

Clean Energy For the MENA Region's Tomorrow



Dana Gas Investors Presentation

November 2015

Forward Looking Statement



This presentation contains forward-looking statements which may be identified by their use of words like “plans,” “expects,” “will,” “anticipates,” “believes,” “intends,” “projects,” “estimates” or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, product development, market position, expenditures, and financial results, are forward looking statements.

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Presentation Outline

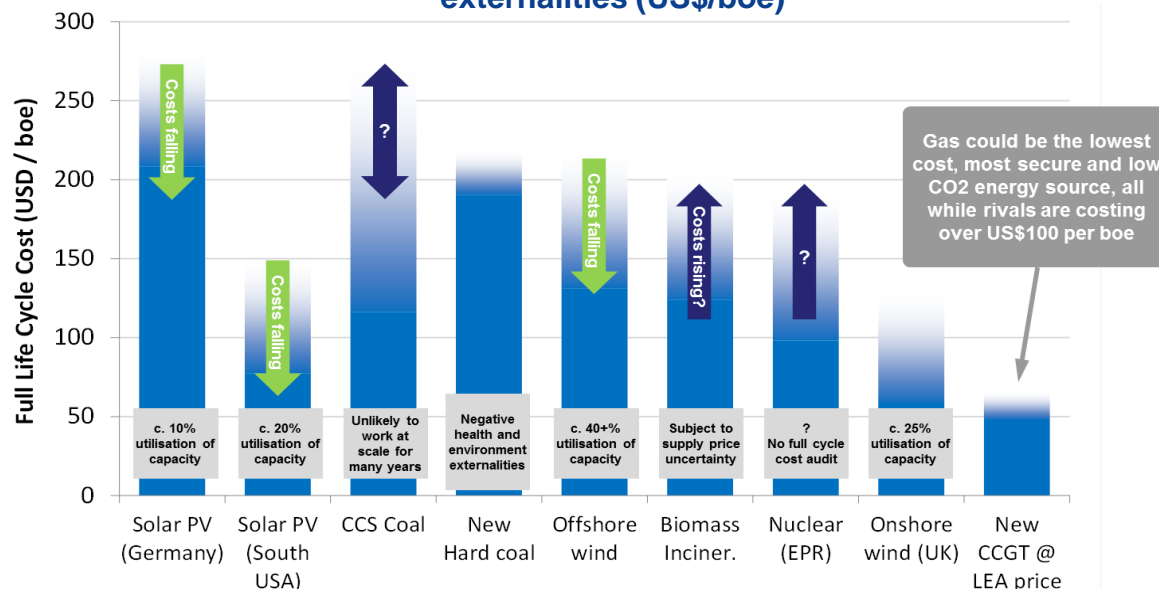


- Gas – Growth fuel in MENA
- Dana Gas – Overview
- Country Operations – Egypt and KRI
- Project Update – Zora Gas, UAE
- Credit Metrics
- Relative Valuations
- Summary

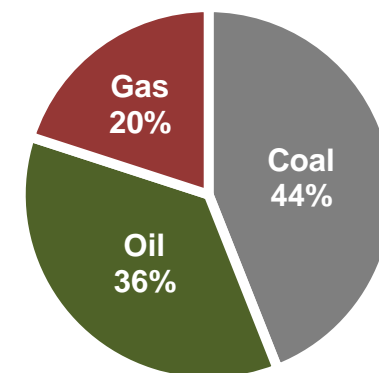
Gas is the growth fuel of the 21st Century.

Gas has strong environmental credentials and is cost competitive

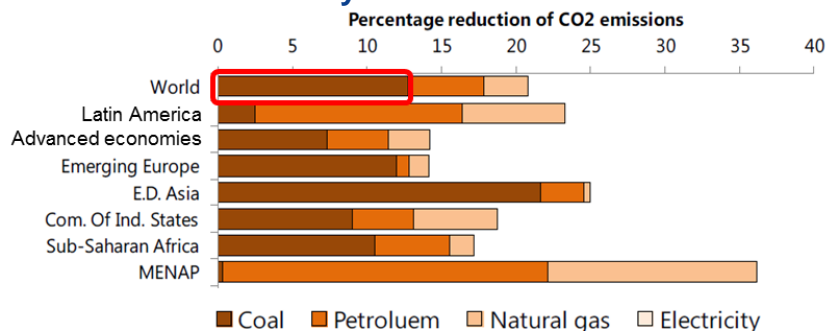
Current full lifecycle costs for new-build power generation including externalities (US\$/boe)



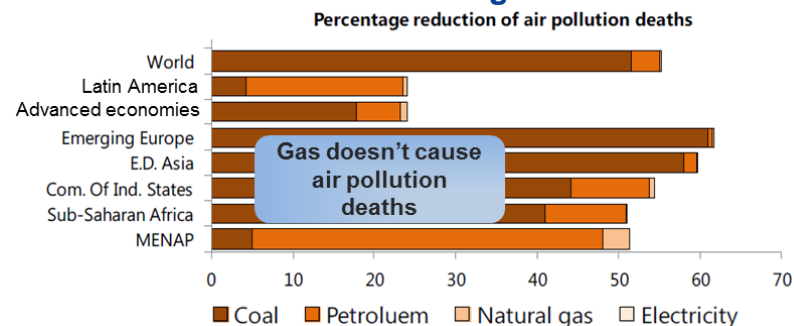
CO2 emissions from fuel (% share of global emissions)



Switching from coal to gas could reduce CO₂ emissions by more than 12%...



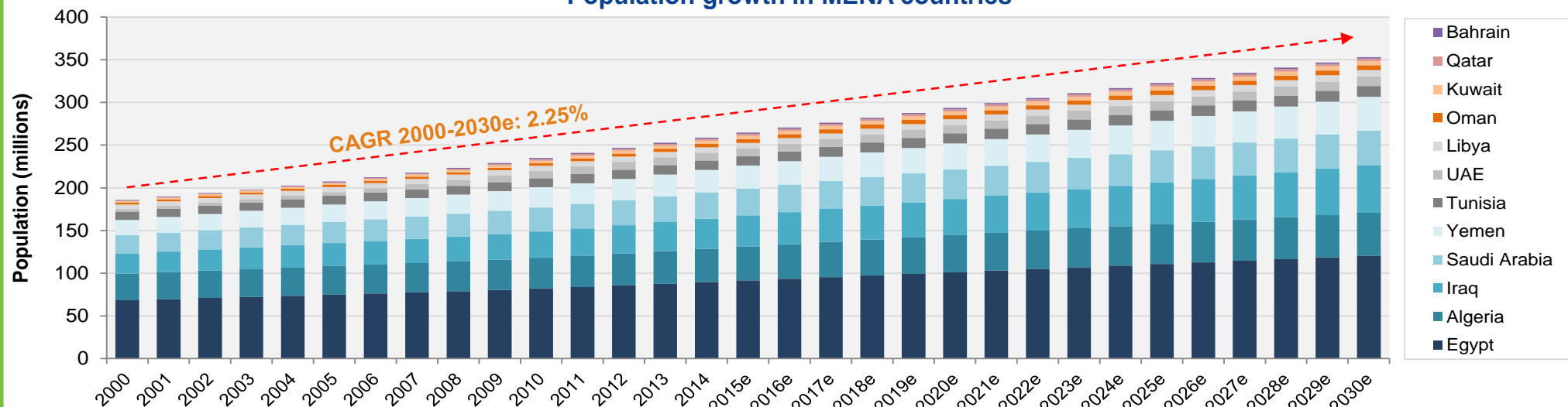
...and Air Pollution Related Deaths by more than 50% according to the IMF



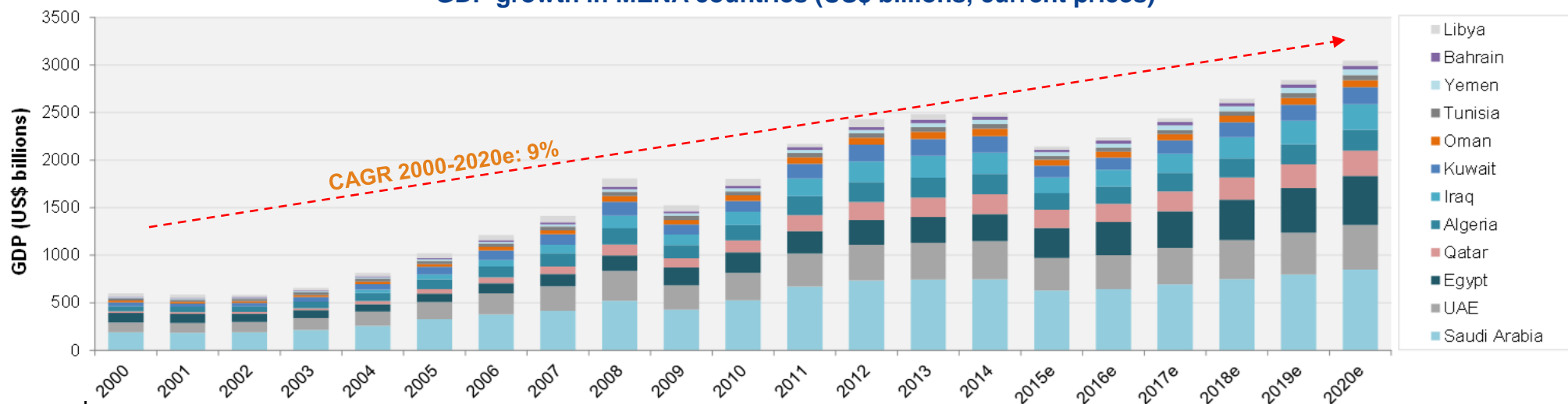
Assume: Europe coal US\$62/tonne, NW Europe spot gas at price band of US\$8-11/mIn BTU, 80% load factor, €7.0/tCO₂; uses IMF May 2015 estimates for coal and gas air pollution and GHG externality costs

MENA region has strong economic growth credentials.
 Energy requirements of the region are expected to increase.

Population growth in MENA countries



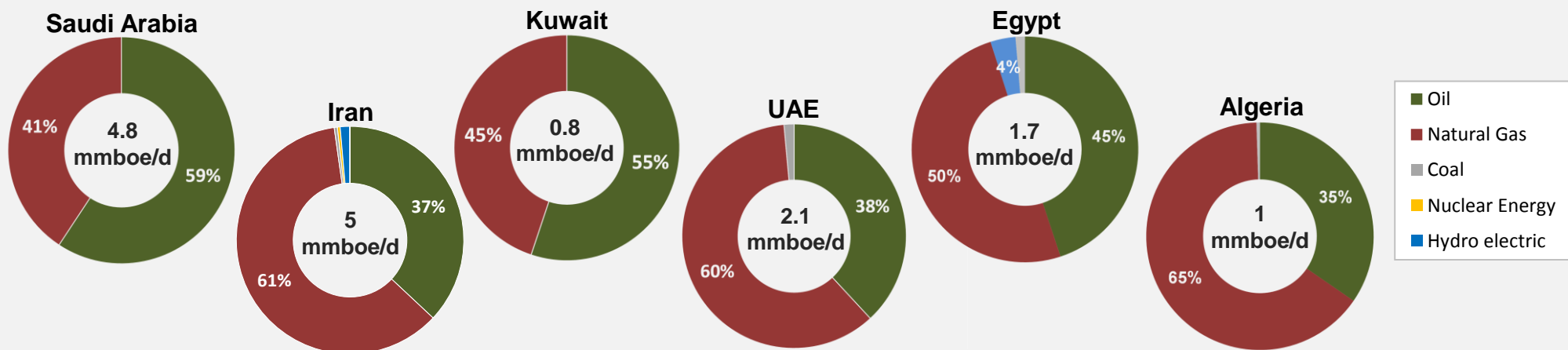
GDP growth in MENA countries (US\$ billions, current prices)



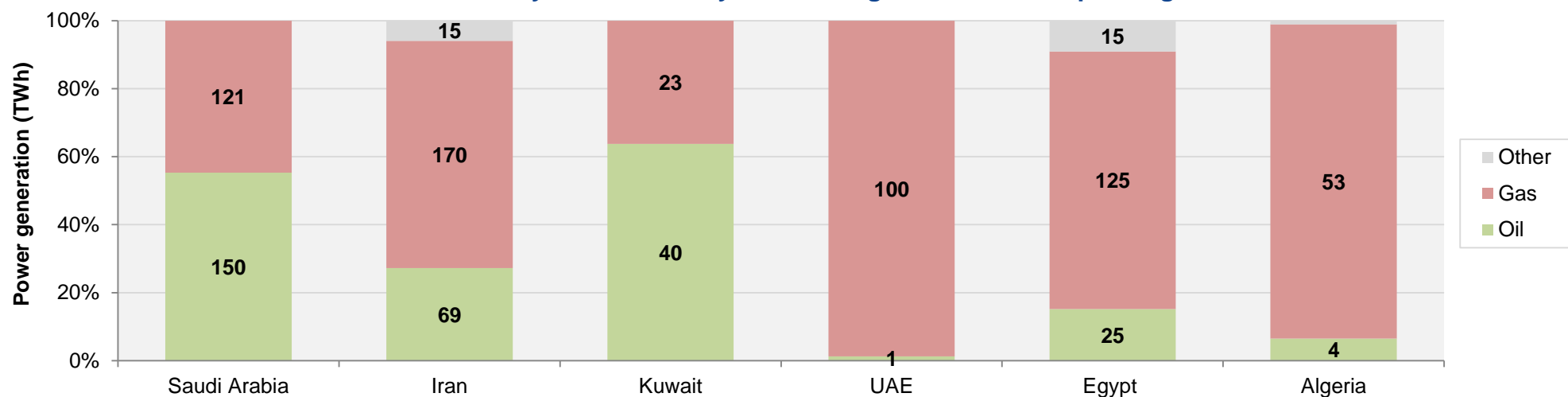
Gas is a key fuel in the primary energy mix in MENA

Gas is the fuel of choice in power generation and has significant room to displace oil in power

Primary energy sources of selected MENA countries



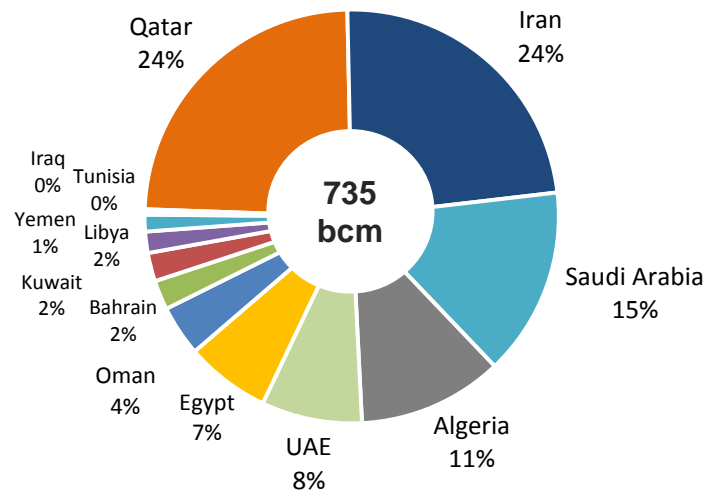
MENA countries rely almost entirely on oil and gas for domestic power generation



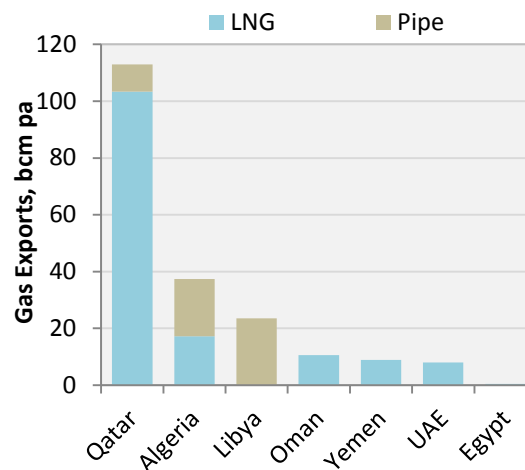
MENA region gas producers striving to maintain domestic needs and export obligations

MENA region annual gas demand growth rates are one of the highest globally

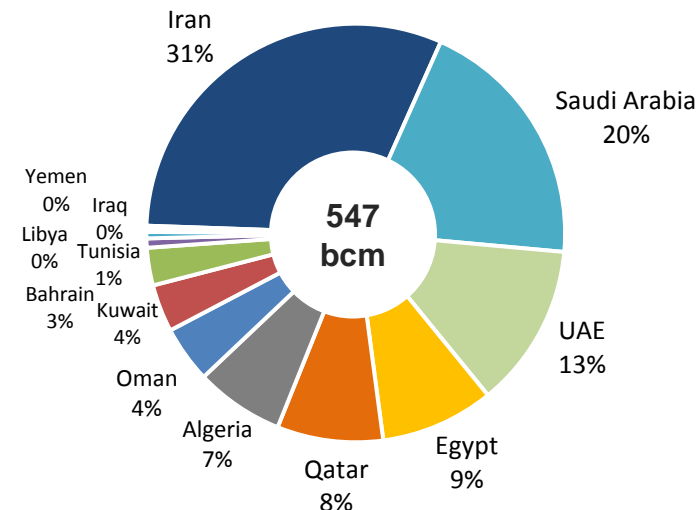
2014 MENA gas production (bcm)



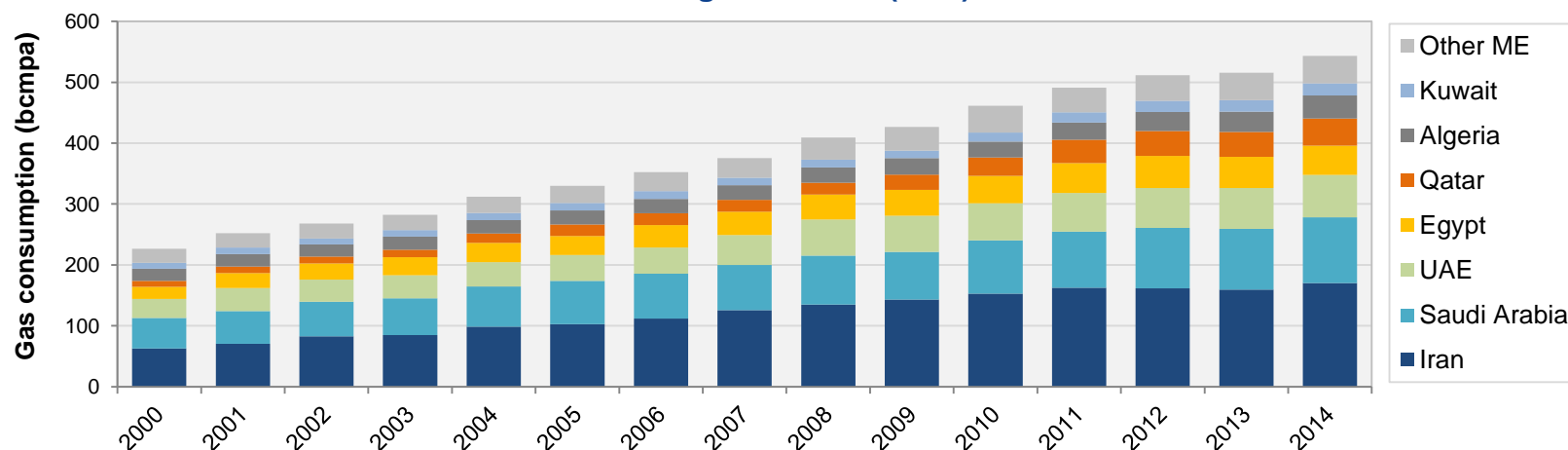
2014 MENA gas exports (bcm)



2014 MENA gas demand (bcm)



2000-14 MENA gas demand (bcm)*



Gas demand growth (2000-2014 CAGR)

China – 14.5%

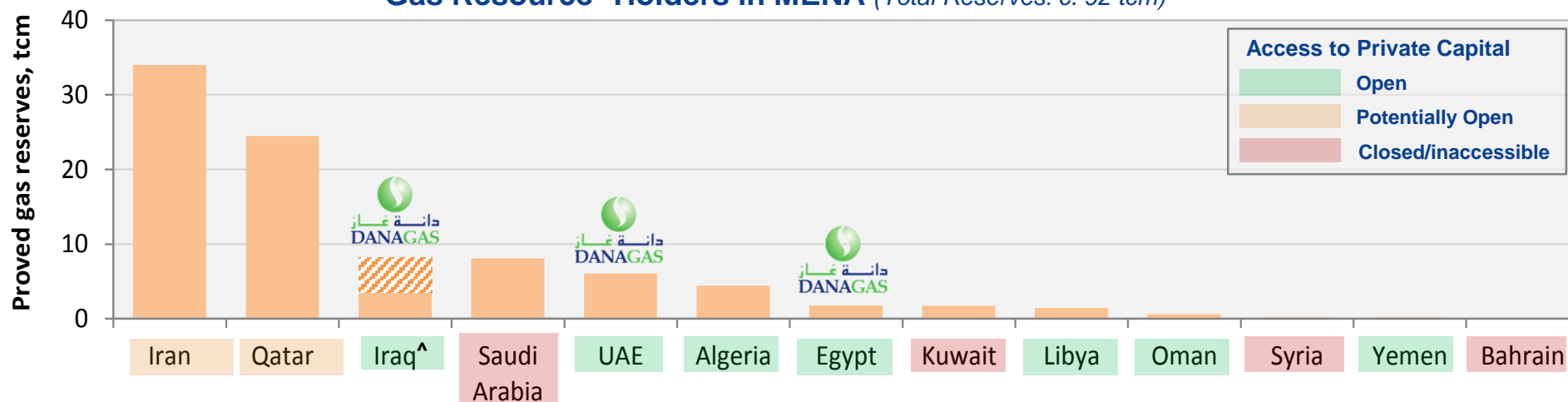
MENA – 6.4%

US – 1%

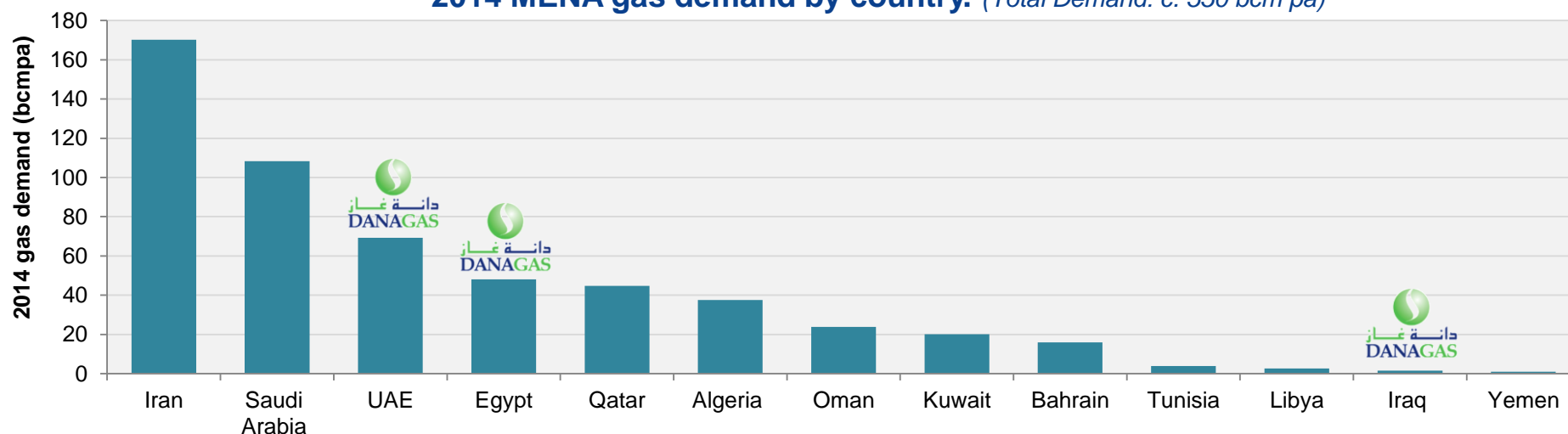
Dana Gas as regional gas integrated player focused on matching resource with markets



Gas Resource* Holders in MENA (Total Reserves: c. 92 tcm)



2014 MENA gas demand by country. (Total Demand: c. 550 bcm pa)



Dana Gas – Business Profile

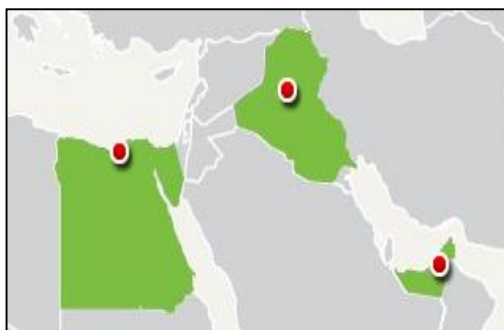
- Dana Gas is a MENA focused gas independent headquartered in the UAE
- Quoted in the Abu Dhabi Securities Exchange. Bloomberg: DANA:UH
- Shares outstanding: c. 6969 million
Market capitalisation: approx. \$ 740 million
Enterprise value³: \$ 1.452 billion
- Net Debt/(Cash)¹: \$ 709 million (2015 9M)
- Current Production: 60.8 kboepd (2015 Q3)
- 2P Reserves²: 145 mmboe (end 2014)
- Strong Corporate Governance and a unique pan-MENA Board of Directors access to business opportunities in the world's largest hydrocarbon region

Dana Gas is operating at the heart of the world's largest hydrocarbon region

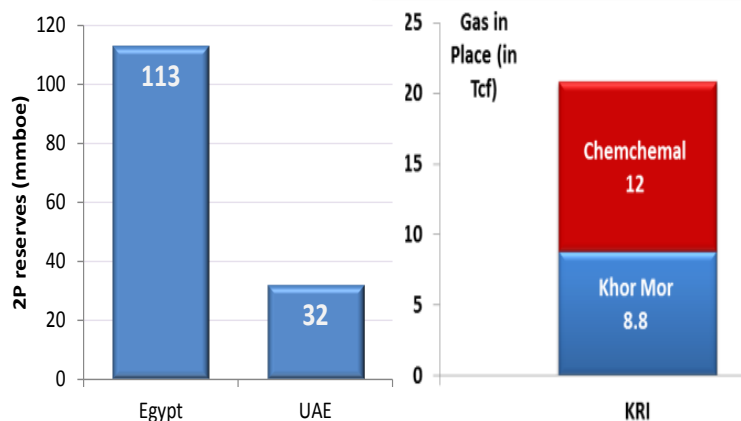


Dana Gas works across the gas value chain addressing both domestic and export market needs in MENA region

Dana Gas is operating at the heart of the world's largest hydrocarbon bearing region



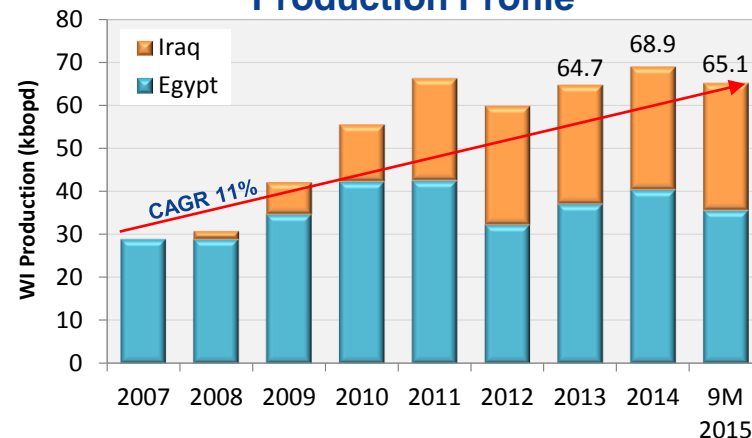
Reserve & Resources (YE 2014)



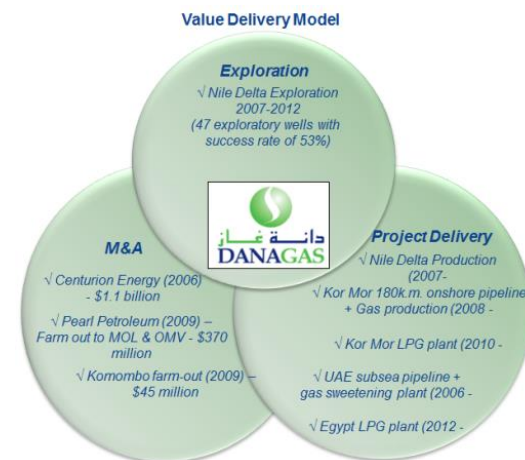
Mid Stream and Downstream assets in MENA

- EBGDCo – Liquid Extraction plant (LPG)
- UGTC & SajGas - Gas Transportation and Processing
- 35% in Crescent Natural Gas Corporation Limited (CNGCL) – Gas marketing

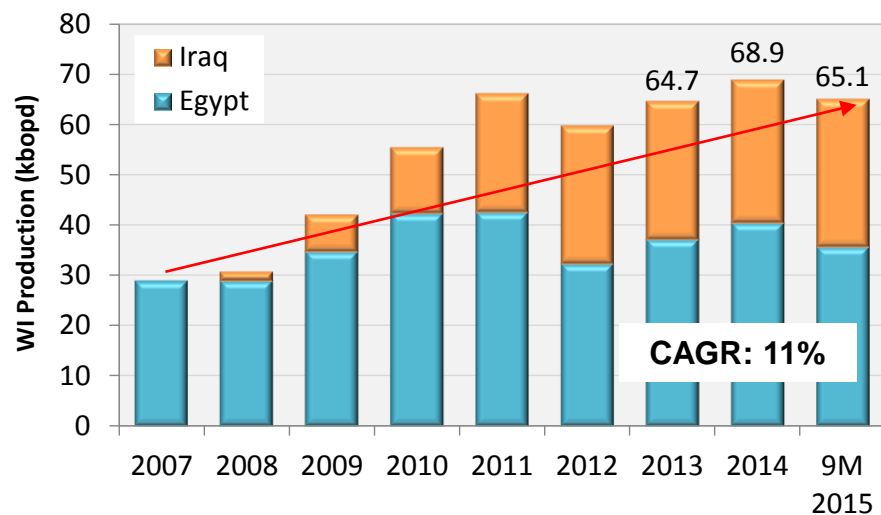
Production Profile



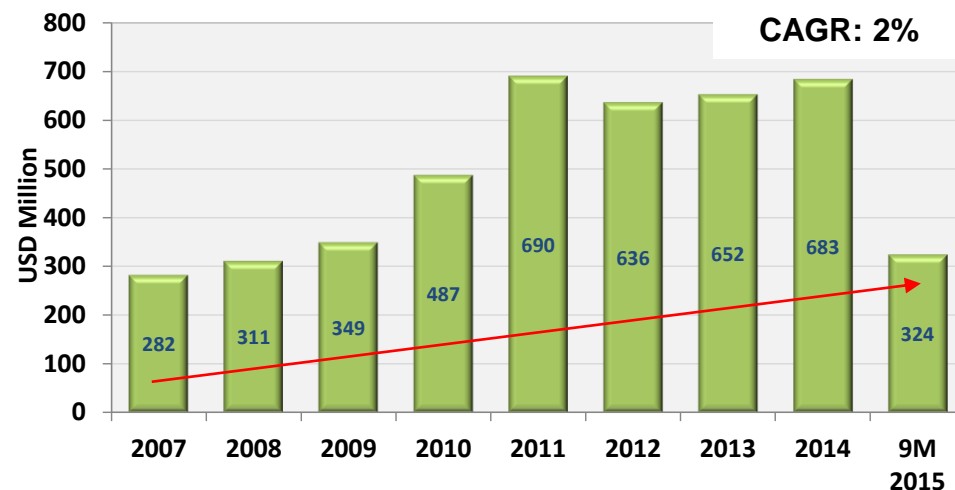
Business Model across the gas value chain – Meeting energy needs of domestic and export markets



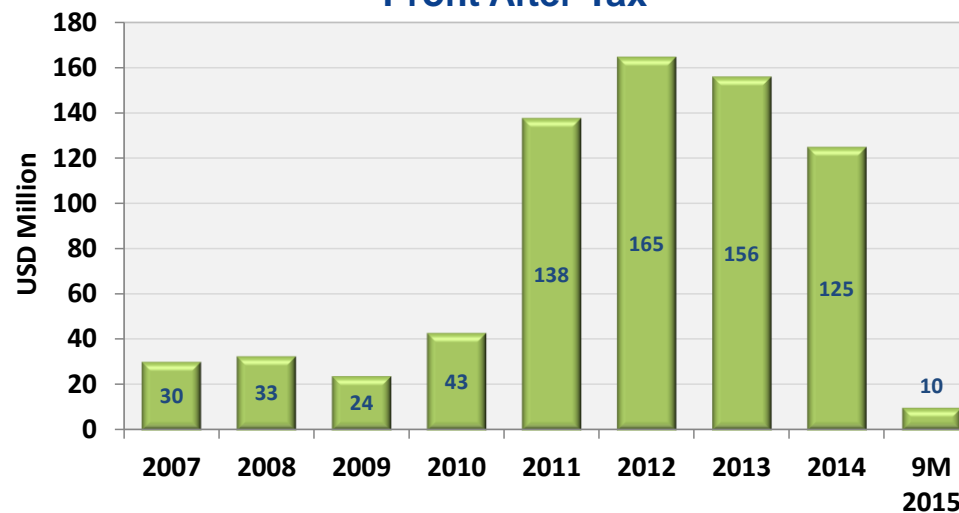
Production



Revenue



Profit After Tax

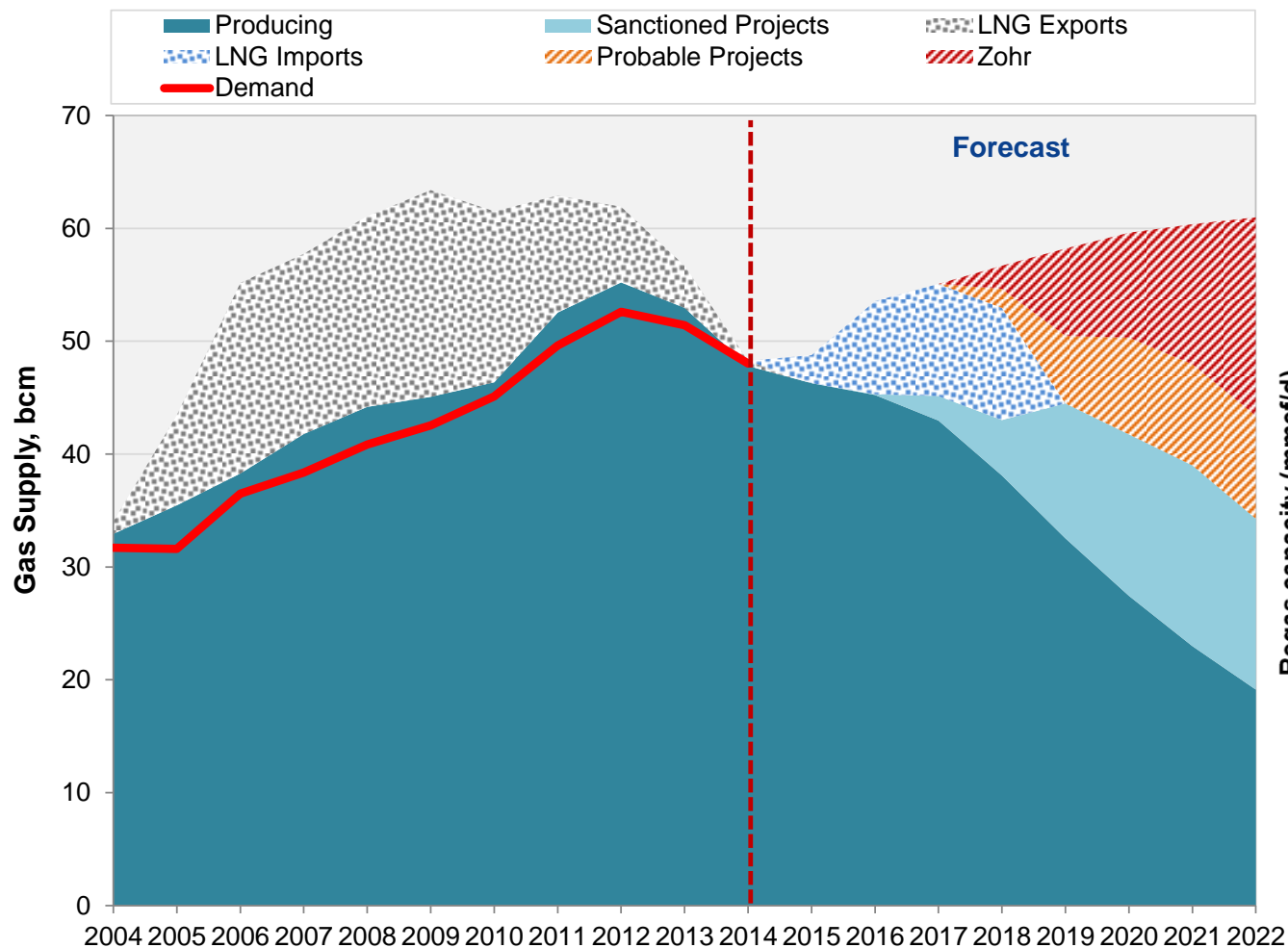


Dana Gas: Country Business Highlights EGYPT

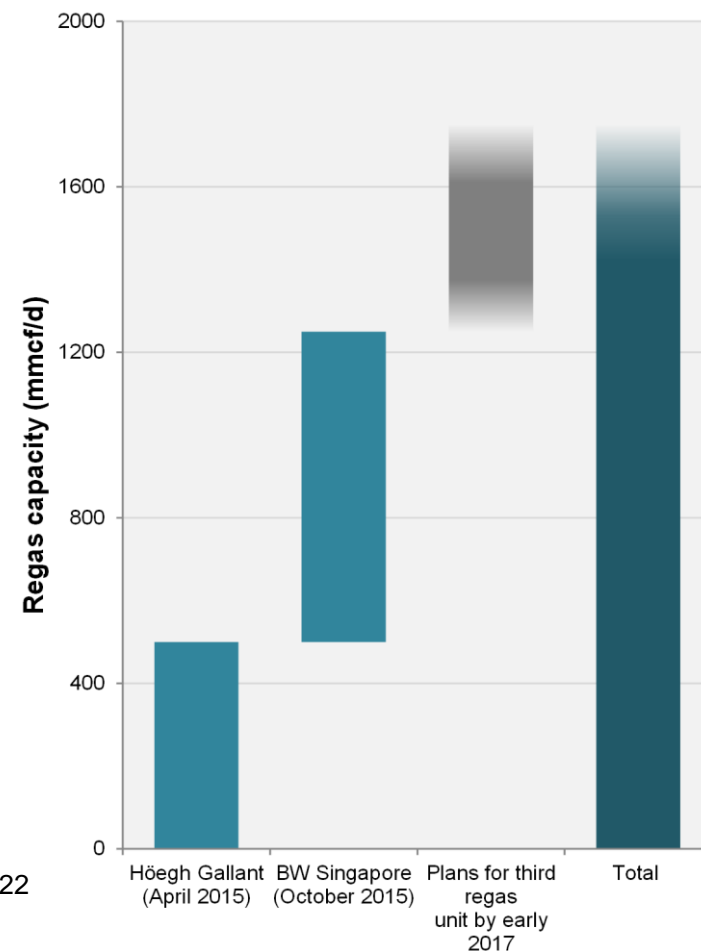
Egypt gas market fundamental are sound.

New gas discoveries and gas imports are likely to return Egypt's domestic demand to its historic growth trajectory

Egypt annual gas supply/demand balance (post Zohr)



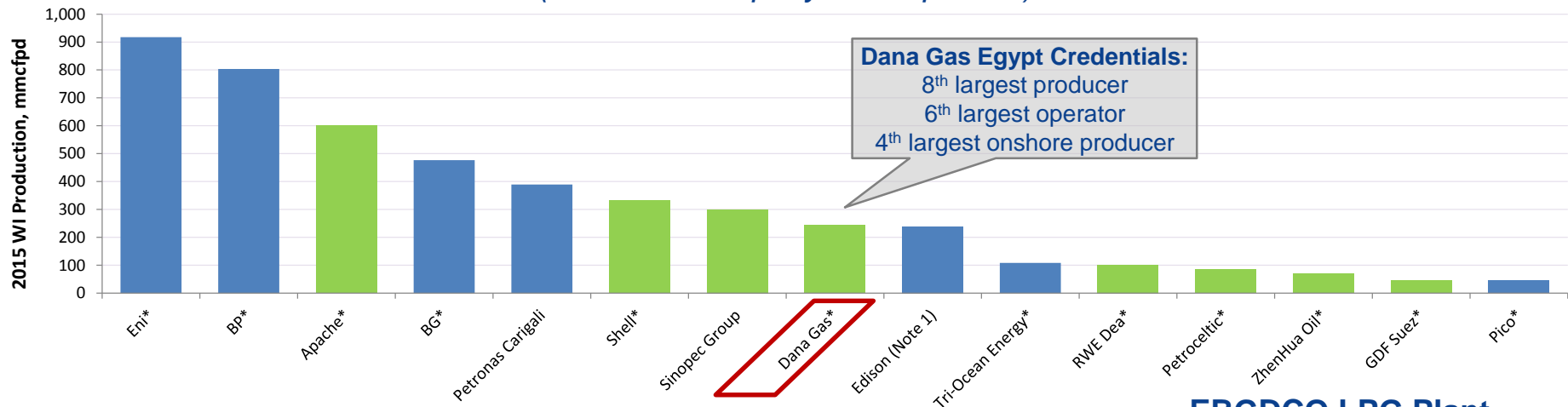
Egypt's current and planned regas capacity



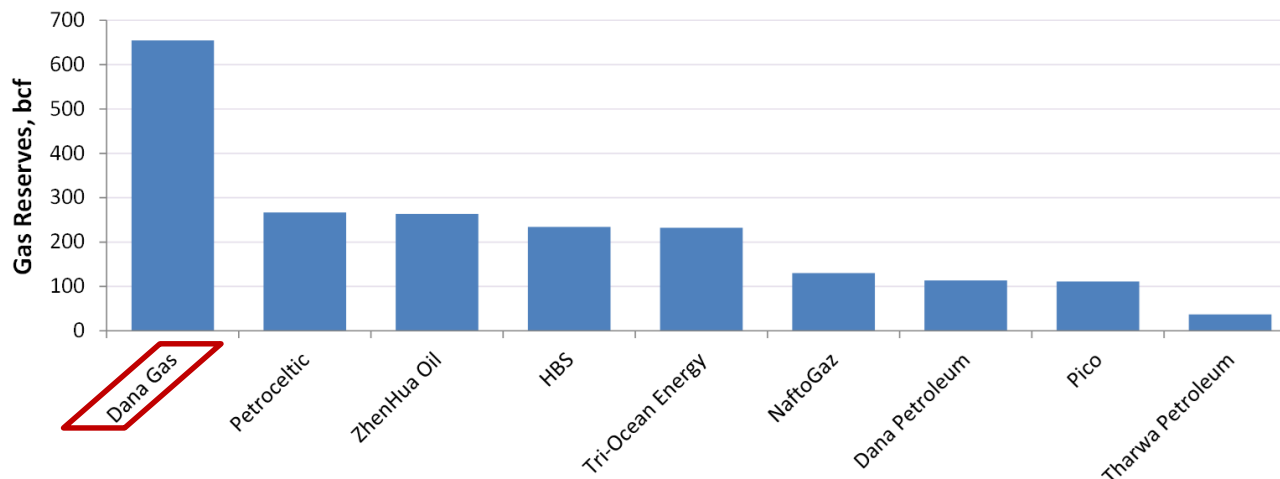
Dana Gas is the 6th largest operator and 4th largest onshore producer in Egypt

2015e Gas Production Ranking in Egypt

(* denotes company is an operator)



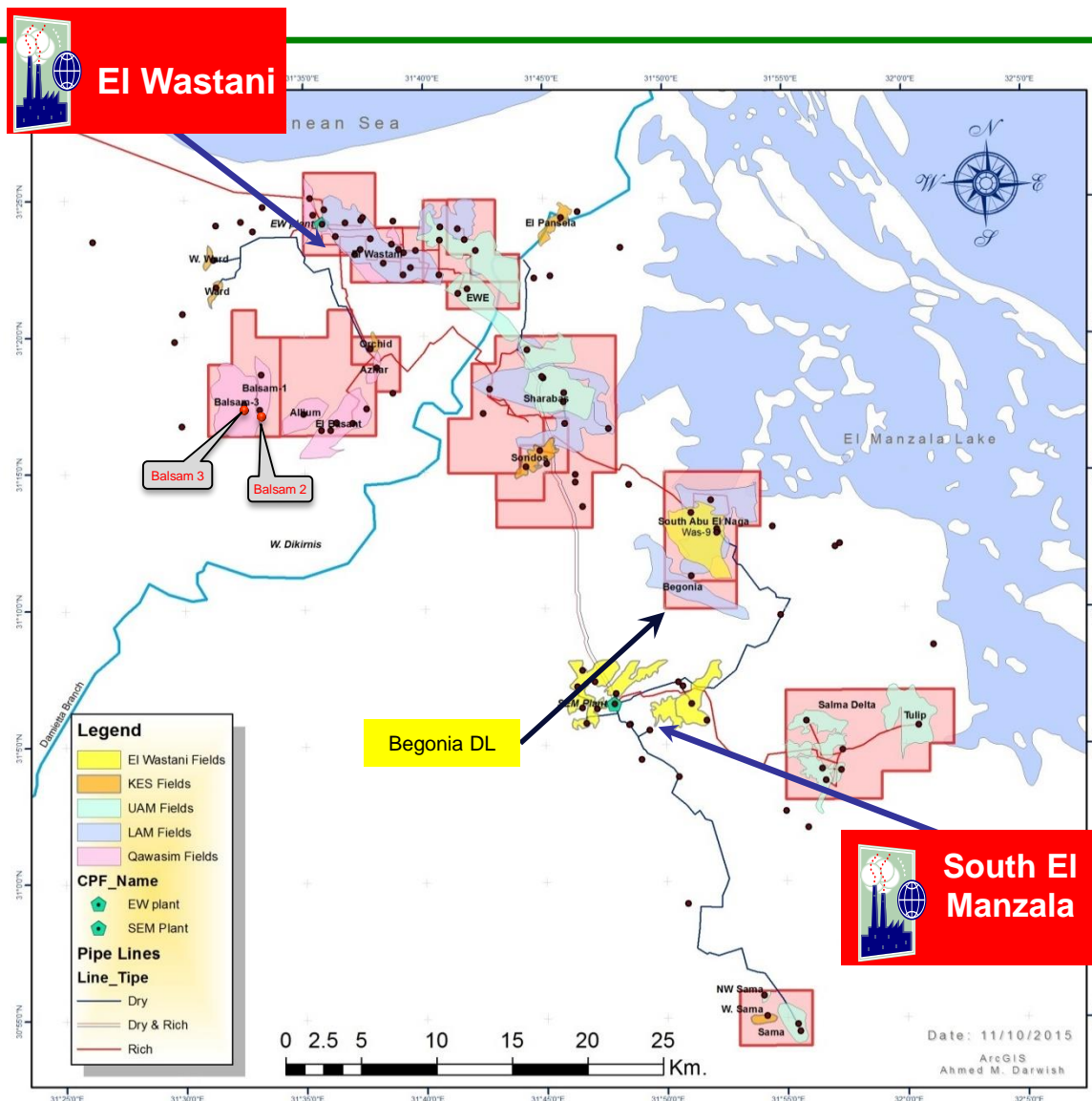
Gas Reserve Ranking of Independents in Egypt



EBGDCO LPG Plant (Dana Gas holds 26.4% of the project)



Egypt: Nile Delta Operations



Development Leases:

- Onshore acreage consisting of 14 Development Leases in the prolific Nile Delta region

Production:

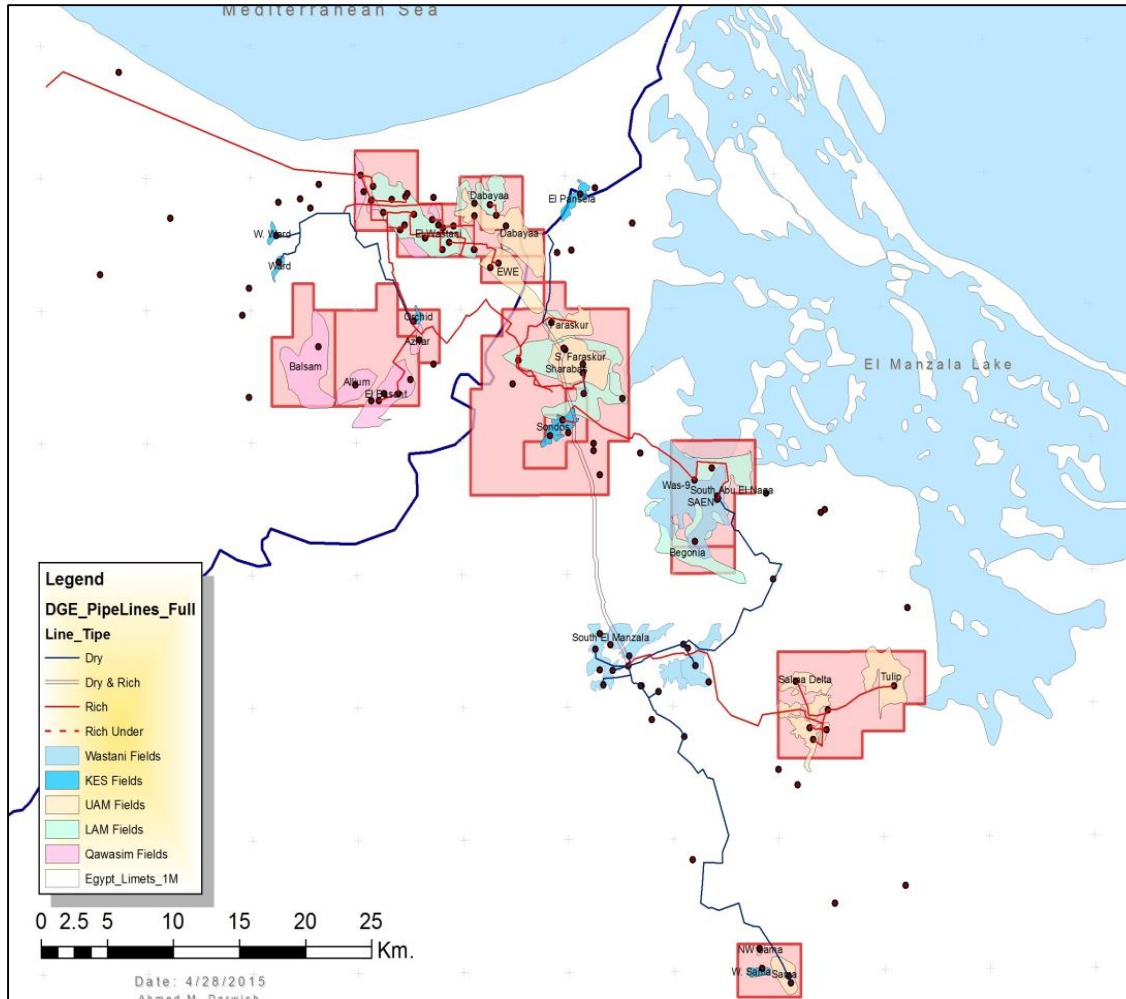
- 3Q 2015 avg 32.1 kboe/d versus 40.5 kboe/d for 3Q 2014. Decline is due to natural field production decline which will be reversed as GPES wells are drilled and come on-stream (first well due before end 2015)

Operations:

- Balsam-2 pilot hole completed and horizontal nearing completion
- Balsam-3 exploration well is a discovery, coming in on prognosis. Successfully completed and tested
- 1500 HP rig now moved to the Salma Delta-4 location

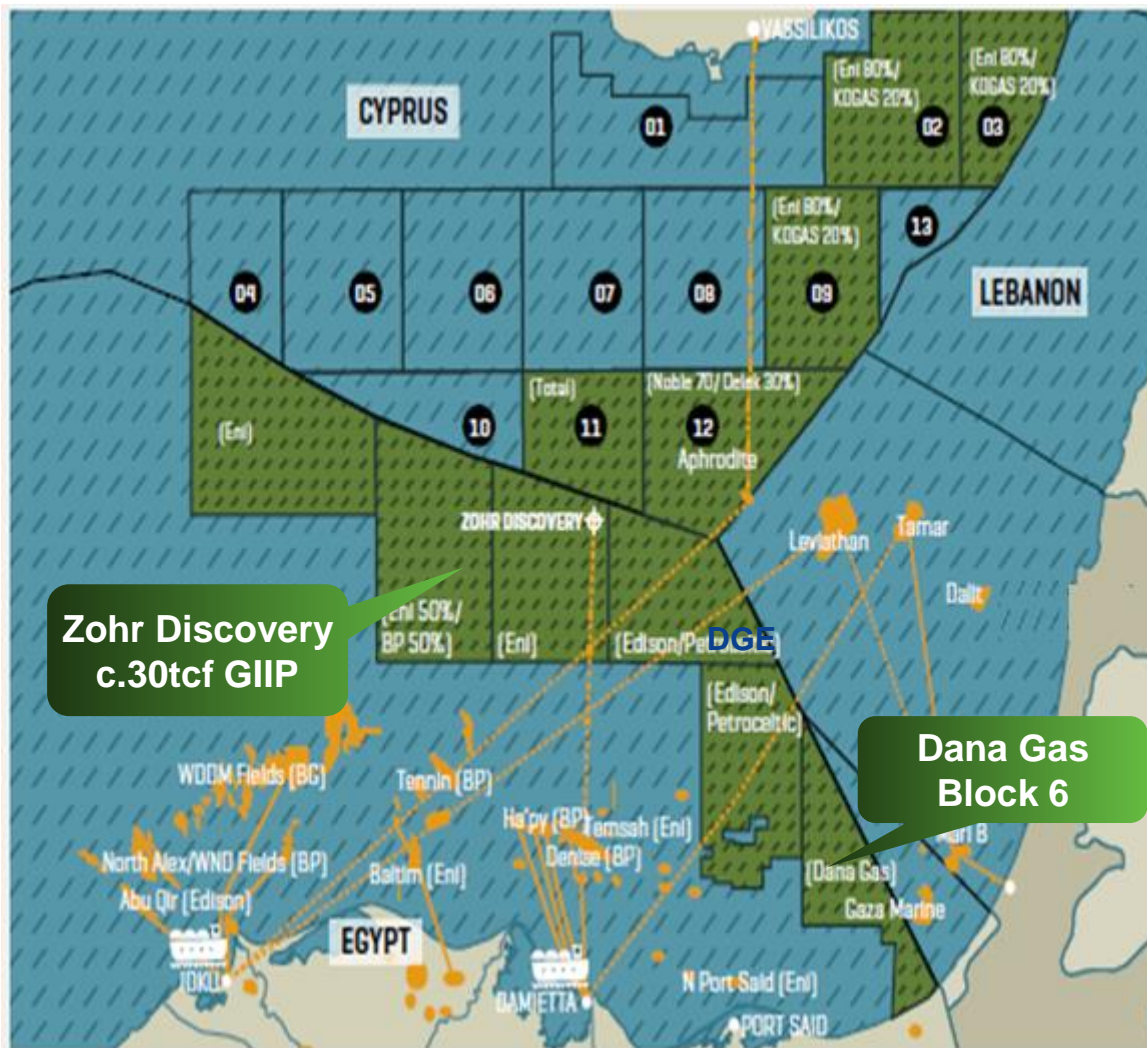
Gas Production Enhancement Agreement (GPEA) helps Egypt increase production while delivering long term value to Dana Gas

Gas Enhancement Project – Execution Progress



- 3 drilling and workover rigs secured with spud dates during May/June
 - 2000 HP rig - Balsam-2
 - 1500 HP rig - Balsam-3, Salma Delta-4
 - 650 HP workover – work started in October 2015
- Plans underway to lay approximately 130 km pipeline to tie new wells into DGE infrastructure
- Upgrade of DGE domestic and export capacity to accommodate increased production from GPEA project under consideration

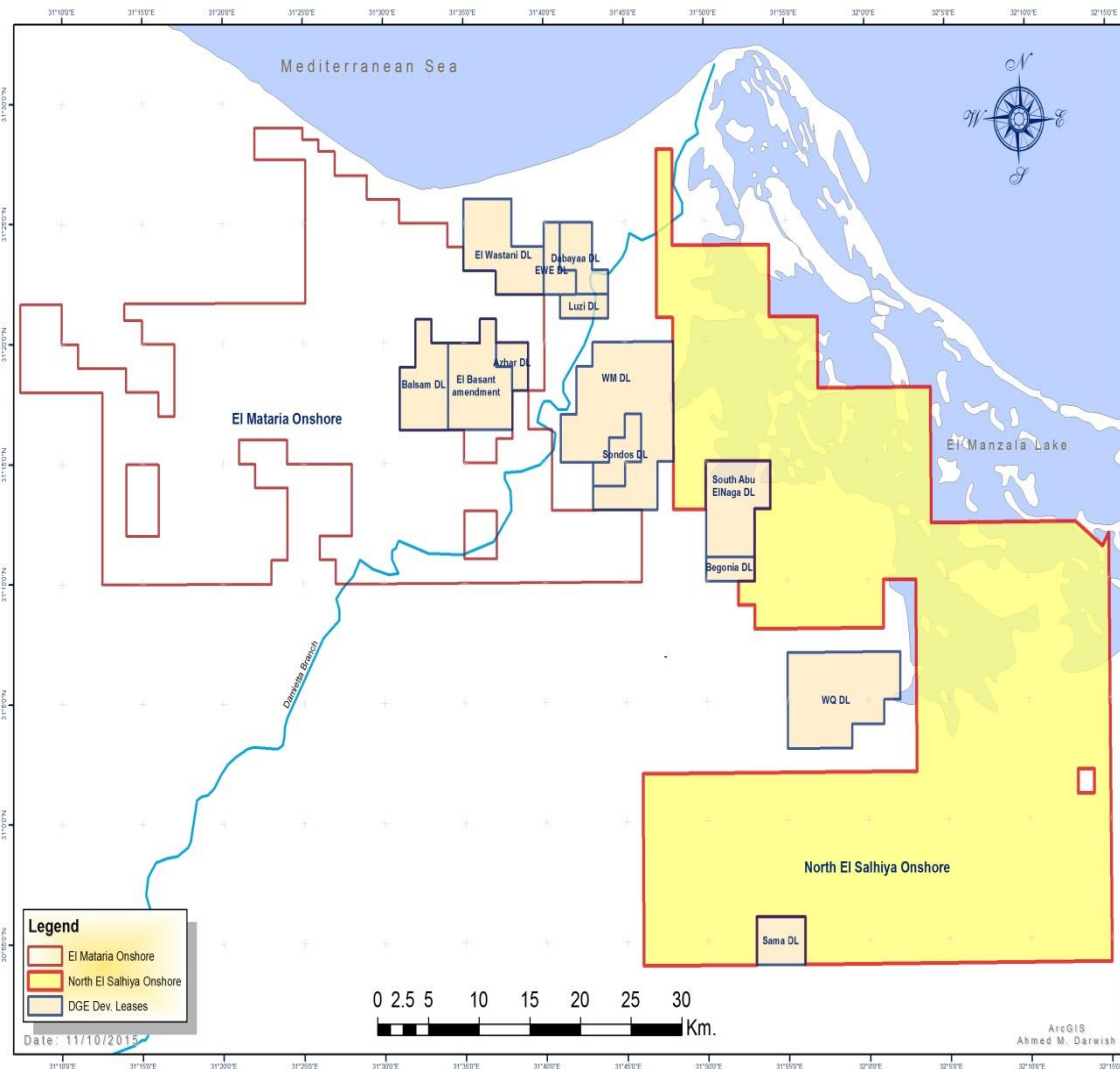
Block 6 – North El Arish Offshore Opportunity



- 1782 sq km of full fold 3D seismic acquired in Sept-Oct 2015 by PGS Ramform Titan boat.
- Boat product PSTM seismic processing to be completed by mid/end December 2015
- Farm-out activity initiated
- Integration of regional 2D multi client seismic data into evaluation completed

Egypt: Block 1 - North El Salhiya Exploration

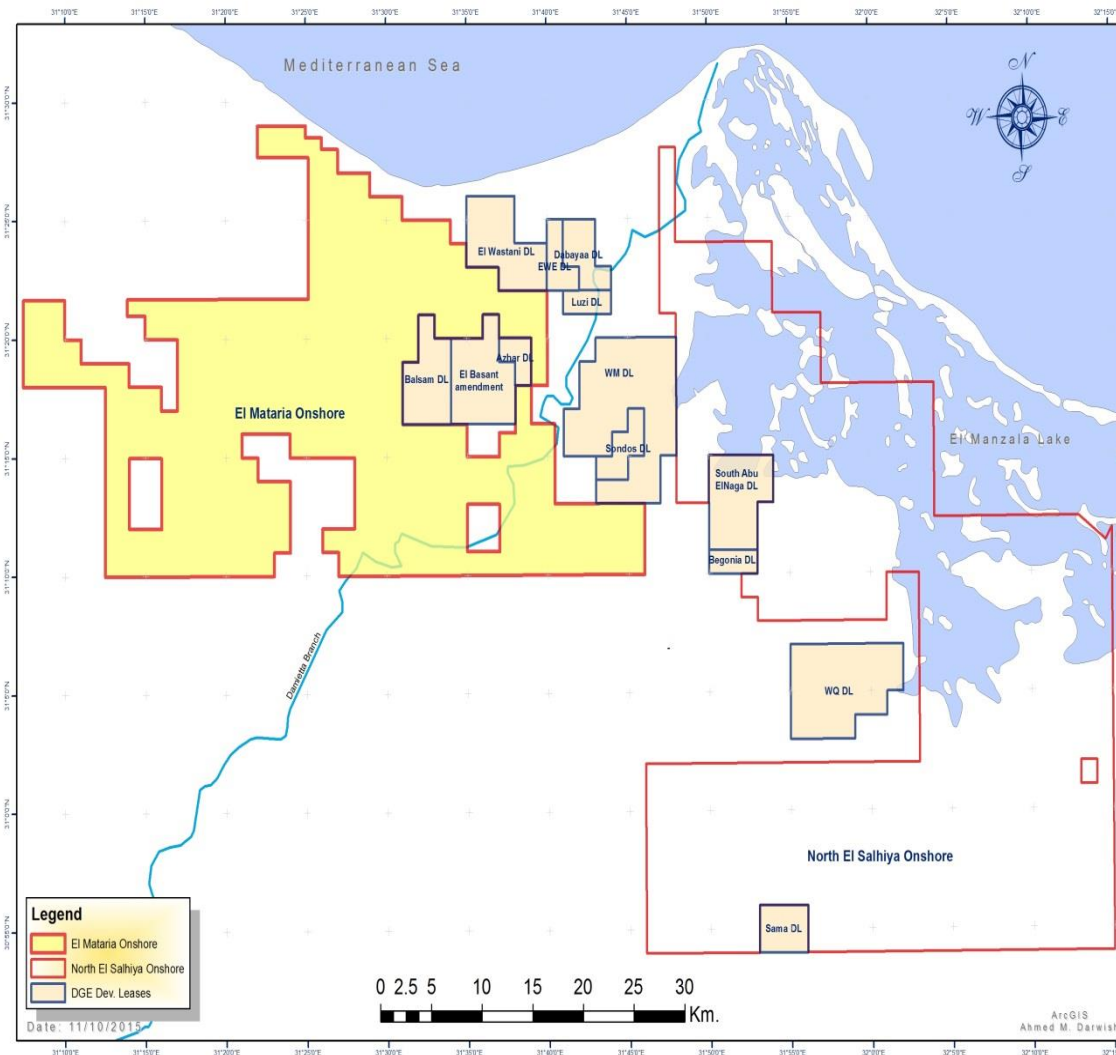
Newly awarded exploration blocks in Nile Delta enables Dana Gas to build on its core area production and utilising existing infrastructure



- North El Salhiya (Block-1) onshore concession in the Nile Delta ratified on 15th January 2015
- Block-1 (100% WI) –
 - Targets prolific Abu Madi play
 - Other plays include: Kafr El Sheikh and Oligocene
- Activities
 - Negotiations ongoing with preferred bidder for 450 sqkm of 3D seismic
 - Reprocessing of ~800 sq.km of 3D seismic ongoing by Western Geco
 - Tender prepared for reprocessing of 2D and processing of new 3D data

Egypt: Block 3 - El Matariya Exploration

Newly awarded exploration blocks in Nile Delta enables Dana Gas to build on its core area production and utilising existing infrastructure



- El Matariya (Block-3) onshore concession in the Nile Delta ratified on 15th January 2015
- Block-3 (50% WI); BP to operate as 50:50 JV partner
- Targeting deeper, high-potential Oligocene play which is proven and tested in offshore Nile Delta by BP/BG
- The first exploration well on the El Matariya Onshore Concession (Block 3) scheduled to commence drilling in 1H 2016
- Messinian portfolio being worked up, additional drill targets likely to be matured

Dana Gas: Country Business Highlights Kurdistan Region of Iraq



- DG share of production (40%) averaged 28,000 boepd during 3Q 2015. Gross production details are as follows:
 - 300 MMscfd of natural gas
 - 12,627 bbl/d of condensates
 - 633 MT/d LPG
- The Mol sieve bed for the first train at Kor Mor plant was replaced in October 2015
- Upon expiry of the direct local sales contract, KRG has commenced direct lifting of LPG and Condensate from 20 September and 7 October 2015, respectively from the Khor Mor plant through a nominated local contractor

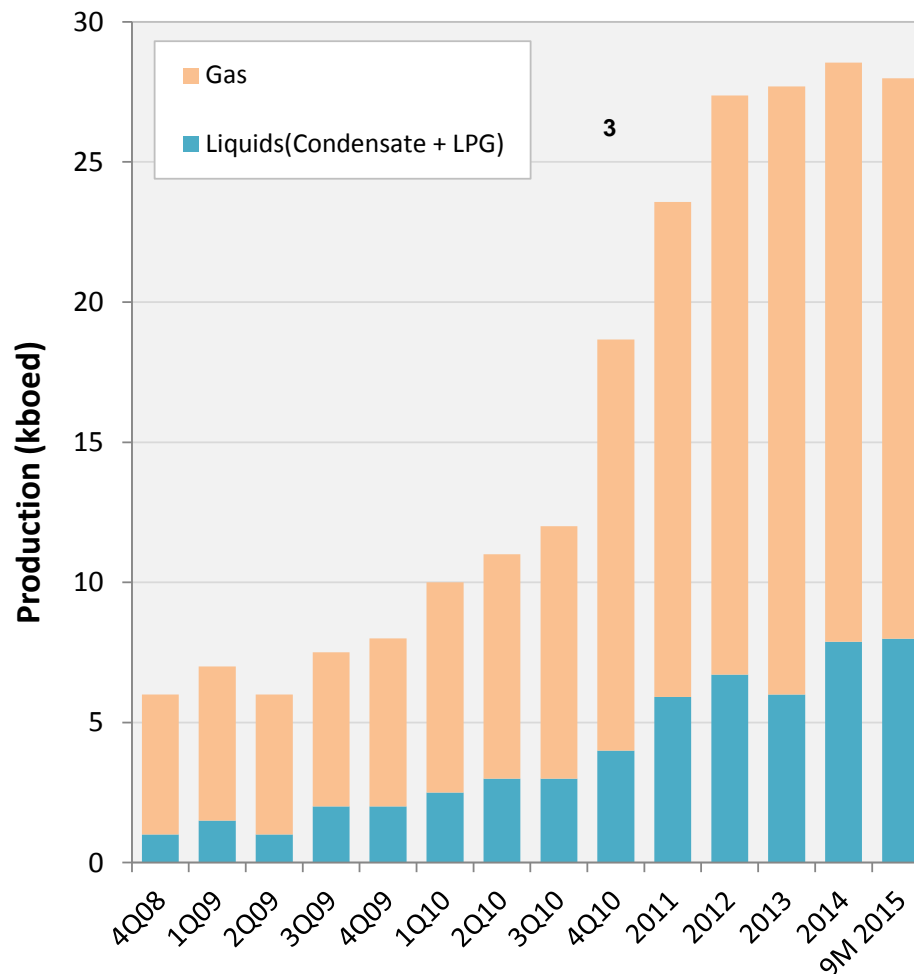
Rich gas and condensate producer with strong growth track record

Pearl Petroleum Company Ltd ownership:

▪ Dana Gas	40%
▪ Crescent Petroleum	40%
▪ OMV	10%
▪ MOL	10%



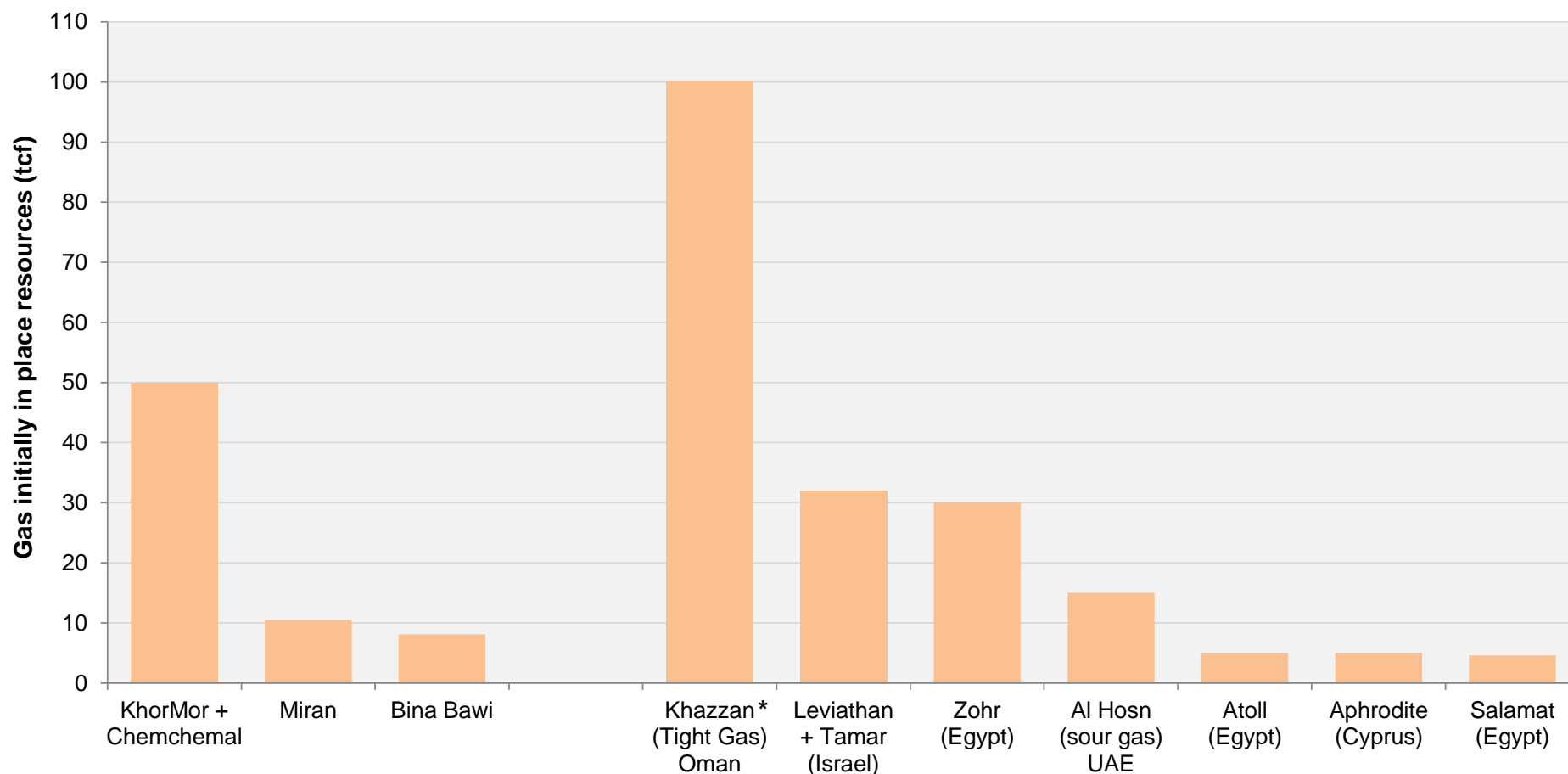
Khor Mor Field Production, Dana Gas net share (40%)



Khor Mor and Chemchemical are potentially largest gas fields in the KRI and comparable to large scale gas developments in the region

Large Gas Developments in MENA

(Source: Company disclosure)



Dana Gas: Project Update – Zora Gas, UAE

Zora Offshore drilling activity – First Gas Achieved



- Drilling of Sharjah well Lateral A and Lateral B completed
- Well cleaned up and flowed at 50 MMSCFD - first gas 18th September 2015
- Drilling Rig SGD-2 demobilized and departed Zora on 22nd October 2015

Zora Offshore Platform - Successfully Installed



- Topsides installed offshore on 30th October and Platform installation complete
- Accommodation vessels and hook up team being mobilized
- Offshore Hook-up and Commissioning work ongoing
- First gas delivery for plant commissioning expected 4Q 2015

Zora Gas Processing Plant - Nearing Completion



- Main construction, Installation and Erection complete
- Systems powered up, Pre-commissioning activities ongoing in preparation to receive gas

Dana Gas: Credit Metrics

Additional financial information

Dana Gas additional financial metrics

	Period	Unit	Value
EBITDA	LTM	US\$m	186
EBIT	LTM	US\$m	92
Net debt	Current	US\$m	709
Net debt / EBITDA	LTM	x	3.8
Interest cover ratio	LTM	x	1.4
Book leverage (Net debt / Total assets)	Current	x	19%
Average years to maturity	Current	Years	2.0

Sukuk

- Ordinary Sukuk (9%) outstanding of approx. \$400 million following buy back of \$25 million
- Convertible Sukuk (7%) outstanding of approx. \$350 million post buy back of US\$2 million
- 2014 redemptions of Convertible Sukuk worth \$73 million – approx. 357 million shares issued
- Maturity in October 2017

Zora Financing - \$100 million

- Signed on 25th June 2014 with ENBD, CBD, CBI and Barwa Bank in a syndication facility
- Drawn down \$89 million with \$3.5 million in pipeline. Remaining draw down in due course

Mashreq Facility (Fully secured) – \$25 million

- Secured against lien on EGP deposits
- Fully drawn down for GPEA capital expenditure of which approx. \$7 million has been utilised

Building & Equipment Financial Lease – approx. \$25 million

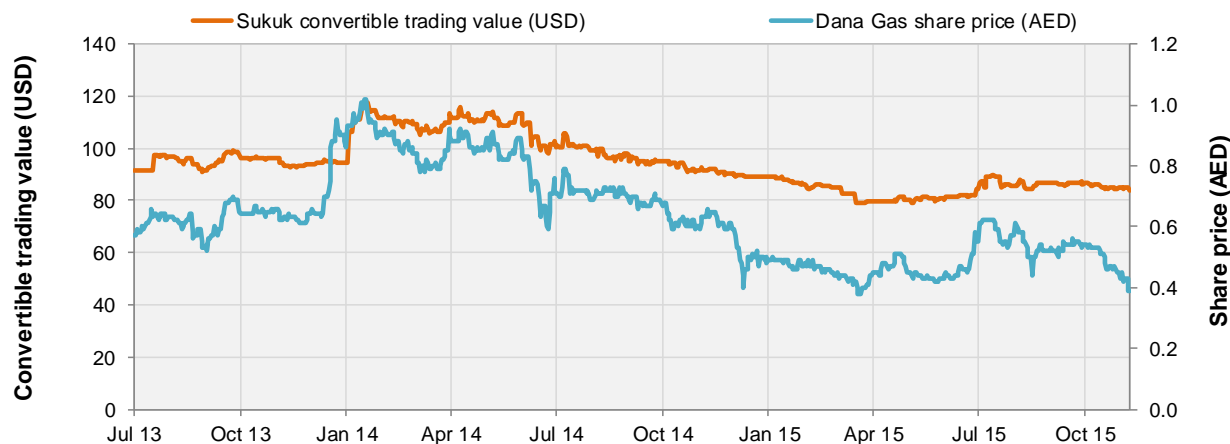
- Equipment financial lease through CorpLease for \$12.2 million; fully drawn down and utilized for GPEA Capex
- Building financial lease through CorpLease for \$13.4 million signed. \$3 million disbursed with balance pending

MOL Equity

- All of the remaining 1.1 million MOL shares have been sold raising approx. \$54 million

Dana Gas Sukuk Instruments

Dana Gas share price vs. convertible trading value



Dana Gas convertible mid yield to maturity



Convertible Sukuk:

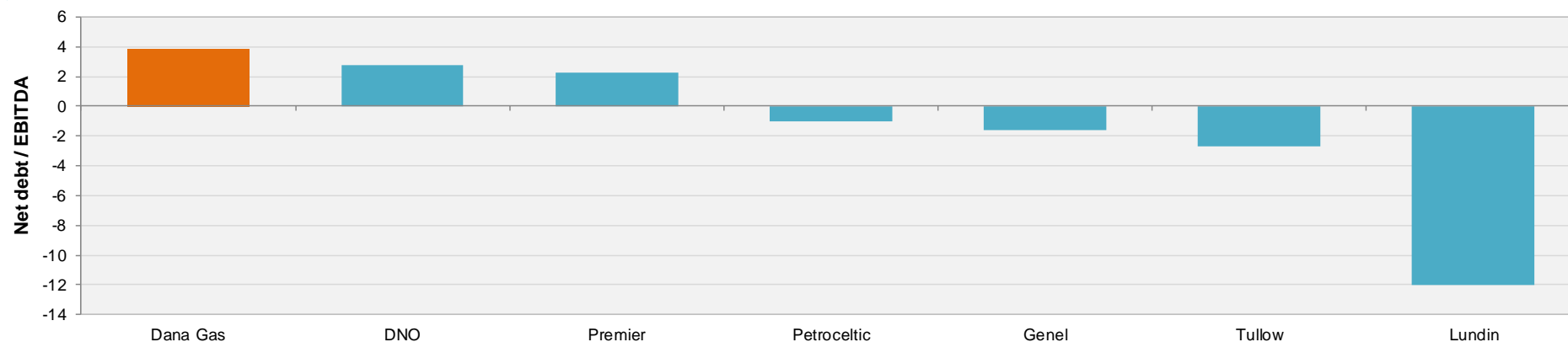
- Principal amount: \$352 mln
- Coupon: 7% (payable quarterly)
- Maturity: 31/10/2017
- Conversion price: 0.75 AED/sh
- Conversion ratio: 48.9733

Ordinary Sukuk:

- Principal amount: \$400 mln
- Coupon: 9% (payable quarterly)
- Maturity: 31/10/2017

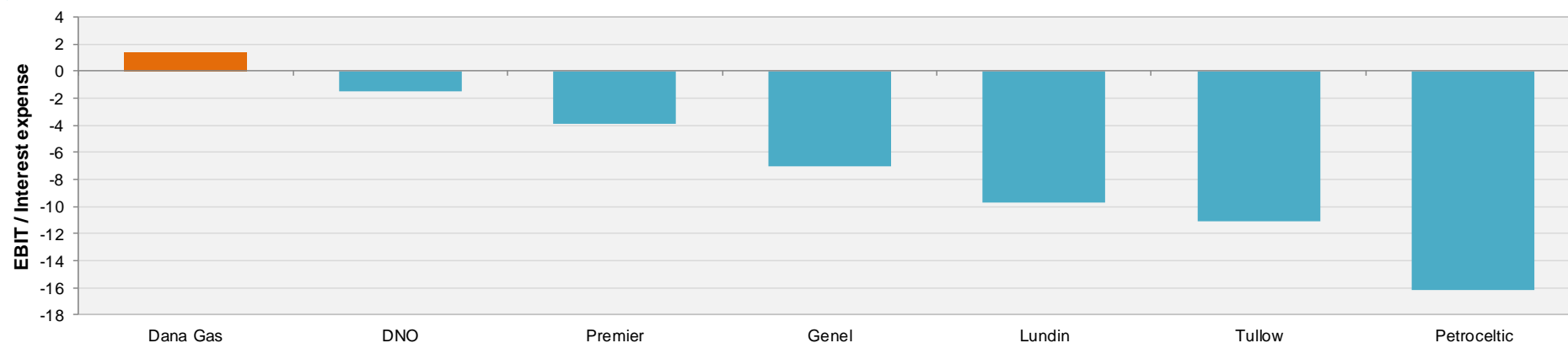
Leverage and interest coverage ratio in line with peers

Debt servicing: Net debt / EBITDA



Note: Net debt is as of latest reports. EBITDA is a LTM value.

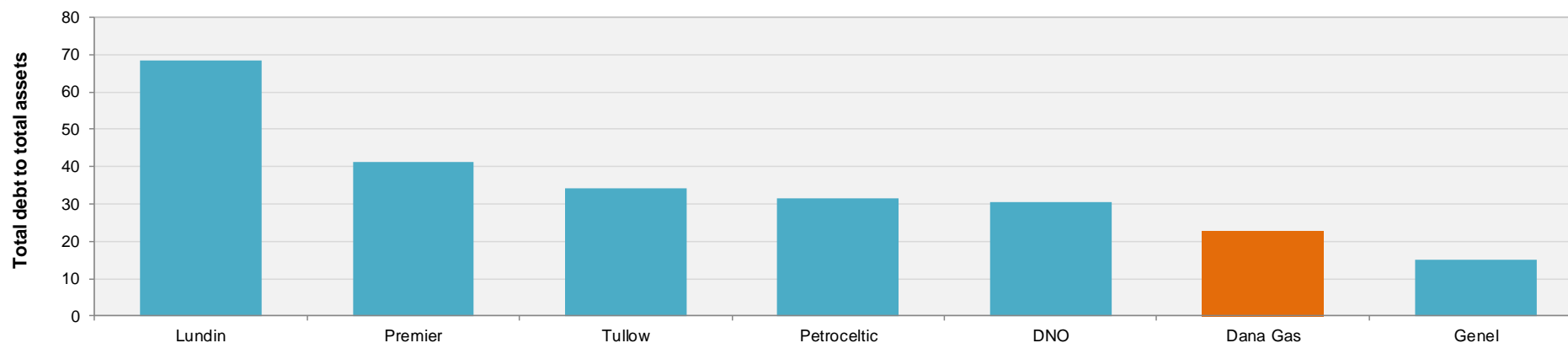
Interest cover ratio



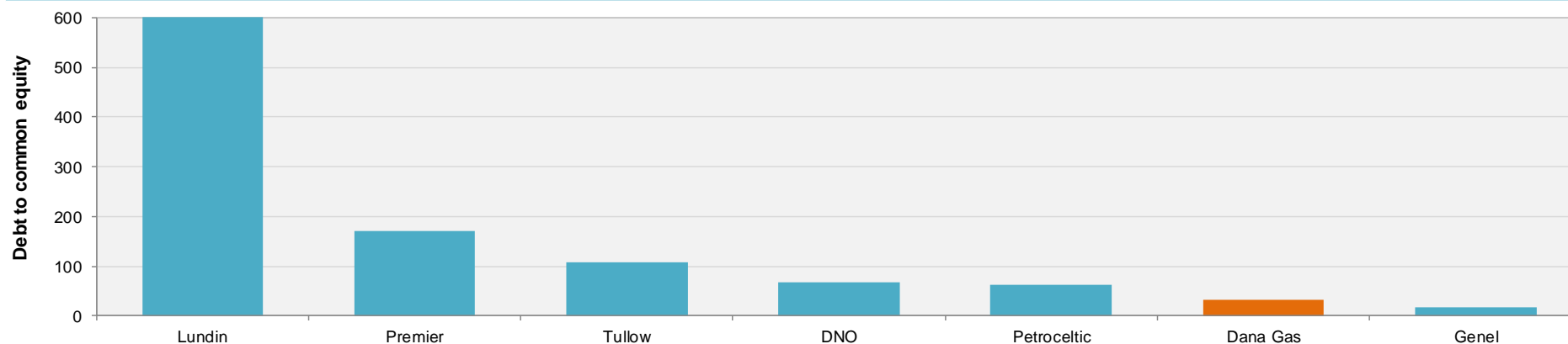
Note: EBIT and Interest expense are LTM values.

Book gearing and Leverage comparable to industry peers

Total debt to total assets

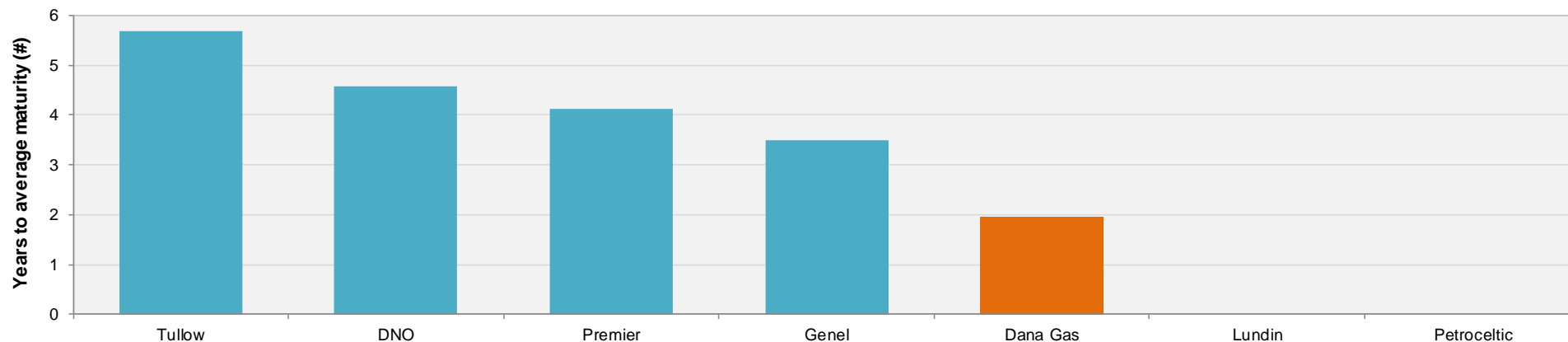


Debt to common equity

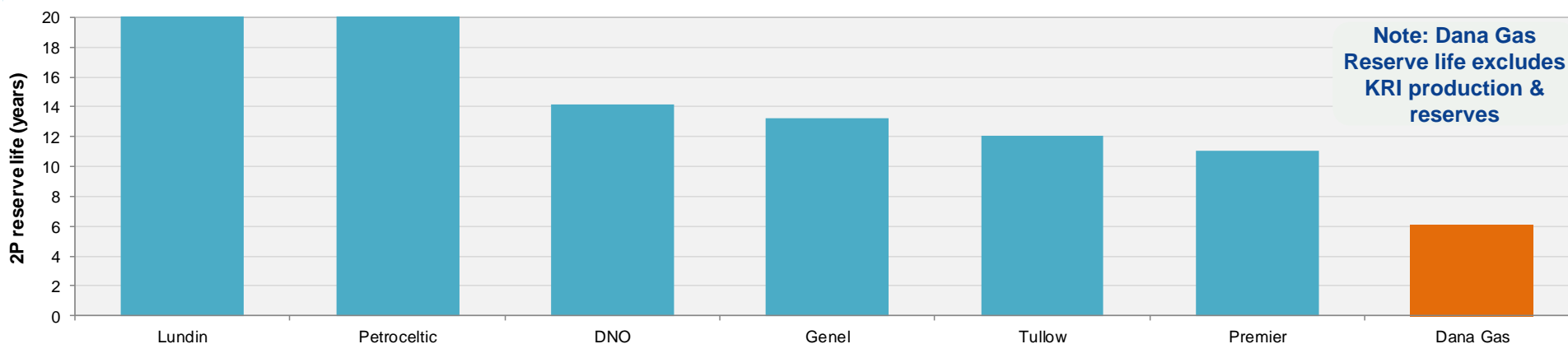


Reserve life c. 2 x average year to maturity of Debt

Years to average maturity



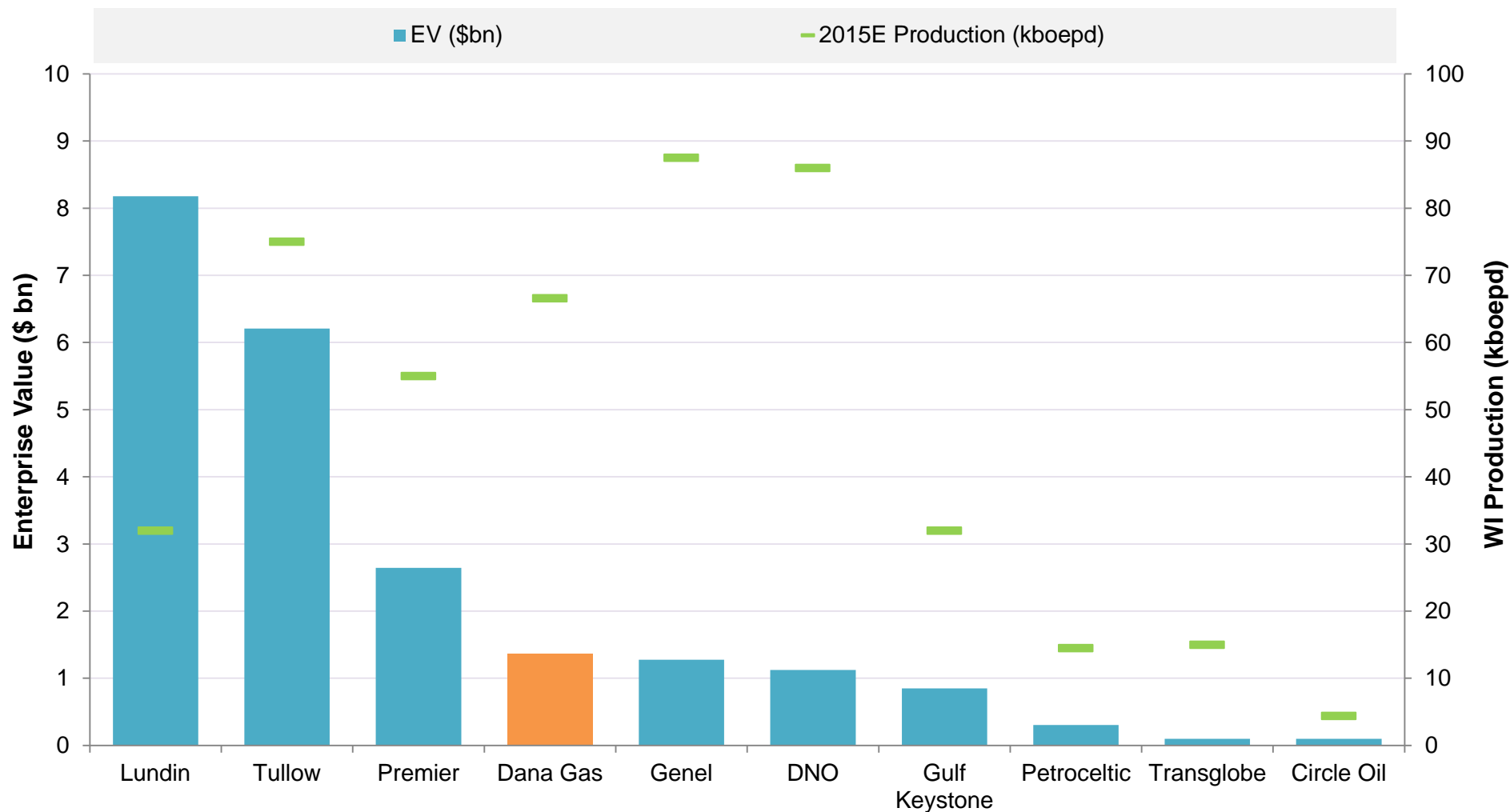
2P reserve life



Dana Gas: Relative Valuations

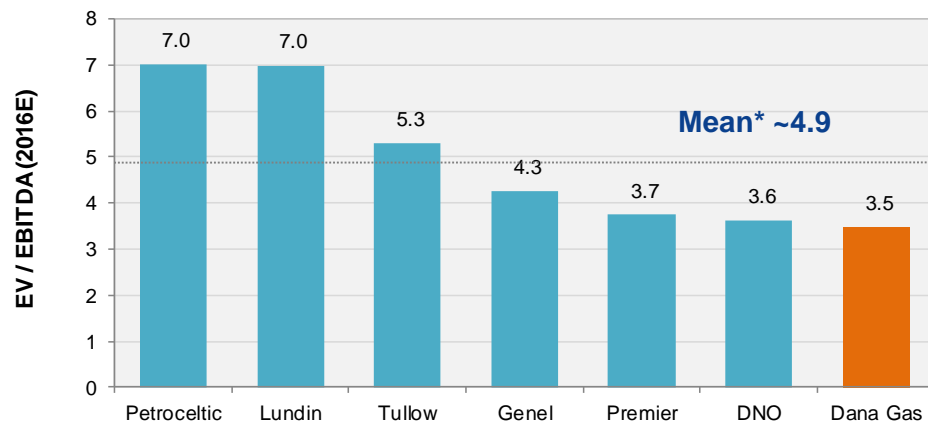
EV and Production valuation relative to peers

Enterprise Value vs. Production (2015E)

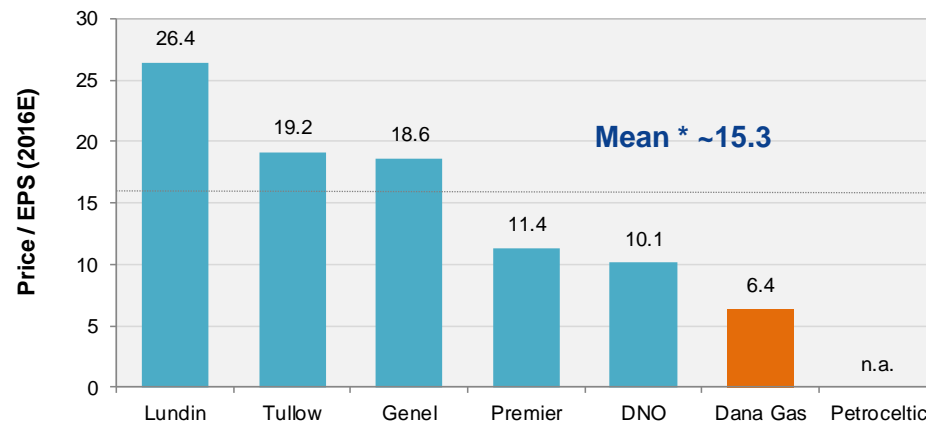


Significantly undervalued relative to peers

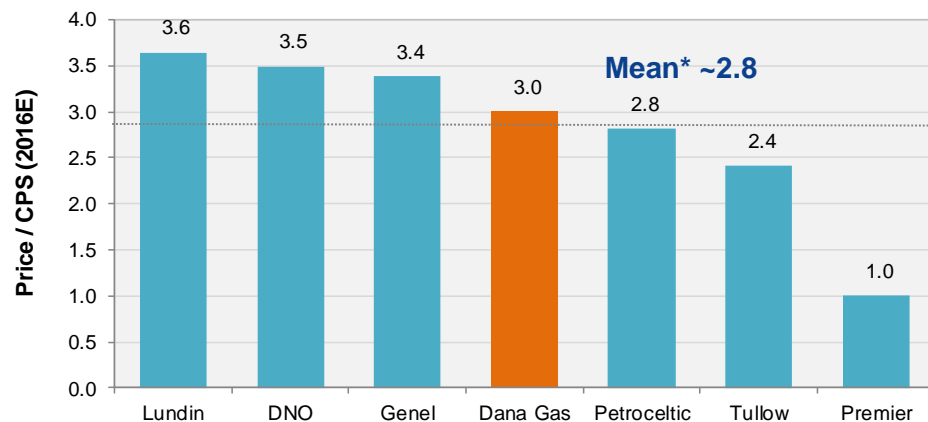
EV / EBITDA (2016E)



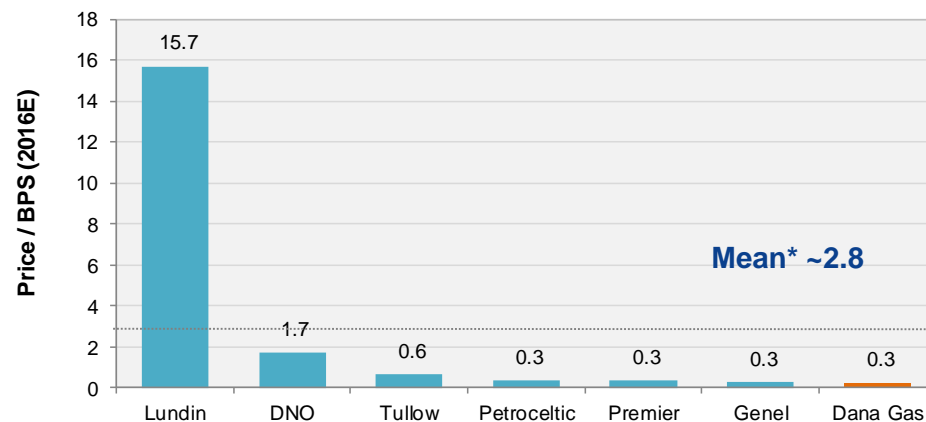
Price / EPS (2016E)



Price / CPS (2016E)

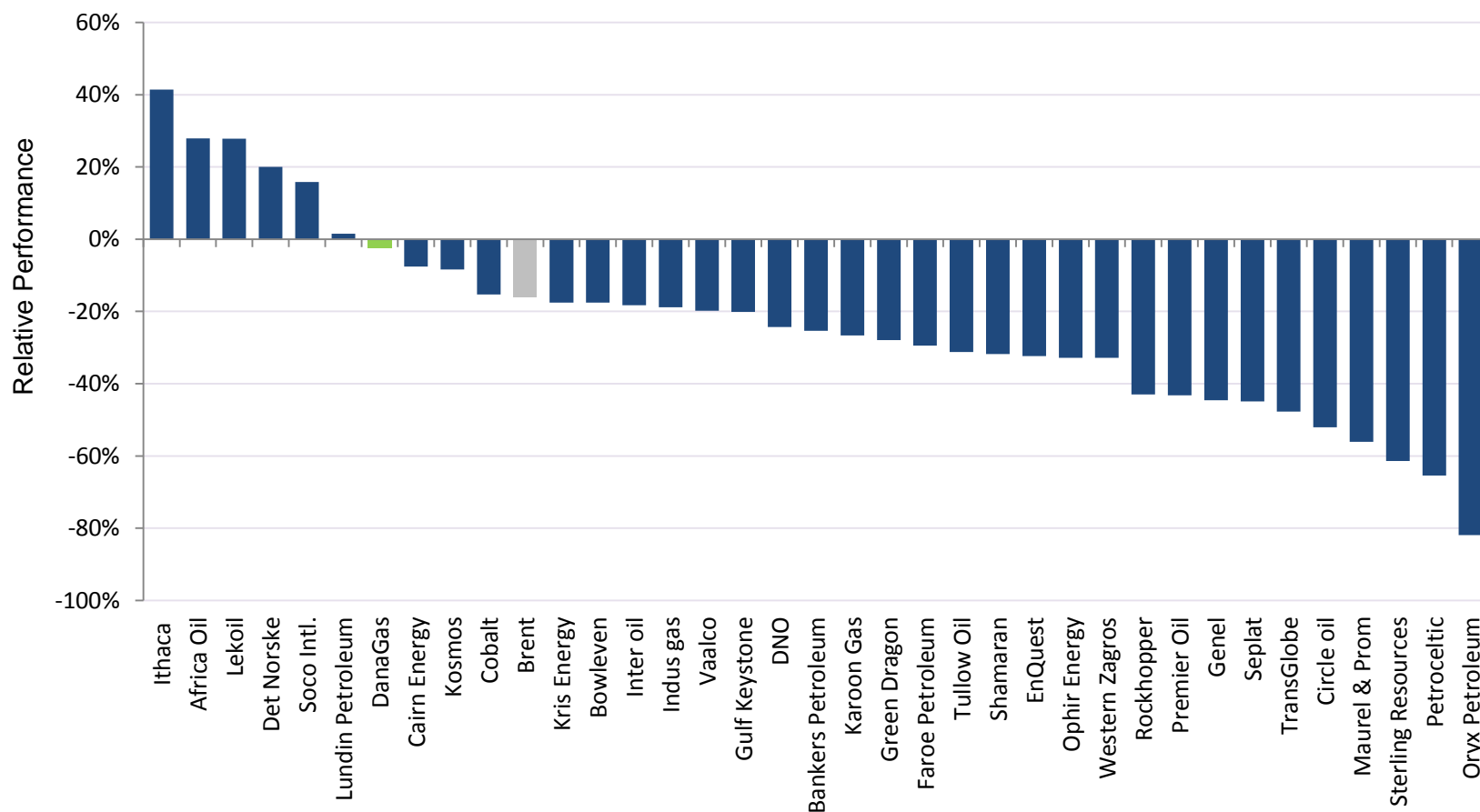


Price / BPS (2016E)



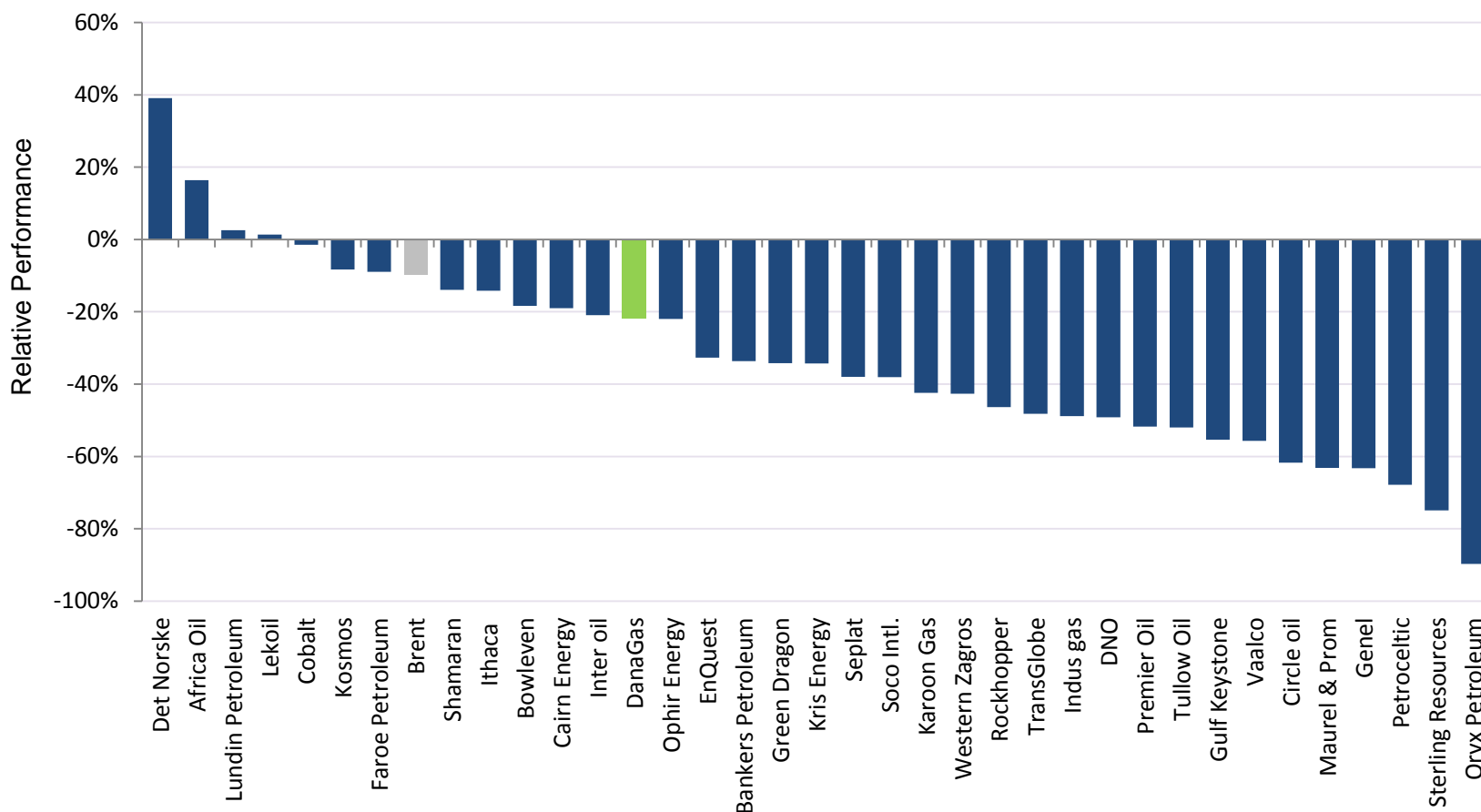
EMEA E&P relative performance since 1st April 2015

Relative market performance since Q2 2015 (1st April)

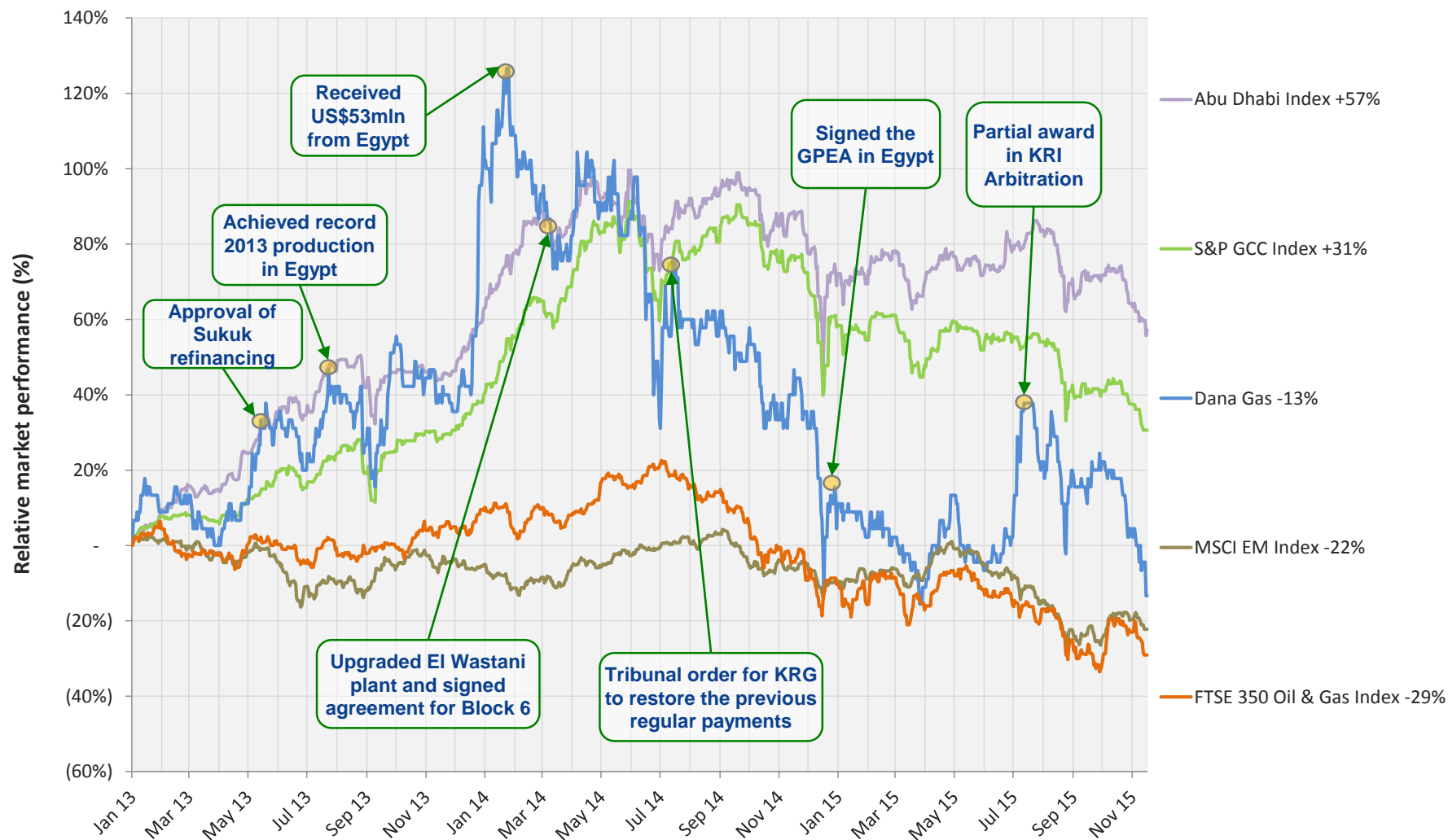


EMEA E&P relative performance since January 2015

Relative market performance since January 2015

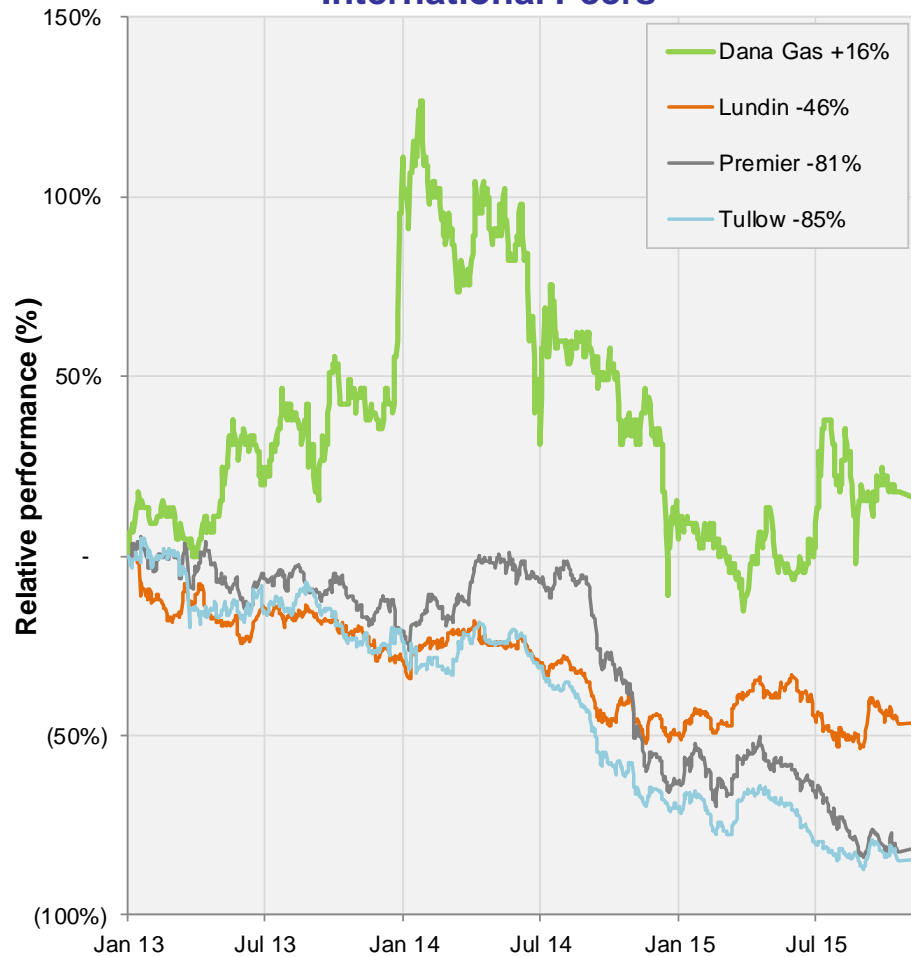


Relative share price performance of Dana Gas

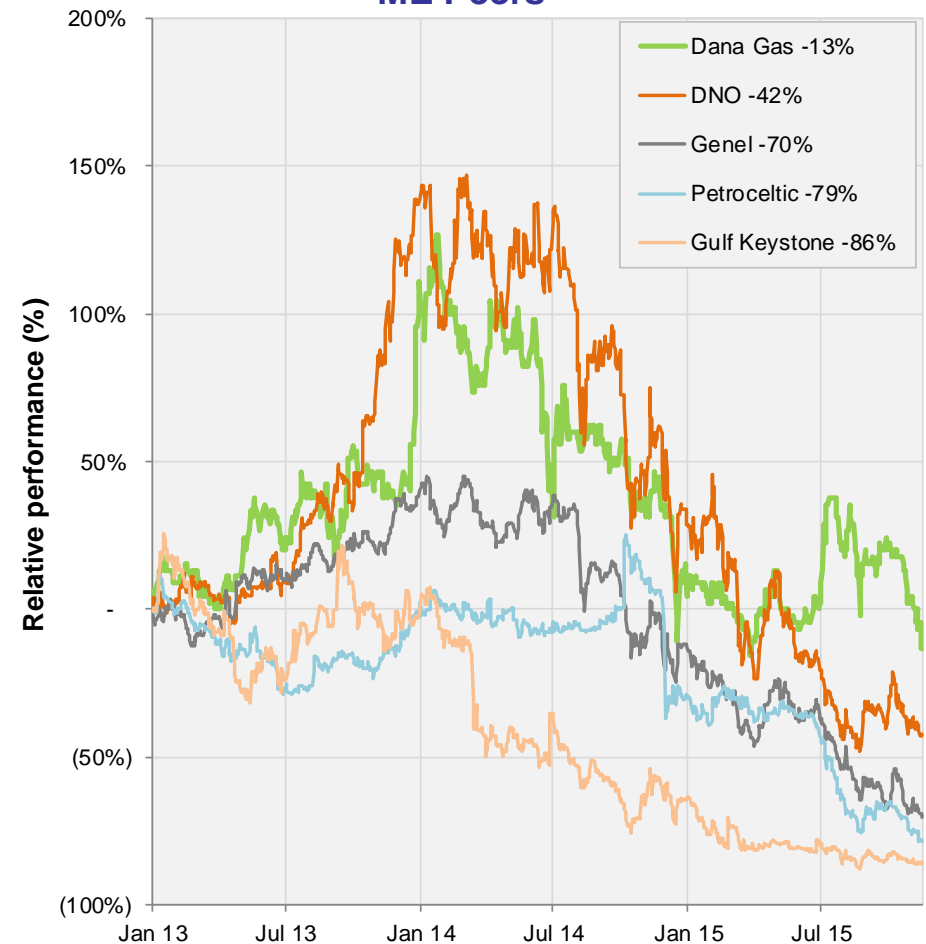


Dana Gas has mostly outperformed International and Middle Eastern (ME) peers since Jan 2013

International Peers

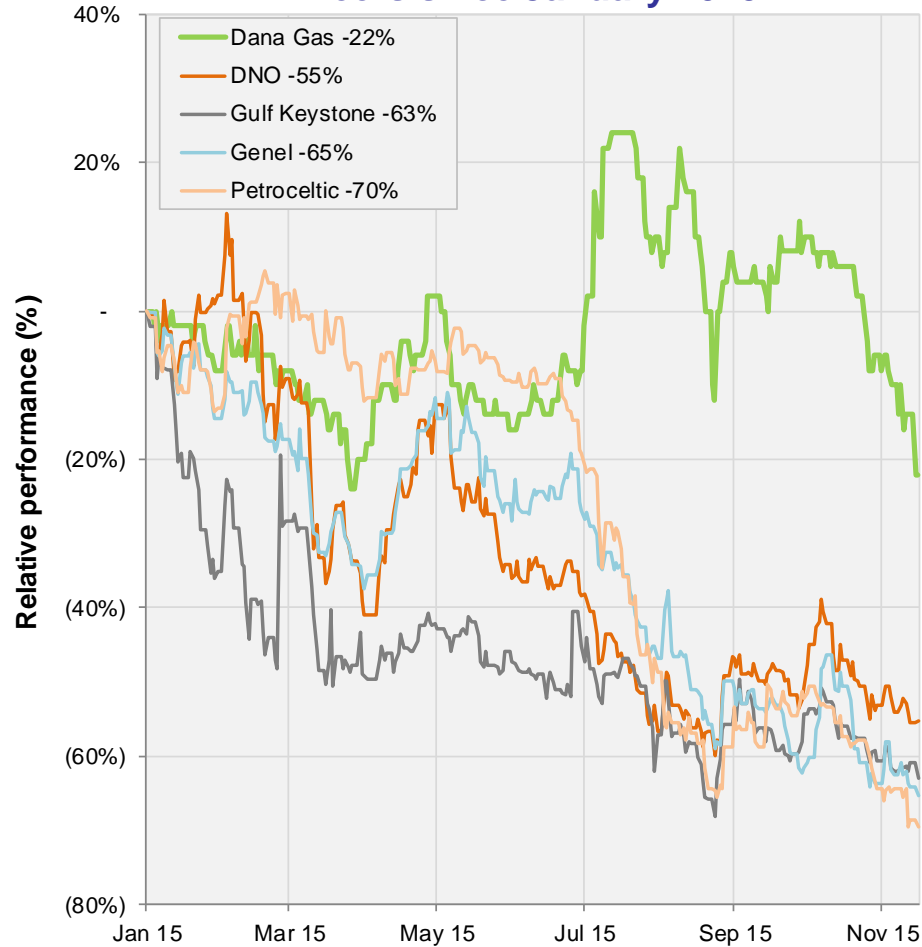


ME Peers

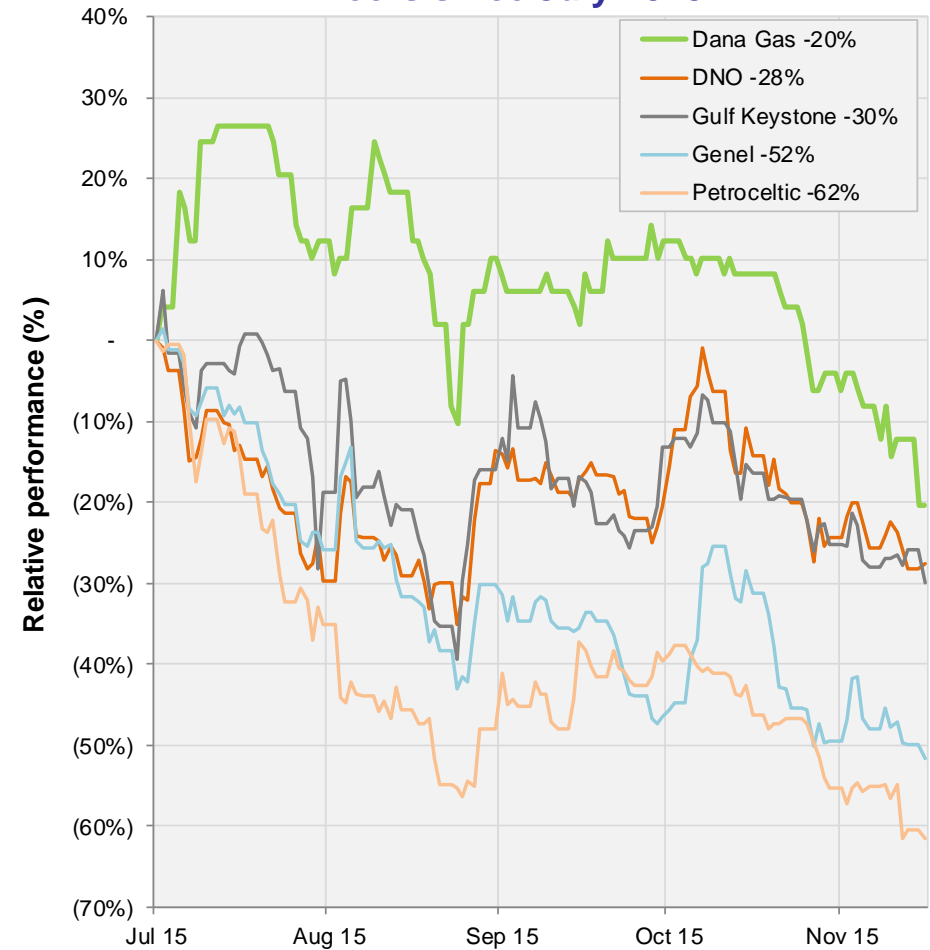


Dana Gas has outperformed its Middle Eastern (ME) peers throughout 2015

ME Peers since January 2015



ME Peers since July 2015



Summary

Summary

- 9M 2015 revenue is US\$324 million, net profit is US\$10 million and average production is 65,100 boepd
- First major gas discovery in Egypt in 2015 in Balsam-3 . In addition to the Balsam-3 discovery we have also proved up additions to our field reserves with the Balsam-2 development well. Both wells were drilled to depths greater than 3,500m. Balsam-2 encountered the longest gas column at 78 meters ever penetrated in our history.
 - Preliminary reserves estimates put additional 2P reserves at 165 bcf, (approx 28 mboe).
- Zora Gas first gas before the end of the year and target production capacity will be approximately 40 MMscf/d or 6,650 boepd, adding 10% to group production
 - Project delay mainly due to difficult drilling operations and slower delivery of gas processing plant
 - Topsides and platform have been mated and hook-up and commissioning work is underway
 - Achieved nearly one million man-hours without a lost time injury on the project to date
- On 21 September 2015, the Claimants made an application to the LCIA for a final monetary award against the KRG for outstanding unpaid invoices for produced condensate and LPG calculated as per the pricing methodology determined by the Tribunal on the 30th June in its Partial Final Award. The Tribunal will inform the parties of its ruling in due course.
- On 30th November a 3 week hearing will commence in the LCIA regarding the amount of damages to be awarded to the Claimants in arbitration case against RWE S&T for breach of confidentiality
- Sharp focus on opex optimization, reduction in capex, cost cutting, work force downsizing, and other cost reduction initiatives.

Reach Us:

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