Corporate Presentation

Clean Energy For the Future

May 2018

دانة غاز
DANAGAS

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Transformational Growth through to 2021

Why invest in Dana Gas:

3-year plan to triple production to 900 MMscf/d in KRI; significant growth ahead

- Settlement Agreement signed in August 2017 with favorable terms clears the way for development of world-class fields
- 10 year Gas Sales Agreement signed with Kurdistan Regional Government to buy additional gas
- $400m earmarked for development; actively looking for third-party financing; 1 billion barrels of 2P reserves
- KRI has one of the lowest cost per barrel of extraction; extremely favourable margins
- Significant material future cash generation

Exposure to high-impact drilling in 2019 in Egypt; improving investment climate

- Completed 4-well drilling and workover program in H1 2018; adding up to 14 MMscf/d to output
- First high-impact offshore well to be drilled early 2019
- Targeting steady levels of production; managing receivables against investment
- $234 million of receivables in Egypt
- Investment climate in Egypt improving considerably; ENI's Zohr Field been a genuine game-changer for the sector

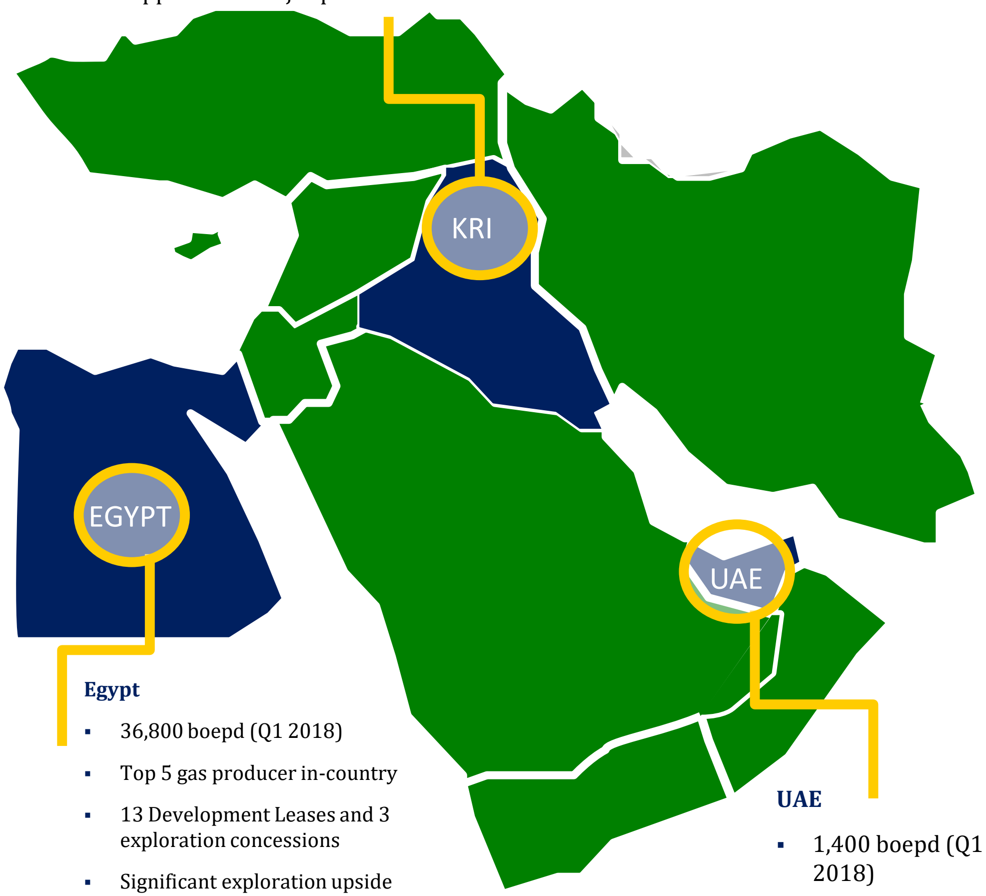
Strong balance sheet and high-growth, cash-generative portfolio

- Reset cost and capital spending during the last 4 years – leaner, fitter and stronger for the company's next growth phase
- Strong balance sheet, strict discipline: $630m in cash, Net debt to EBITDA ratio of 0.3X
- Portfolio focused on high-growth and cash generation in KRI and Egypt
- Sukuk and arbitration overhang due to be finalised in 2018
- Experienced management team, with strong governance and responsibility; unrelenting focus on HSSE and sustainability

Where are we today

Kurdistan Region of Iraq

- 26,300 boepd (Q1 2018)
- Two world class fields – largest gas reserves in KRI
- 10 years of historical production
- Supplies two major power-stations



Egypt

- 36,800 boepd (Q1 2018)
- Top 5 gas producer in-country
- 13 Development Leases and 3 exploration concessions
- Significant exploration upside

UAE

- 1,400 boepd (Q1 2018)
- Zora – offshore gas field project

MENA's largest independently listed, natural gas-focused E&P company

$14m Q1 2018 net profit	**$3.7bn** Total Assets
$636m Cash – 31 Mar 2018	**0.3** Net debt ratio
65,000 Q1 2018 group production (boepd)	**1,131** 2P total MMboe reserves

Sukuk – Deal: why this deal?

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	Theme	Considerations
1	**Provides Holders With Attractive Options**	• The Sukuks currently trade in the mid to high 80's (without any credit for accrued interest) • This depressed pricing is a direct result of the **weak legal position** and **structural deficiencies** of the instruments, despite the Company's **strong credit fundamentals (net leverage < 0.3x)** • For holders wanting to exit their position, the Company is offering **an opportunity never available before** to cash out at a price of **90.5c** (including an early bird incentive fee of 2.5), a premium to current trading levels in the market • The Company is also **the only committed buyer** of Sukuks in **sizable** amounts, in particular given **the thinly traded nature** of the current instruments • The Company has set aside a **significant amount of upfront cash for this transaction ($335m)**. If **any cash remains** from the tender offer, the Company **commits to** using it to purchase New Sukuks from the open market within a 9-month period. Otherwise, remaining funds will be used to **repay all outstanding New Sukuks *pro rata* at par**. The Company reserves the right to use additional funds for further buybacks

2	**A substantially improved position for holders who have a long-term view on the Company**	• Holders who want to stay in the credit are offered the opportunity to do so **on highly attractive terms**
		    • New instrument structured to yield an **above par** NPV at **5.5% discount rate** on a **principal-only** basis, **which represents a c. <u>15%</u> improvement over the status quo**
		    • **Accrued unpaid profit payments paid in full** (at existing rates until 31 October 2017 and at 4% per annum thereafter until exchange offer closes)
		    • **20% upfront payment** on new instrument
		    • Generous **2.5% upfront early bird consent fee**
		• The new instrument also fixes **all** structural and legal deficiencies in the existing Sukuks,
		    • Contemplated structure widely accepted by Shari'ah scholars and practitioners
		    • Contemplated structure makes up a majority of Sukuk issuances
		    • Company has obtained a fatwa from scholars in support of structure

3	**The Company is prepared for a failed deal scenario**	• The Company believes the offer is **fair** and **addresses the objectives of the various holders** • However, if the Company fails to obtain the requisite consents, it may offer to retire existing Sukukholders (who have explicitly indicated their willingness to be cashed out in failed deal scenario) **on a similar term to the contemplated tender offer** • The Company is **comfortable** with its legal position and **is prepared to continue litigating** to assert its rights and protect its assets • This is potentially **the only time** the Company will make an offer on such terms • If the offer is not successful, Sukukholders who elect not to be cashed out face an uncertain timeline and significant downside in litigation

Sukuk – Deal: favourable deal terms

Current Proposal – Simplified Term Sheet

OPTION A	
Purchase price	90.5% (if tender received before Early Participation Deadline) on face value of existing Sukuk allocated to Option A
Cap on election	25.0%
OPTION B	
Upfront Cash Payment	
Debt repayment	20.0% on face value of existing Sukuk allocated to Option B
Accrued profit from 1-May-17 to 31-Oct-17	7.0% / 9.0% (existing profit rate)
Accrued profit from 1-Nov-17 to Closing	4.0% (new profit rate)
Early consent fee	2.5% on face value of existing Sukuk allocated to Option B
New Sukuk Structure	
Prepayment threshold (2 years from 31-Oct-17)	Redemption at par of the New Sukuk in an amount equal to 20.0% on face value of existing Sukuk allocated to Option B
Profit rate (cash)	4.0%
Prepayment threshold penalty	If prepayment threshold not achieved, profit rate to increase by +2.0% to 6.0%
Tenor	3 years from 31-Oct-17
Security	Same as existing except Danagaz WLL
Dividend policy	Cap = 5.5% of the face value of the Company's shares subject to a minimum liquidity requirement of$100m
Structure	Ijara and a Deferred Sale Receivable (as needed)
Repayment Obligations	All free cash proceeds of NIOC settlement and sale of Egypt business to be used for repayment of the Sukuk
ADDITIONAL TERMS	
Excess cash remaining from Option A	Undertaking to use excess cash (from $335m allocated for transaction) for discounted New Sukuk repurchase within 9 months. Otherwise, remaining balance used to repay New Sukuk holders at par
Settlement Costs	Company to pay $7 million towards the costs of the various parties (other than the Company and its shareholders) involved in the litigation, with the balance (capped at $13.945m assuming closing occurs on or before 31 July 2018) cost amount to be deducted, on a pro rata basis, from the cash payable to the Sukukholders pursuant to the Transaction.

Capital Structure Enhancement

Consensual Deal

	Amount	Leverage
$420m New Certificates [1]	420	*1.3x*
Total Debt	**420**	***1.3x***
Cash	**(293)**	
Net Debt	**127**	***0.4x***
FY'17 EBITDA	**334**	

Source: Company, HL Analysis
Note:
(1) Assuming maximum participation in Option A at 25%

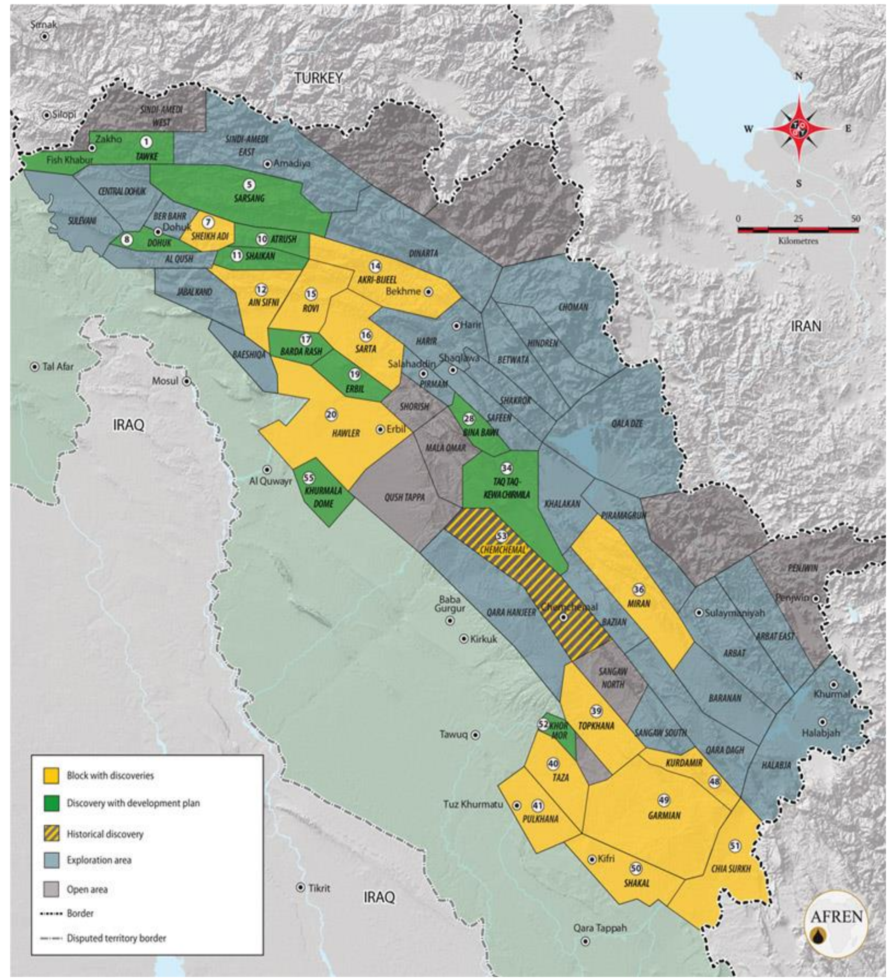
KRI: World Class Asset

Pearl Petroleum Company Ltd

- DG holding 35% (Dec 2015)
- Crescent (35%), OMW, MOL, RWE (10%)
- 2 major fields: 75 Tcf GIIP, 7 bln bbls STOIIP

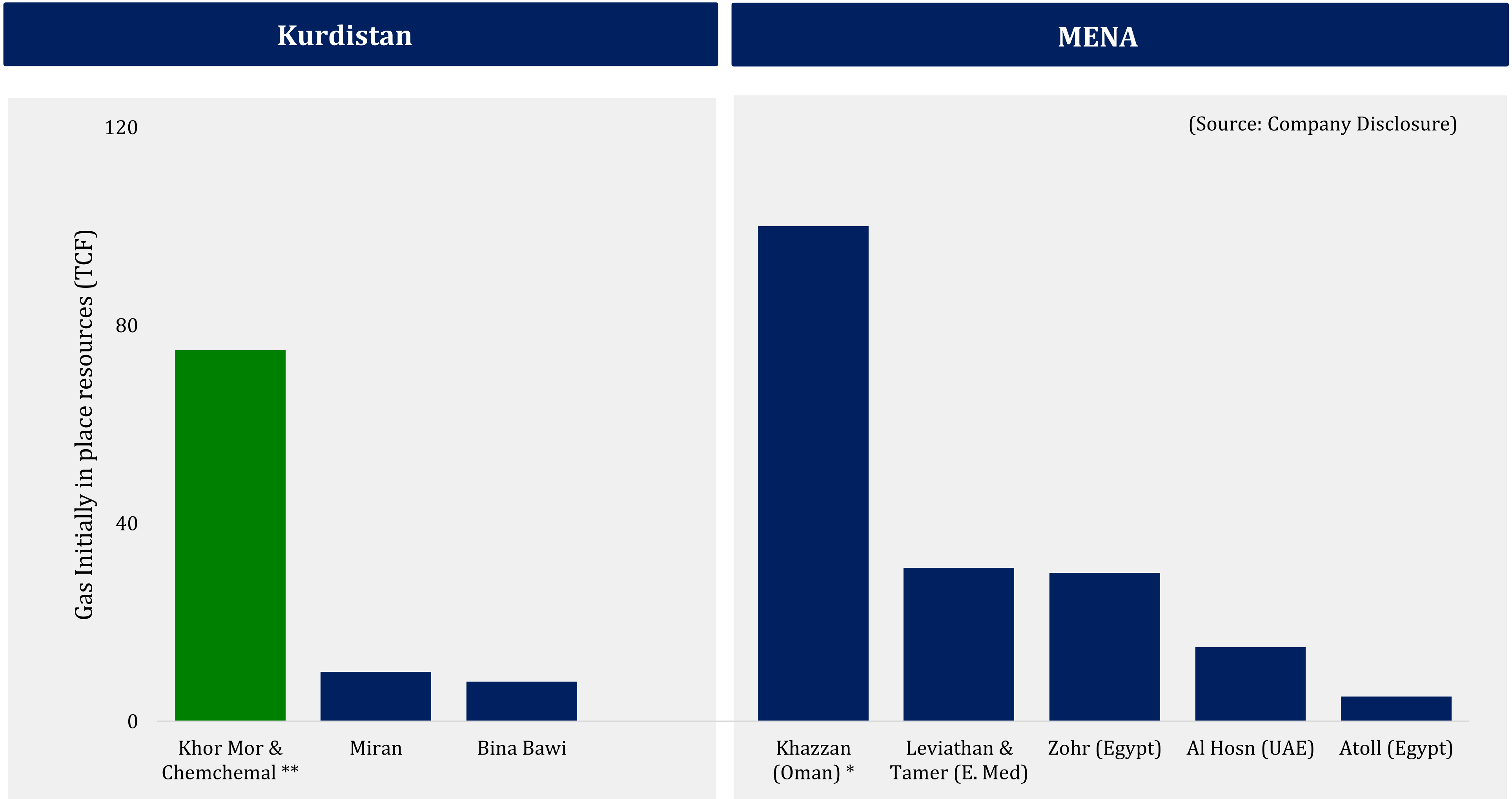
Khor Mor and Chemchemal fields

- DG share of production ~26,300 boepd (Q1 18)
- Largest gas reserves in KRI
- $1.3bn investment to date
- Operations maintained despite security situation
- 10 years of historical production with 225+ BOE produced since inception
- Supplies gas to two major power-stations with a capacity of 1,750 MW
- Annual savings of $3.4 bn annually in fuel costs for the KRG



Two of the largest gas fields in MENA

Large Gas Developments in MENA



***Notes**: Volumes exclude associated liquids and oil upsides; * Recoverable volume expected to be 10-15% of gas initially in place; ** PPCL latest P50 estimate of total gas In place resources is 75 TCF*

Sept 2017: KRG & Pearl Reach Final Settlement

"The Parties have **mutually agreed to fully and finally settle all their differences** amicably by terminating the Arbitration and related court proceedings… **implementing a mechanism for settlement of $2,239 million…**"

Settlement Highlights:

- Pearl Petroleum receive $1 billion from KRG
- US$600 million cash and US$400 million for investment
- Pearl to increase gas and condensate production at Khor Mor by 500 MMscf and 20 mbbl per day respectively - a 170% increase over current production levels – c. 3 years
- Balance of sums, $1,239 million, to be reclassified as outstanding cost recoverable by Pearl from future revenues generated
- Profit share allocated to Pearl from future revenues adjusted upwards from 10% to 22%.
- **KRG to purchase 50%** of the additional gas on agreed terms to boost gas supply for power plants in the KRI
- Awarded adjacent blocks 19 and 20 to Khor Mor concession and extension of the term of the contact until 2049

Settlement – in numbers	
Total	$2.239 billion
Cash	$600 million
Investment fund	$400 million
Outstanding cost recoverable	$1.239 billion
Production increase	2018: 20%
	2021: 170%

KRI: Initiated expansion plans

- **Targeted production increase by 20% in 2018 and 170% within two to three years**

- **2018 Development Plans**
  - Approval of a detailed Field Development Plan (FDP) for Khor Mor field by Pearl Petroleum Board; with MNR for approval
  - $70m capex contribution; all requirements to be satisfied from $400m development fund, operating cash flow or third party financing
  - Capex requirements for 2018 include plant debottlenecking, appraisal and development drilling and well workovers
    - Fast-track debottlenecking by 50 to 80 MMscf/d (20% production increase)
    - Financing for debottlenecking of $25.9m secured

- **Pearl Petroleum signs 10-year Gas Sales Agreement with KRG to supply and sell additional quantities of gas from debottlenecking project.**

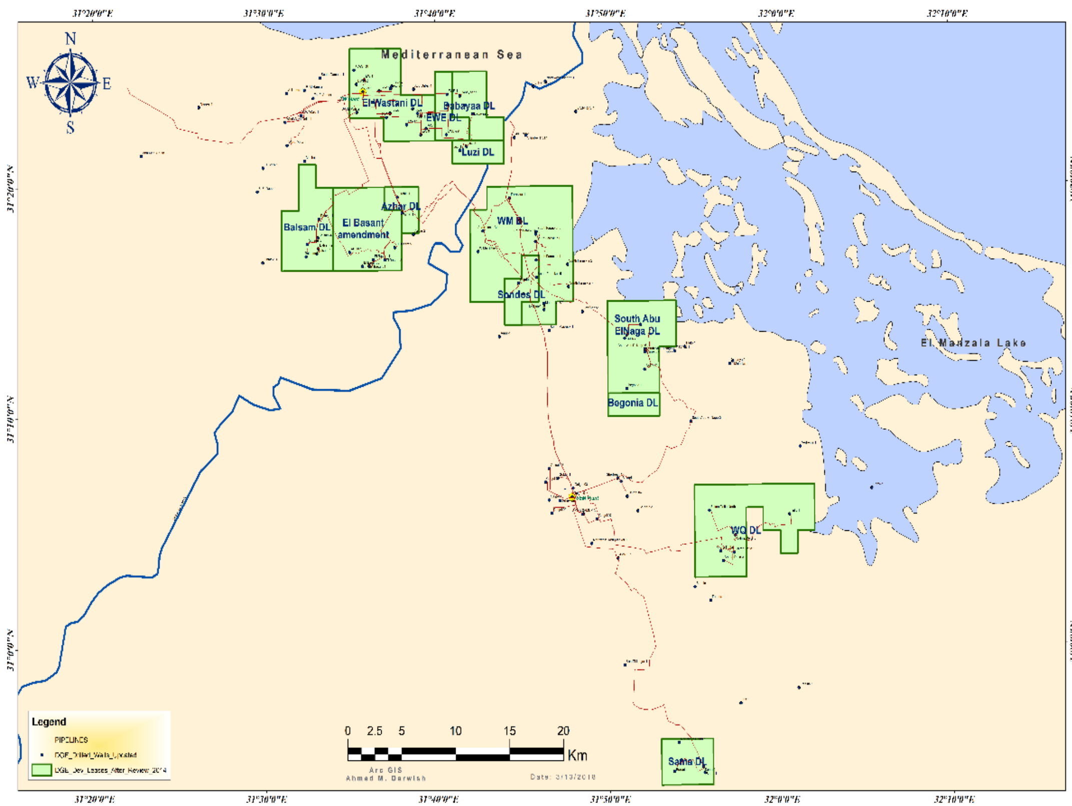
- **Building 2x 250MMscf/d trains sequentially to expand gas production by 500 MMscf/d in Khor Mor – start in 2020**

Egypt: Identifying Upside

- First entered Egypt in 2007
- Nile Delta acreage – 13 leases; 100% ownership; 2 processing plants
- Onshore and offshore blocks
- Production 40,000 boepd (Q1 18)
- Reserves stand at 117 mmboe (2P)

Aug 2014 – *Gas Production Enhancement Agreement* with government to add production and pay down historical receivables

- 5 condensate shipments sold since Jan 2017 – total sales of $46m.



Egypt: Growth potential

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North El Salhiya (Block 1 – 100% WI)

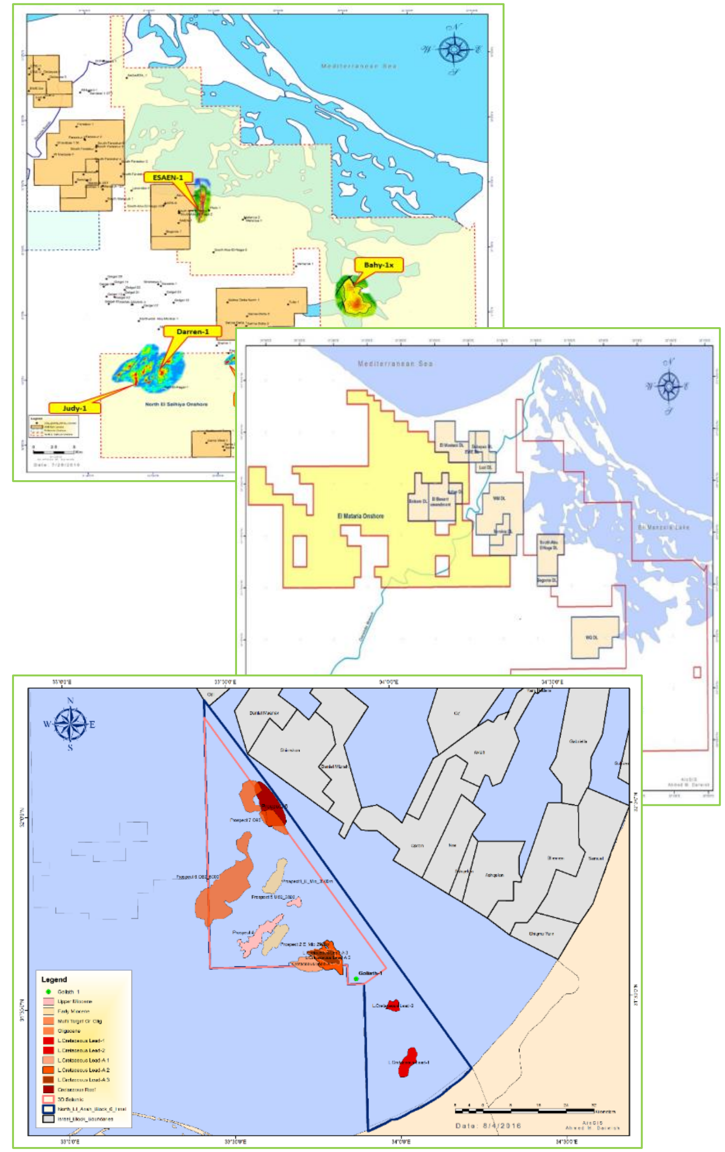
- ESAEN test results indicate commercial viability, potential production 5 MMscf/d;
- South Faraskur workover added 4 MMscf/d;
- SAEN-9 tested successfully and will add up to 5 MMscf/d.

El Matarya (Block 3 - 50% WI / BP operated)

- Dana Gas exercised option to continue participating in next concession exploration phase, alongside BP

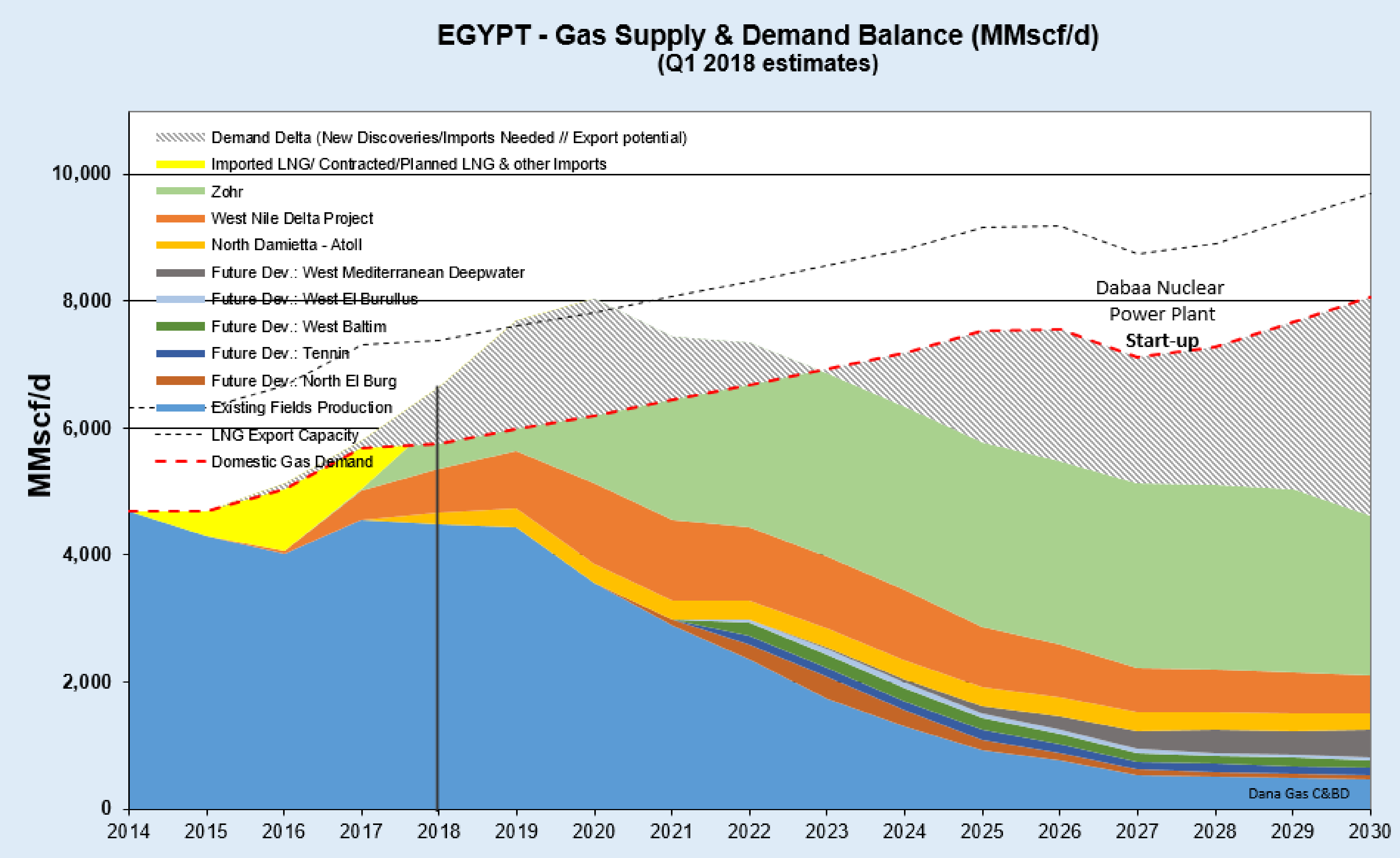
North El Arish (Block 6 - 100% WI)

- Preparing to drill first offshore well in early 2019
- Two drill ready prospects are ready; detailed planning for the spud continues



Egypt: Gas Market Fundamentals are Intact

Separate coloring of major contributors to existing and future gas supplies

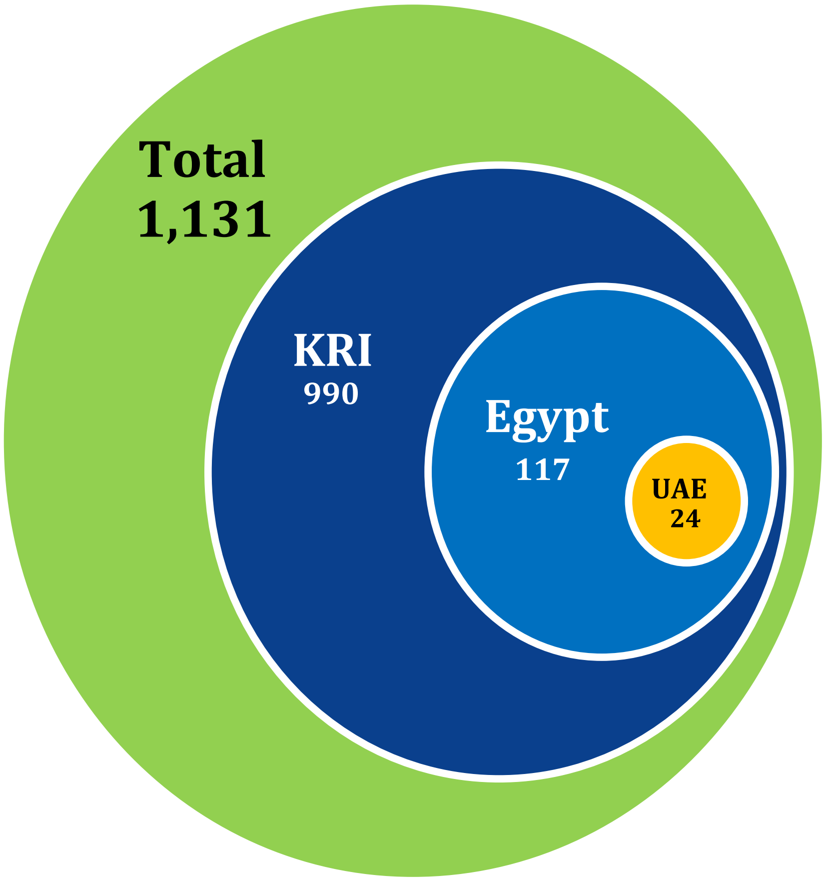


UAE: Zora Gas Field

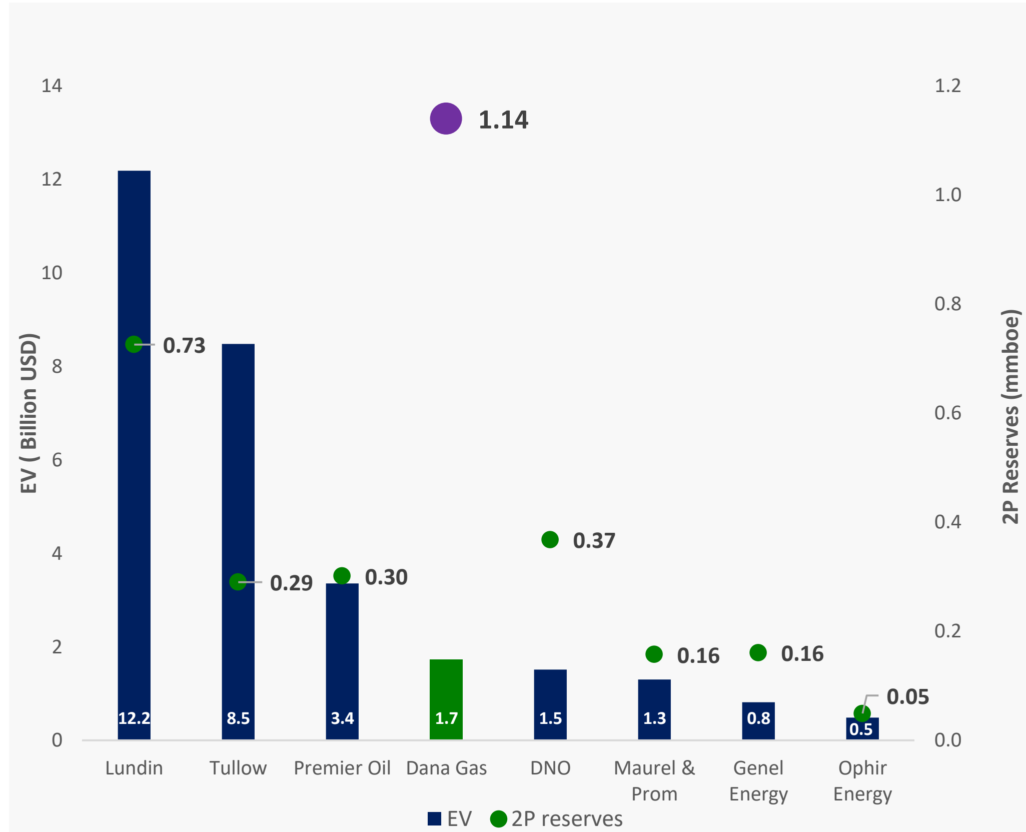
- Producing gas since February 2016
- Production rate of 1,400 (Q1 18)
- Detailed modelling of future performance conclude not all reservoir is productive with today's technology
- Re-classify a portion of 2P reserve to contingent resource – result in an impairment charge of $34 million in 2017, based on year-end reserves report
- Any final decision on future expenditure to assess the economic viability of the project will be subject to the outcome of negotiations on sales gas price, which are currently ongoing.

Reserves

2P Reserves (MMboe)



Reserves Comparison



Highlights – Q1 2018

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Operations

- Group production avg 65,000 boepd – down 7%
- Decrease primarily result of natural field declines in Egypt and drop in UAE production output
- KRI expansion plans are progressing well – FDP and capex programme approved by Pearl Petroleum Board
- Plans underway to increase total production by 20% in 2018 and 170% by 2021
- Secured project financing on debottlenecking for $26m
- Signed a ten-year Gas Sales Agreement with the KRG
- Egypt four well activity programme nearing completion

Financials

- $14m in net profit – up 27%; higher realized prices and reversal of accruals made by Pearl Petroleum
- $120m in revenue – up 2%
- $45m in gross profit – up 18%

Liquidity

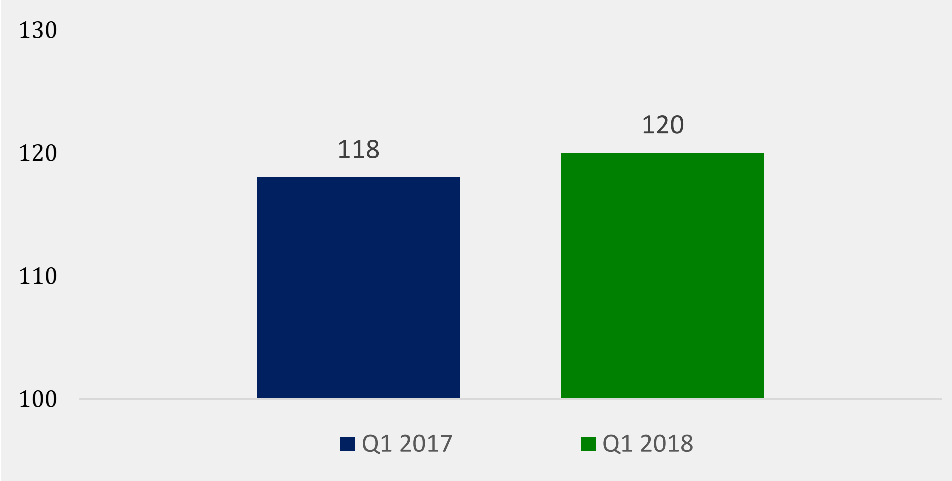
- Continue to manage costs, especially in Egypt
- Egypt collection at 84% - trade receivables increased to $234m
- Group capex remains at a minimal - $8m spent in Q1
- In the KRI, no requirement on DG to provide capex funds – already ring-fenced and accounted for
- Cash balance at $636m – highest in 10+ years
- Cash flow positive in Q1 2018

Arbitration

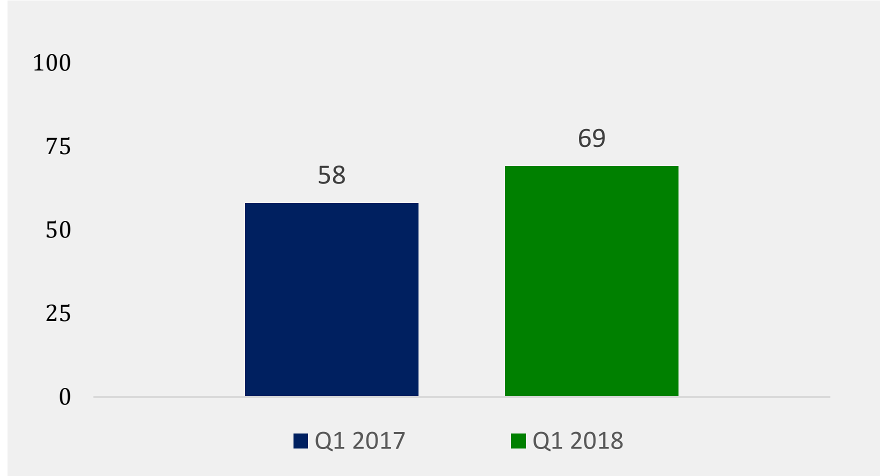
- MOL arbitration remains scheduled for Nov 2018
- NIOC outcome expected to be delivered H2 2018

Financial Highlights

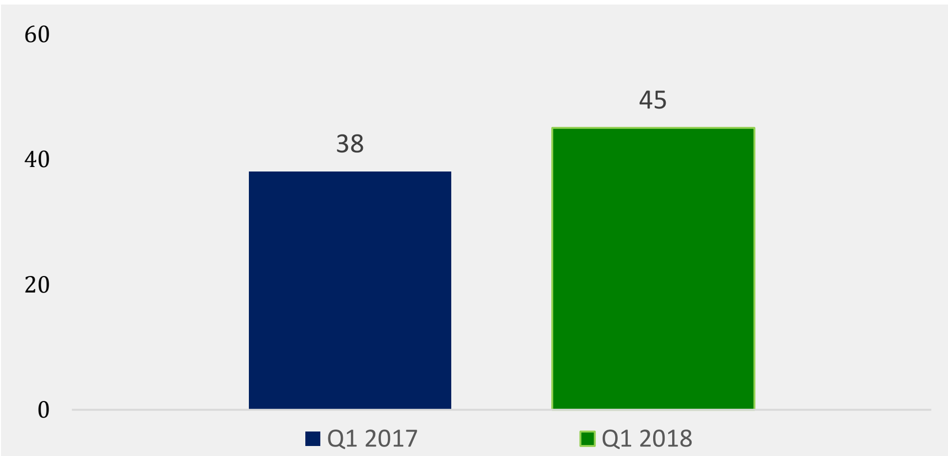
Gross Revenue (million USD)



EBITDA (million USD)



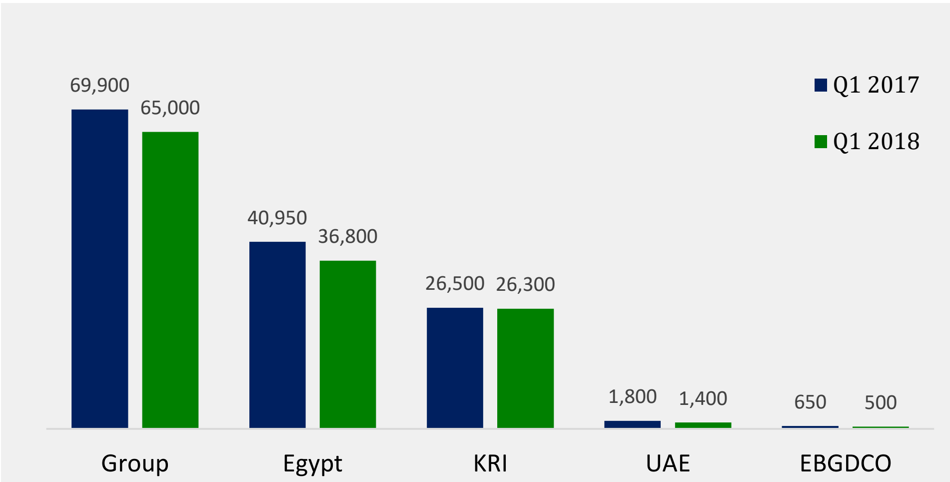
Gross Profit (million USD)



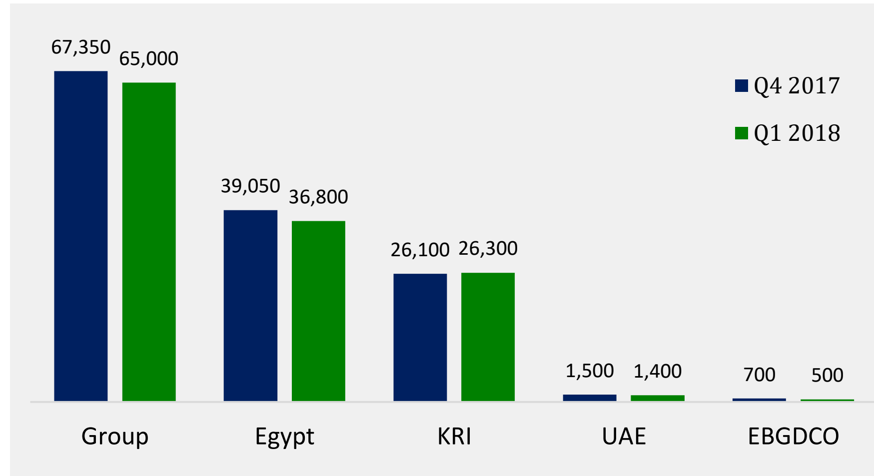
Net Profit (million USD)

Production (boepd) & Realized Prices (USD/boe)

Average production Q1 2018 Vs Q1 2017



Average production Q1 2018 Vs Q4 2017

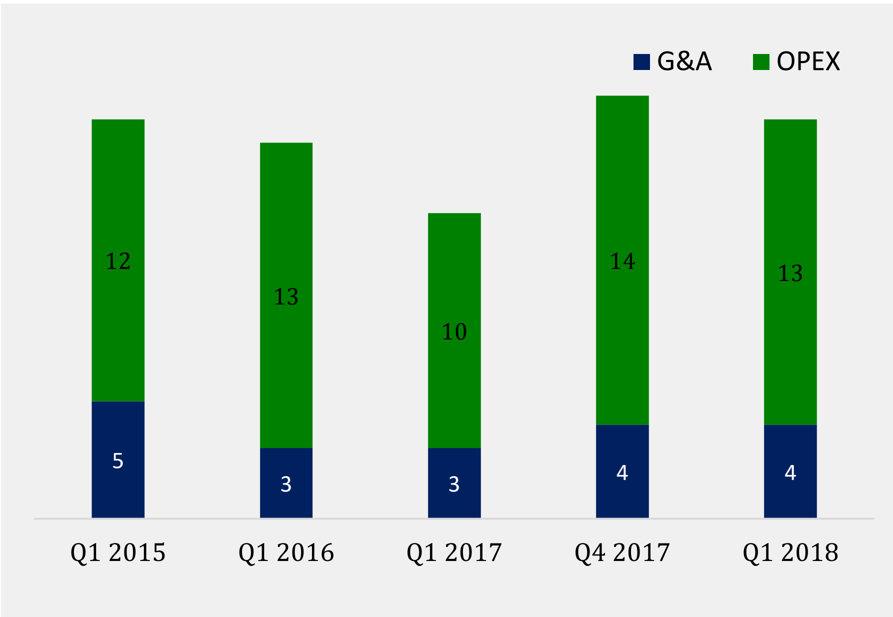


Average Realized Price-Condensate (USD/bbl)

Average Realized Price-LPG (USD/boe)

CAPEX & OPEX

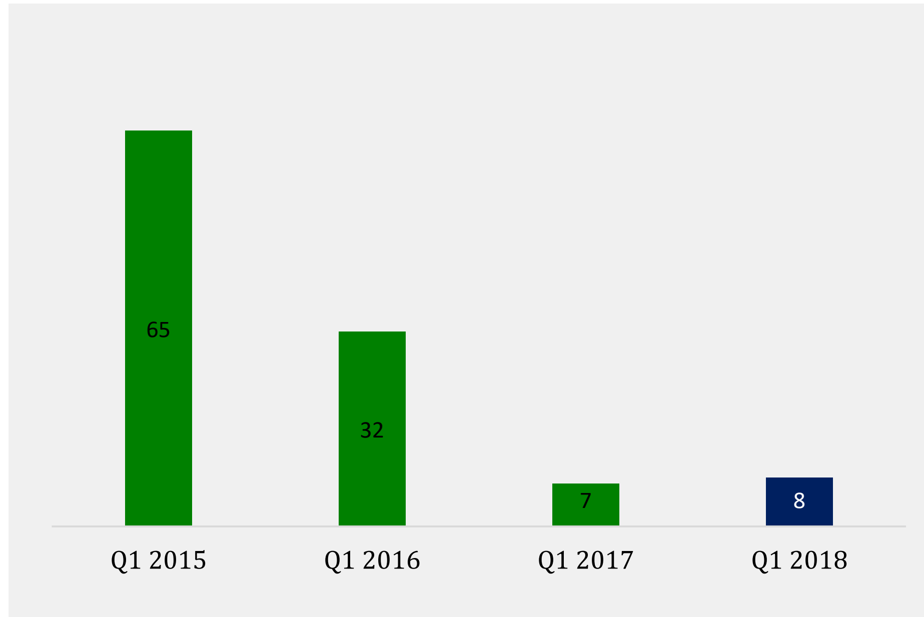
G&A / OPEX (million USD)



G&A / OPEX

- Company continues to optimise costs
- OPEX slightly higher due to higher G&A allocation to OPEX as compared to Q1 2017
- Lower Opex compared to Q4 2017

CAPEX (million USD)



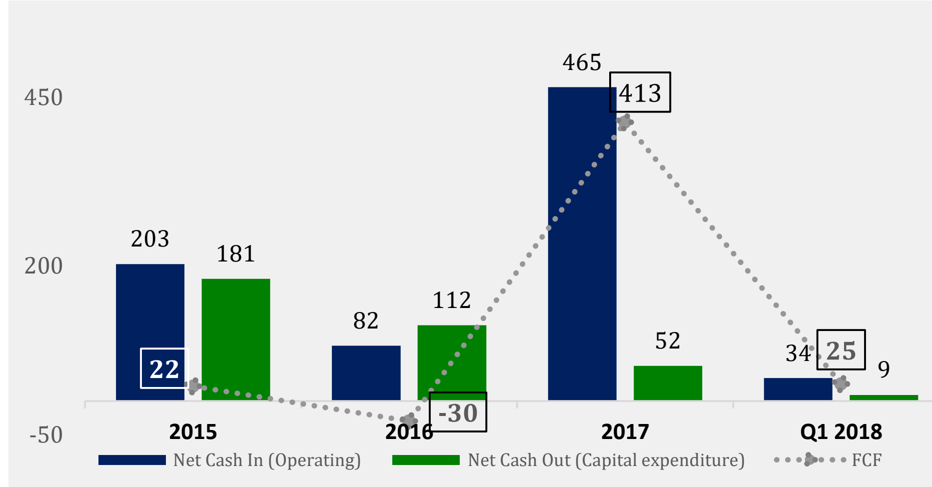
CAPEX

- All non-critical capex deferred in Egypt
- Matching expenditure with collections in Egypt
- No direct funding requirements in KRI in 2018
- No capex in UAE until negotiations on sales gas price has been concluded.

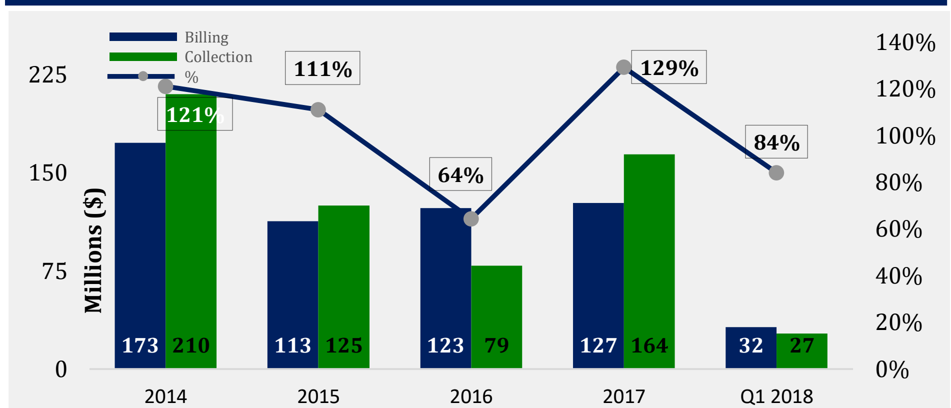
Cash Flow, Liquidity & Receivables

- $636 million cash – highest in ten years
- Positive FCF - $25m
- Financial position has significantly improved over the last twelve months – however Dana Gas remains prudent in managing and spending money.
- Carry-on facing challenges and issues such as regular payments from Egypt.
- Egypt Q1 2018 collection at $27m or 84% collection rate
- Egypt trade receivables increased to $234m as of 31 Mar 2018
- KRI realized 62% of billed revenue; subsequently collected all amount outstanding as of March end.

Free Cash Flow (million USD)



Egypt Receivables (million USD)



Total Trade Receivable

$233m	$221m	$265m	$228	$234

Note: % calculated as collection divided by net revenue

Arbitration Update

MOL (Pearl Petroleum shareholder)

- MOL expressing dissatisfaction with outcome – wanted to renegotiate terms with Pearl (namely certain contingent payments)
- Initiated proceedings in The London Court of International Arbitration
- Hearing set for November 2018

UAE Gas Project (NIOC)

- Oral hearings took place in October 2017 to clarify certain legal matters
- Damages award expected in H2 2018

Key Focus / Strategy: 2018

1.

Delivering full asset value through continued operational efficiencies and focus on costs

2.

Development of world-class assets in Kurdistan to more than double production of gas and condensate

3.

Improving collections and reducing receivables

4.

Cash conservation – balancing capex with cash from receivables

5.

Realising material growth potential through high impact drilling programme

6.

Progress arbitrations / litigations whilst remaining open to negotiation

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Group Production

	Group		Egypt		KRG*		UAE		EBEDCO	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Gas (MMSCF/D)	299	301	177	187	307	299	15	9	-	-
Condensate (BBLs/D)	10,899	11,326	5,306	6,018	13,269	12,885	199	98	750	700
LPG (MT/D)	534	516	245	196	826	914	-	-	-	-
Net Production (boed)	**67,050**	**67,600**	**37,600**	**39,500**	**26,000**	**25,750**	**2,700**	**1,650**	**750**	**700**

* Gross production figures except for net production (Dana Gas presents 35% of Pearl production)