



Dana Gas Q3 profits up at \$13 million

Group Production up by 14%, approaching 70,000 boepd goal

Sharjah, UAE; 9 November 2016: Dana Gas PJSC ("Company"), the Middle East's largest regional independent natural gas company today announced its financial results for the period ended 30 September 2016.

Highlights

- 9M and Q3 revenue at \$280 million and \$102 million
- 9M and Q3 net profit \$26 million and \$13 million
- Strong quarterly group production growth of 14% to 69,400 boepd
- Cash reserves of \$322 million
- Mocha-1 well in Egypt progressing with results expected early 2017

Dr Patrick Allman-Ward, CEO, Dana Gas, said:

"During the quarter we continued to make progress on our group production output goals, reaching 69,400 boepd. This highlights the success of our focus on organic growth and disciplined capital expenditure during the last 18 months. Despite our collections decreasing due to disappointing payment delays from Egypt, we have managed to offset these through better than anticipated collections in Iraq's Kurdistan Region. Nevertheless, we remain mindful of our long-term cash requirements, and we will have to review our operational and capital expenditure in Egypt for 2017 if the situation does not improve."

Financial Results

The Company reported nine months and third quarter revenues of \$280 million and \$102 million as compared to revenues of \$324 million and \$93 million in the same period 2015. Lower oil prices over the first nine months of 2016 led to a decline in revenues. Combined average realised liquids price during the third quarter was \$32 per barrel of oil equivalent (boe) as compared to \$41 per boe in the third quarter 2015. However, the third quarter's incremental production in Egypt and new production from Zora Gas Field pushed revenue higher on a quarter-on-quarter comparable basis.

The Company booked a third quarter and nine months net profit of \$13 million and \$26 million as compared to a net loss of \$9 million and a gain of \$10 million in the corresponding periods in 2015. Profits rose due to a combination of accrued interest

due on overdue receivables from the KRG and additional reductions in operating expenditure and G&A.

Collections and Cash Balance

Total collections for the third quarter and nine months period were \$48 million and \$147 million respectively.

Egypt's collections for the nine months were \$69 million, representing 77% of total revenues over the period. Egypt's receivable balance end Q3 increased to \$242 million (Q2 2016: \$230m).

In Kurdistan Region of Iraq (KRI) collections stood at \$64 million, representing 121% of the total revenues for the period. The Company's share of the KRI's receivables balance was down to \$722 million as of 30 September 2016 (Q2 2016: \$726m).

At period end the Company's cash and bank balance stood at \$322 million (31 December 2015: \$470m). Whilst the Company continues to balance its inflows with outflows, the decline in cash balance was mainly due to final capital payments for the Zora Gas Project, repurchase of \$50 million of Ordinary Sukuk and quarterly Sukuk profit payments.

Operations

Group production for Q3 2016 was 69,400 barrels of oil equivalent per day (boepd), a 14% increase from 60,800 boepd in Q3 2015. The main contributing factor was Egypt, which increased its production by 24% on a year-on-year basis to 40,000 boepd (reaching maximum plant capacity). The high potential Block 3 Mocha-1 well in Egypt operated by BP is due to reach its final target depth early 2017.

In the KRI production remains steady at 26,100 boepd (Q3 2015: 28,000 boepd).

In the UAE, production in the Zora Gas Field has continued to decline in the third quarter with production of 2,560 boepd as compared to 3,250 boepd in Q2 2016. The well workover planned to take place in October has been deferred as the Company undertakes further analysis to determine what additional work may be required to improve the flow rates.

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About Dana Gas

Dana Gas is the Middle East's first and largest regional private sector natural gas Company established in December 2005 with a public listing on the Abu Dhabi Securities Exchange (ADX). It has exploration and production assets in Egypt, Kurdistan Region of Iraq (KRI) and UAE, with an average output of 66,650 boepd in H1 2016. With sizeable assets in Egypt, KRI and the UAE, and further plans for expansion, Dana Gas is playing an important role in the rapidly growing natural gas sector of the Middle East, North Africa and South Asia (MENASA) region. Visit: www.danagas.com

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