Financial Centre
Precinct Building 1, Level 3
P.O. Box 506698
Dubai, United Arab Emirates

To the Delegate as to the laws of England
Allen & Overy LLP
One Bishop's Square
London E1 6AD
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To the Trustee as to the laws of Jersey
Bedell Cristin Jersey Partnership
26 New Street
St Helier Jersey
JE2 3RA Channel Islands