

Dana Gas PJSC

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OPERATOR: Hello and welcome to today's Dana Gas 4th quarter results conference call. During this call all participants will be in listen-only mode and after the presentation will be an opportunity for questions. I'll now hand you over to today's first speaker Joe Kaye out of investor relations for Dana Gas. Joe, please begin.

JOE KAYE: Hello. Welcome to Dana Gas's 2010 preliminary financial results presentation. Today's presentation will be by our chief executive officer Ahmed Al Arbeed, our technical director Donald Dorn-Lopez and Azfar Aboobakar, group financial controller. Our presentations today are on a slide pack which we've got on our website on www.danagas.ae and all our speakers will be referring to that slide pack. Before I start I need to draw your attention to our cautionary statement which is slide 2 in our presentation. The presentation will contain references to projects, estimates, plans and expectations that are forward-looking statements. The actual results, performance or achievements of the company could materially differ from those projected. Thank you, and now over to our chief executive officer Ahmed Al Arbeed.

AHMED AL ARBEED: Good morning, good afternoon and good evening, wherever you are in the world. This is Ahmed Al Arbeed, the CEO of Dana Gas. Ladies and gentlemen, I welcome you to our fourth results conference call. I like to take you through the slides. Please move to slide 3. This slide shows our presenters today. After my speech Donald Dorn-Lopez is our technical director and will review our operations in Egypt and Iraq, and Azfar Aboobakar is our group financial controller who will present the financial results. One slide 4, our presentation pack, shows our agenda for this meeting. I will commence by giving you the highlights of 2010 with a forecast on the most recent events. Uppermost in our minds at the moment is the situation in Egypt. We are

monitoring this situation very closely and most important to us is the safety and welfare of our people. Everything is being done to ensure that our national and expatriot employees are safe and that their concerns are being dealt with. We have a crisis management centre set up in our office in Cairo which is in constant communication with our headquarters here in Sharjah. At an operation level the safety of assets and people is paramount and our operations are still producing. I thank our staff in Egypt for their dedication to their jobs.

Let me now move on our highlights of the past year which are shown on slide 5. We have delivered a net profit of US\$43 million this year; an 80% increase on our profit for 2009. During 2010 we have delivered consistent performance with virtually no exceptional items which reflects our underlying operational strength. Our production is up 31% during 2010 compared to 2009. We indicated a target of 20% for the year and I am, therefore, pleased to report this 31% increase which reflects our progress in Egypt and the Kurdistan region of Iraq. Donald will brief you further on this.

In Egypt we continue to enjoy exploration success with 7 discoveries from 11 wells and we also brought 5 of our discoveries on stream during the year. Donald will share our plans for our continued exploration programmes in 2011. In the Kurdistan region of Iraq we have completed construction of our LPG plant and a few days ago commenced LPG deliveries. Our outstanding achievables for sales in the Kurdistan region of Iraq remain unpaid and negotiations with the KRG continue. The recent announcement by the central government does give us comfort that we will achieve a positive outcome to this and we note that there are many other international operators looking forward to the resumption of exports.

The status of our UAE gas project remains unchanged. The arbitration process between the Crescent Petroleum and NIOC continues and we can make no further comment during this process.

In our last conference call we said that we were attending to the matter of our Sukuk. I wish to assure you that this is a particular focus area for us in 2011. We are in the process of having an advisor in place for a liability management programme to examine the most effective way of dealing with our Sukuk. Whilst we will examine all the various options for a successful handling of Sukuk we are not in a position to share any details with you until we have selected the preferred way forward.

That concludes my opening remarks to you. Your company is in robust operational and financial shape and I look forward to delivering continued progress on both fronts. The remainder of this presentation will go into further details of both these areas. Thank you for listening. We will be happy to take questions at the end of our presentation. I will now hand over to Donald.

DONALD DORN-LOPEZ: Thank you, Ahmed. This is Donald Dorn-Lopez, Technical Director for Dana Gas. I will now review with you our operations in Egypt and the Kurdistan region of Iraq before giving details of our production during 2010 and some guidance for 2011.

Turning now to slide 6 in our presentation pack we show a map of our acreage in Egypt along with a summary of our achievements during 2010. There are a number of things I would like to highlight on this map. The first is a large area coloured orange in the central portion which is the bit that is converted to development leases plus the two areas in blue where we await approval. These large development leases, which remain valid for 20 years, are a result of the exploration success we have had on this acreage. They are particularly valuable as we also retain exploration rights in the development lease areas where many of our existing leads and prospects are mapped.

During 2010 we had seven new field discoveries. The map shows in red all the fields. We have now had four consecutive years of active successful exploration

and our programme continues as I will highlight shortly. We brought five new fields into production this year: Orchid, Sama, Faraskur, South Faraskur and Sharabas, all of which contributed to a 22% production increase in Egypt in 2010. One of these, South Faraskur field, was discovered and brought into production all within 2010 demonstrating the speed at which new discoveries in the area can be developed where we have infrastructure already in place.

These achievements lead me to the next slide, number 7. This shows our reserves as they have evolved in Egypt over the last four years in which we had continuous growth. This year's approved plus probable reserves have increased by 14% to 151.8 million barrels of oil equivalent and at approved plus probable plus possible level they have increased by 15% to 252.9. Most importantly our proved reserves have increased by 90% to 88.7 million barrels of oil equivalent. This reclassification from probable to proved comes from the fields that are now producing and also those that have recently been awarded development leases. Once again we have discovered more new oil and gas than we have produced. Our 2010 production replacement ratio stands at 229%.

On slide 8, as guidance only, we show the exploration prospects that we will potentially drill during 2011. We are currently drilling the Sanabel-1 as well as in the north of the acreage and during 2011 we plan to spend US\$50 million drilling around 12 exploration wells. Timing and sequence may change as results unfold. The acreage remains highly perspective and our understanding of it is continually improving and growing as our talented team keeps working on it. We are excited about our 2011 drilling programme and will report results as they come in. We're doing a great job in Egypt and we plan to keep up the pace in 2011 of the last years. On slide 9 we show a map of our operations in the Kurdistan region of Iraq and the summary of our progress this year. Together with our partners we are now producing gas from the Khor Mor field at rates up to a maximum of 240 million cubic feet per day through our early production facility and through the first train of our gas

processing plant. Condensate production is around 10,000 barrels per day and most importantly we commenced LPG production one week ago on 25 January 2011. Natural gas liquids are sold at the plant following instruction from the Kurdish regional government. The beginning of LPG production is a significant milestone for us and we will progressively build up production during the year depending on the needs of the local market and possibilities for export.

We are currently meeting the needs of the two power stations that we supply and you may have seen in the press that electricity demand is increasing dramatically in the region. During 2011 we will expand production to keep pace with the demand growth in order to fully use our plant whose capacity is 300 million cubic feet per day though our plans for investing further in major capital projects remain on hold until we start getting paid for the old outstanding receivables.

I will now review our production performance during 2010. Slide 10 we show our total production during the quarter compared to the same quarter last year and a breakdown between volumes produced in Egypt and in the Kurdistan region of Iraq. Our total production average on year from 2009 to 2010 is up 31% to 55,500 barrels of oil equivalent per day, up from 42,200 barrels of oil equivalent per day last year. Production in Egypt is up 22% from 34,700 barrels of oil equivalent per day to 42,300 barrels of oil equivalent per day and in the Kurdish region of Iraq by 76% from 7,500 barrels of oil equivalent per day to 13,200 barrels of oil equivalent per day. This is the result of the five new fields that have come on stream this year in Egypt and our build up in production in the Kurdistan region of Iraq as our facilities have been completed and brought on line.

In Egypt during 2011 our production guidance is that we will average just over 50,000 barrels of oil equivalent per day with a significant increase in mid to late 2012 when our new Sama plant comes on stream which will increase our production capacity by approximately 20,000 barrels of oil equivalent per day. This will bring it up to a total of 70,000 barrels of oil equivalent per day.

During 2011 in the Kurdistan region of Iraq we expect production to increase over the year which in the short term will be a function of the needs of the two power stations. Current condensate production is 4,000 barrels per day (inaudible) gas which is already a 25% increase over the average for 2010. Of particular impact to us, even with no increase in gas finds, will be the increasing LPG production from the train 1 and train 2 which we are entitled to sell.

Thank you, ladies and gentlemen. Let me now hand over to Azfar who will present the details of our preliminary financial results.

AZFAR ABOOBAKAR: Thank you, Ahmed and Donald. Hello, everyone, this is Azfar Aboobakar, Group Financial Controller at Dana Gas. We will now review our financial results for the year ended 31 December 2010 as announced on the (inaudible) this morning. The key headline for the year is that Dana Gas has achieved profit of \$43 million in 2010 compared to a profit of \$24 million in 2009. (inaudible) increase year-on-year. Similarly our gross profit in 2010 increased by 79% to \$213 million from \$119 million in 2009.

The key drivers of this increase in profits are as follows: a 31% increase in production in 2010, higher realised hydrocarbon prices and lower operating costs per barrel. Our earnings before interest tax depreciation amortisation and exploration write-offs which is a bid(?) tax for 2010 was \$282 million. Ahmed and Donald have already highlighted the increase in production. To conclude on that the volume increase added \$92 million to gross revenues in 2010 compared to 2009.

Slide 11 compares 2010 with 2009 average prices. Gas realisation in Egypt remained constant at \$2.7 per 1,000 standard cubic feet which reflects gas contract prices. This deals with 63% of total production. Our gas production in the Kurdistan region of Iraq is developed free of charge to the two power stations that we supply. This is approximately 19% of the total production. Our condensate realisation

increased to \$1.78 per barrel in 2010 from \$1.61 per barrel in 2009. In line with international market prices this \$1.17 barrel increase applied to condensate sales from Egypt and Kurdistan which is nearly 13% of our total production. LPG realisation increased \$1.60 in 2010 from \$1.44 per BOE in 2009 which again reflects increase in international market prices. This \$1.16 increase applied to LPG sales from Egypt to approximately 4% of our total production. Our crude realisations increased \$1.75 per barrel from \$1.55 per barrel. This currency applies to less than 1% of our total production. These higher prices add \$1.46 million to gross revenues in 2010 compared to 2009.

Slide 12 compares fourth quarter 2010 with third quarter 2010 average prices. You can see that average prices increased substantially in fourth quarter 2010 resulting in higher revenues.

Slide 13 shows a net profit for 2010, 2009 along with each of the four quarters of 2010. As we've already said we have consistently delivered profits quarter-after-quarter in 2010 given that production growth and cost management initiatives. In the last quarter of 2010 we delivered good production growth which, coupled with higher hydrocarbon prices, helped us in achieving 78% higher profits than earlier quarters.

Slide 14 shows capital expenditure. In Egypt we spent \$1.21 million in 2010 compared to \$1.38 million in 2009. This \$1.17 million decrease is mainly due to the fact that last year we dug deeper rising wells which required higher capital expenditure. In Kurdistan capex was \$1.59 million compared to \$1.98 million in 2009. This reduction is principally due to the fact that our LPG plant is nearing completion and the level of activity and spend is reducing accordingly. Others include capex in Sharjah Western Offshore development and Gulf of Suez Gas Liquids plant constructions. Giving you some guidance for the plan 2011, we plan to spend \$337 million as capital expenditure across the group and this excludes any new major business development activity.

Slide 15 shows an analysis of our trade receivables which increased by \$1.41 million in fourth quarter 2010. In Egypt the level of receivables increased to \$1.98 million in fourth quarter and \$1.76 million at the end of third quarter 2010. This is in line with the increase in revenue which took place in the last quarter of 2010. Our 40% share of the Kurdistan receivables amounted to \$115 million at the end of 2010 compared to \$96 million at the end of third quarter 2010. We continue to sell condensates to a third party following instructions from the Kurdistan regional government and in fourth quarter alone we collected \$7 million with another \$3 million collected subsequent to the year end. This surely has slowed the growth of the receivables considerably. The receivable balance in Kurdistan is a focus area for us and we continue to work hard on this together with our partner (inaudible) Petroleum.

Slide 16 is simply a summary of the key financial matrix for the year which I've just addressed. In the end I would like to inform you that we ended 2010 with a healthy cash balance of \$159 million and our net cash outlook for the year was \$164 million only. It demonstrates that we have been managing our cash flows effectively and spending on capex from our internal cash generation. Together with the available investments of \$315 million at the year end the company had cash of \$474 million at the end of 2010.

This concludes our review of the 2010 results of Dana Gas. We will now be pleased to take specific questions. After the call if you have any further questions please direct this to Joe Kaye of Dana Gas whose email address is on the invitation.

Thank you.

JOE KAYE:

Thank you for your attention, ladies and gentlemen. I will now hand over to our moderator who will handle the question and answer session for us. I'd be glad if you'd clearly state your name and organisation before you start your question and in addition could we ask you to restrict your questions to a single question. If you have

multiple questions you're welcome to re-enter the queue. I'll now hand over to our moderator to introduce the first question.

OPERATOR: Thank you very much. We will now begin the question and answer portion of this call. If you have any questions could I please ask you to press 01 on your phone keypad now. And if you find your question has been answered before it's your turn to speak simply press 02 to cancel. So once again if you have any questions just press 01 now.

The first question is from Eiaj Faraj from Bank of America Merrill Lynch. Please go ahead with your question.

EIAJ FARAJ: Good morning and congratulations on your results. Eiaj Faraj from Bank of America Merrill Lynch. I had a question regarding your LPG facility. Can you remind me exactly what your production will be starting out and what the full capacity of that production will be for that first train? Thank you.

DONALD DORN-LOPEZ: Our current production from the first train is about 4,000 barrels per day on 100% basis. We can double that production shortly when we have full operation of the turbo expander unit and we'll basically double that when we get the second train on line. The second train is currently in the final stages of commissioning and will be available for service by mid-February we expect.

OPERATOR: The next question is from Alex Spojanov from Deutsche Bank. Please go ahead, sir.

ALEX SPOJANOV: Yeah, hi, good afternoon. I have a question regarding the announcement that you guys put out earlier in the month regarding Egypt (several inaudible words). You gave some aggressive targets there for 2012 saying that you planned to get to

about 67 barrels per day by 2012 excluding liquids from 42 which is what you achieved this year. Can you give us some indication as to what kind of capex you'll require to get you to those targets? And the last one is part of your share buy-back product programme how many shares have you bought to date? Thanks.

DONALD DORN-LOPEZ: Alex, thank you for the question. I can't give you an appropriately detailed answer on the breakdown on the capex at the moment but I've noted your question and I'd be happy to get back to you with that. Was there another part to the question? Let's move on and I'll get back with you separately, Alex. No problem.

OPERATOR: The next question is from Kartik Sankaran from BlackRock. Please go ahead.

KARTIK SANKARAN: Hi, gentlemen. In light of the increasing possibility of all exports resuming from Kurdistan could you comment on likelihood of back payments, unpaid receivables? Have you been in any further negotiations with the relevant authorities?

AHMED AL ARBEED: There is some development regarding this issue is that the peter(?) and the region conducted some meetings in Baghdad to sort out the issues of the petroleum contract and it was agreed and announced that the contracts would be accepted by the federal and the export will be resumed in (inaudible) and both of the operators will be paid from the federal to the region. A further meeting took place in Kurdistan between the Prime Minister of Kurdistan and operators which we attended and the Prime Minister promised to pay back all the cost of the operators. This we see it as a very positive development and we're hoping that we will get all our costs back quickly.

KARTIK SANKARAN: Could you just confirm the level of receivables? I understand from your presentation it's close to \$150 million.

AZFAR ABOOBAKAR: Are you referring to the receivables from Kurdistan which is \$150 million?

KARTIK SANKARAN: Yeah, that's right.

AZFAR ABOOBAKAR: What's your specific question on that?

KARTIK SANKARAN: So is that the right figure, \$150 million?

AZFAR ABOOBAKAR: It is.

KARTIK SANKARAN: That's almost 15% of your market cap.

AZFAR ABOOBAKAR: Yes.

KARTIK SANKARAN: Right, thank you.

OPERATOR: Okay we now go onto Jessica Estefan of Shore Capital. Please go ahead, ma'am.

JESSICA ESTEFAN: Good afternoon, gentlemen. Thank you for having us today on this call. I have a question also regarding the receivables in Kurdistan. I understand you're selling to the local buyer and seeing that the receivables are increasing. I wonder if you are receiving payments actually on the condensate sales and if you're planning to sell it to the KRG, the LPG or if you're also planning on selling them locally. Thank you.

AZFAR ABOOBAKAR: As I already told earlier during my presentation in December in the last quarter of 2010 we've collected \$7 million and subsequent to the year end which is in January

2011 we've collected another \$3 million so, yes, we are collecting cash against our sales to the local buyer.

JESSICA ESTEFAN: Okay, very good, and for the LPG so who is the buyer going to be?

AHMED AL ARBEED: The issue is being dealt with with the KRG; it is in the process. The LPG just started in production at a low level and that will be sorted out or made by both KRG and the consortium of the companies.

JESSICA ESTEFAN: Thank you.

OPERATOR: We now go over to Stuart Williams of Wood Mackenzie. Please go ahead.

STUART WILLIAMS: Thanks very much. I had another question on the LPG. We know the volumes and potentially who it's going to. What sort of price do you expect, i.e. what sort of discount to international prices for the LPG?

DONALD DORN-LOPEZ: There's not much we can say about that right now, Stuart, because this is the subject of a tender process and that tender process is under way. We do expect that we will be receiving basically international prices that may reflect some transportation but other than that we expect we'll be getting bids that are at international levels. But as I say this is an ongoing process and the tendering is under way.

OPERATOR: We now go to Christopher Watson of Finnisterre Capital. Please go ahead.

CHRISTOPHER WATSON: Thanks very much, guys. On the cash balance can you confirm what it was at the end of the year?

AZFAR ABOOBAKAR: \$159 million.

CHRISTOPHER WATSON: Okay and to get it up to the 474 that includes the MOL shares?

AZFAR ABOOBAKAR: That is right.

CHRISTOPHER WATSON: Ahmed indicated that the expectation is that when sales commence again you'll be able to collect your costs. If you've booked for 115 of Kurdistan receivables are all those cost receivables or do you have profit receivables in there as well?

AZFAR ABOOBAKAR: It includes both but obviously the bigger element is cost recovery.

CHRISTOPHER WATSON: Can you estimate a split there?

AZFAR ABOOBAKAR: We can try and provide this to you later on. I don't have it handy at the moment.

OPERATOR: We now go to Nour Malas of Dow Jones Newswires. Please go ahead.

NOUR MALAS: I just wanted to ask if you've actually evacuated any staff from Egypt and with reference to your Sukuk I wanted to clarify that that's referring to your 1 billion Sukuk can do in October 2012? If I can put in one more question: do you make any forex gains or losses or does that not apply to the company at all?

AHMED AL ARBEED: On the first question regarding the situation in Egypt and the issue with the ex-pats of course we have a plan and we're watching the situation; a plan to evacuate the ex-pats. Just to tell you that most of our employees in Egypt, about 95% of them,

are Egyptians so the number of ex-pats are very little; it's about seven employees with their families. That makes them something like 18 members and there's a plan to move them out of Egypt. It depends on the situation there. We have communicated with flights to make it available to them and they will probably move at any time we feel it is unsecure to them.

NOUR MALAS: And the Sukuk please?

AHMED AL ARBEED: What is the question, please?

NOUR MALAS: Did Mr Al Arbeed's comments refer to your \$1 billion Sukuk due in 2012?

AHMED AL ARBEED: That's right. What do you want to know?

NOUR MALAS: Is that what you were referencing?

DONALD DORN-LOPEZ: Yes, our Sukuk is the 2012 Sukuk yes.

NOUR MALAS: So you're hiring financial advisers to advise you on the repayment of that Sukuk?

AZFAR ABOOBAKAR: As Mr Al Arbeed said this is something that is high on the agenda in 2011. We want to cut out the different options for dealing with the Sukuk and we'll appoint our advisers in due course.

OPERATOR: We now go to Philip Habeichi of Shore Capital. Please go ahead, sir.

PHILIP HABEICHI: I want to ask about the Kurdistan government and the Iraq central government. Clearly things seem to be going in the right direction to reach a decrement on when

exports will resume but I wonder if you can highlight what the remaining points outstanding might be and the likelihood of seeing an agreement reached in the near future.

AHMED AL ARBEED: I didn't get really the question. Can you repeat it please?

PHILIP HABEICHI: Could you outline the remaining issues to be discussed and settled between the Kurdistan regional government and the Iraq central government before exports can resume.

AHMED AL ARBEED: I don't think I am in a position or aware of that kind of negotiation both parties have and when they sort these issues. We know that there is a list of items; we know those items but we are not really aware of otherwise what relates to the oil contracts and what was said to the representatives of the companies by the Prime Minister of Kurdistan. He said that the costs will be paid. What he said is the export will be resumed and they are discussing something about the process of paying the cost for the companies but I'm not aware of any other issues that are between the federal and the region.

OPERATOR: We go back to Kartik Sankaran of BlackRock. Please go ahead.

KARTIK SANKARAN: Do you intend to monetise the 50% MOL stake that you currently hold on your balance sheet in the near future? What are the plans?

AHMED AL ARBEED: I can't answer this question. The MOL shares are also in our book and they are available for sales at the right time we feel so we haven't yet taken a position but we will take when we feel we need those shares to be sold.

KARTIK SANKARAN: Thank you.

OPERATOR: We now go over to Jessica Estefan of Shore Capital. Jessica, over to you.

JESSICA ESTEFAN: Two follow up questions please. I understand Peter refers to that 152 million at the end of 2010 so that's around additions of 36 million. All these are discoveries or are there any upgrades from P3?

DONALD DORN-LOPEZ: I'm going to have to go back to this and look at it in detail, Jessica. Just give me a minute here. You're questioning the 2P number I guess, yeah?

JESSICA ESTEFAN: Yeah.

DONALD DORN-LOPEZ: We've just finished our annual reserves update and there are new discoveries that are in the 2P. There are also some upgrades from the 3P particularly with respect of the operations in south Egypt. We had a major upgrade from 3P to 2P in south Egypt. In north Egypt ...

OPERATOR: Sorry, could you please repeat that last bit.

DONALD DORN-LOPEZ: Okay, we've just finished our annual reserves update and as part of that review we've looked at each of these on a field-by-field asset-by-asset basis. In south Egypt in the Komombo concession we've had a significant upgrade from 3P to 2P based on positive production results during the year so that 2P number in south Egypt has gone up primarily because of production results. In north Egypt it's been mostly because of new discoveries. We haven't had much movement from 3P to 2P in the north Egypt area but as we said earlier we've had seven new discoveries during the year.

JESSICA ESTEFAN: So the upgrades were related to crude mainly, not gas we can say.

DONALD DORN-LOPEZ: No, the ones in south Egypt were related to crude oil, that's correct, but all the ones in the north Egypt area are gas. They're not upgrades if that's what you're asking; they're just new additions.

JESSICA ESTEFAN: Okay. I have another question: looking at the fourth quarter results can you shed light on the different items of income statement? Maybe depreciation, SGNA and other income please.

AZFAR ABOOBAKAR: At the moment as you're aware we haven't released the full financial statements and until they're fully audited and cleared I'm not in a position to give you a full breakdown of that but it will be available in due course maybe during the course of the next three weeks.

JESSICA ESTEFAN: Okay but is there any item you'd like to highlight that is non-operating that could have -- help the bottom line?

AZFAR ABOOBAKAR: No, there isn't any exceptional item which will help the bottom line.

JESSICA ESTEFAN: Okay, very good. Thank you.

OPERATOR: We now go to Jason Koli of JIB. Please go ahead, sir.

JASON KOLI: Hi, the first question relates to Egypt. You mentioned that production is still going on. Have you any major concerns regarding the production itself or transportation?

DONALD DORN-LOPEZ: We've conducted a review of our operations there for the gas plants and the gas production and we are looking at making sure we can maintain safe manning levels for everything. As you may know we have people who come in on shift work from locations in the vicinity and we're confident we can continue our production operations without any interruption so that so far has been business as usual.

JASON KOLI: What could cause any disruption in your production?

DONALD DORN-LOPEZ: You're asking me to speculate about things that none of us know. At the moment things look good; that's about all I can say.

JASON KOLI: Okay and have you given up any idea of farming out any part of the business?

DONALD DORN-LOPEZ: Yes, Jason, actually we did conduct a farm-out offering earlier in the year and we always look at our assets with an eye to whether we can benefit from having other partners in it and whether we can use that to leverage ourselves into other strategic opportunities. We don't have anything on the table right at the moment but this is something that we're always looking to do.

JASON KOLI: Last one: you mentioned you had a good cash generation over the last year or so. Do you plan to build a cash reserve to give you more flexibility regarding the refinancing of the Sukuk in 2012?

AZFAR ABOOBAKAR: We will build the result based on what we plan is the budget for 2011. That's all I can say at this stage.

OPERATOR: We now go to Oswald Clint of Sanford Bernstein. Please go ahead.

OSWALD CLINT: Sorry if you've mentioned this before but could you talk about the gas production in Kurdistan and where you ultimately think that is going to get to over the next couple of years in terms of volumes and from those volumes do you continue to expect it to go into the power sector in Kurdistan?

DONALD DORN-LOPEZ: The current production there on a gross basis, 100% basis, is 240 million standard cubic feet per day. That's all being supplied to the two power stations. At the moment we're pretty much at the capacity that we have although as the train 1 and train 2 are brought fully on stream with the turbo extenders that will go up to a capacity of 300 million cubic feet per day so we're expecting that shortly within the next few weeks. At the moment we have a capacity in the pipeline to deliver a lot more gas but the capacity of the power stations to take it is the potentially limiting factor. We are looking at other direct sales in the region and it will include more than just power stations. There's nothing off the table. We've had some conversations with people who are mounting other businesses that are gas users; things like cement plants. There's discussions also about possible petrochemicals so I think you can watch this space and over the next year or two first after we solve the situation there with getting paid and the receivables issue then we'll probably be putting some more capital investment in to come up first of all to our 300 million cubic feet a day capacity and then you can look for additional plants to be built because the capacity of these two fields to deliver gas is substantially in excess of what we've got in our plants at the moment. I won't give you any guidance on timing for that but it's certainly in our plans.

OPERATOR: We now go onto the Arbid Riaz of EFG Hermes, please go ahead.

ARBID RIAZ: Hi, good afternoon. I just wanted an operational update on your Gulf of Suez project please. Not much has been mentioned about it. We were anticipating some

kind of contribution from the LPG plant in 2011 if my memory serves me correct and I just wanted to know where you've got to there and if production and contribution indeed starts this year what levels of LPG you expect that to churn out a day.

RANGA KISHORE: This is Ranga Kishore. I can take that question. Currently the project is around 35 person complete(?) and we expect this construction to be completed during the -- by the end of the second quarter or perhaps in the third quarter; early third quarter and it is expected to produce 120,000 -- and around 12,000 tonnes of butane at a 500%(?) level. Dana Gas is effective in that 26.4% on the -- one can take the current value and methane prices and butane prices and then come up with a number.

ARBID RIAZ: Sorry, so you expect completion by the end of third quarter this year, correct?

RANGA KISHORE: Some time between the second and third quarter.

ARBID RIAZ: What's the reason for the delay? The original project was time-lined for 2010. We had a delay into 2011 and expectations were for the beginning of 2011 from the delay in 2010 and now you're saying probably likely 2012 by the time you start to get results from it.

RANGA KISHORE: I think it's about the long lead item and once the long lead items are available then only fabrication work can carry on so it's one of these things come one after the other.

OPERATOR: We now go to Ali Al Nasser of Duet. Please go ahead.

ALI AL NASSER: Good afternoon, gentlemen. In terms of your \$159 million cash balance what portion of that, if any, is deposited in Egyptian banks or is nominated in Egyptian pounds? And on your capex guidance for 2011/12 if you can elaborate on that please. Thank you.

AZFAR ABOOBAKAR: Of the \$159 million of cash which we have at the year end a very small percentage - I would say less than 1% of this amount - would be in Egyptian pounds. If you ask me how many dollars are in bank accounts in Egypt it wouldn't be more than \$6-7 million because we have a cash sweep every weekend back into Sharjah, UAE. Can you repeat your second question please?

ALI AL NASSER: Sure. On the capex guidance for 2011/12 please.

AZFAR ABOOBAKAR: On capex for 2011 I already mentioned that it's planned at \$337 million.

ALI AL NASSER: And 2012 is not clear at this stage?

AZFAR ABOOBAKAR: Obviously, yes. It depends on our discoveries and the future development plan.

OPERATOR: Okay we now go onto Robin Forest of Ashmore. Please go ahead, ma'am.

HOGMA: Hi, guys, sorry it's actually Hogma(?). Thanks for doing your call. Can you talk to me about what's going on in terms of the CFO replacement and where you are in course with that? Also you were talking about the budget for 2011. You've got 337 in capex. Can you tell me what additional lines of financing you have with the banks and how much liquidity you have available to you today? And finally insofar as receivables can you break down for us the age of the receivables so we understand the new receivables timing for cash from those.

AHMED AL ARBEED: I'll take the first question. On the CFO appointment we are still reviewing CVs and interviewing people and once we reach to the right candidate that candidate will be offered to the committee and the board that is in charge of reviewing this candidate and approving it.

RANGA KISHORE: On the financing we are working with banks on Europe(?) financing. I can't give you more information at this stage until we have signed a privilege(?) agreement. We are also working on other financing exercises. Once we have reached a landing we will let you know on that in terms of progress.

HOGMA: Can you tell me what the current size of your reserve based financing is and what the tender is on that?

RANGA KISHORE: No, it will not be appropriate for me to go into the detail because it would not be appropriate at all to talk about that in detail.

OPERATOR: We go over to Alex Spojanov from Deutsche Bank. Please go ahead.

ALEX SPOJANOV: One further question: finalising your full year results do you see any likelihood that your review with the others that they might be forced to take some provisions on the accounts receivable coming out of Kurdistan and just as importantly the Iranian assets that are sitting on your balance sheet? Thanks.

AZFAR ABOOBAKAR: The question is about having some allowance for the UAE gas project and Kurdistan you said, Alex?

ALEX SPOJANOV: Yeah, that's right. You had the UAE gas project for a number of years and I understand that it's now in averages(?) so what is the likelihood there that you might have to take some provisions on that front given that there is no -- any progress apart from being in averages. And the other ones is on the creditors receivables.

AZFAR ABOOBAKAR: On the first part of your question which relates to UAE gas project since our partners are in arbitration there is a high level of uncertainty as to what the results would be. I think it's too premature to really consider the provision. Our auditors are in constant discussion and review of this project and we take a call every year based on discussion with us and the respective lawyers so at the moment there is no end payment need in respect of the UAE gas project.

In terms of the receivables again we are really positive and it's not only us; there are another maybe 15 operators in the Kurdistan region of Iraq who are waiting for payment so it's a very consistent figure and we all have our hope for a resolution some time in 2011.

ALEX SPOJANOV: I think everybody's positive and hopeful that it will get resolved but from an auditor point of view do you see any reason they might ask you that for the time being you actually have to provision it until it gets resolved?

AZFAR ABOOBAKAR: No, we are not showing any provisions and this has been discussed extensively with the auditors and the auditors concur with our view. At the moment based on the recent developments which have happened which have been publicly announced also by the Iraqi government at the moment it's not felt that we should have a provision and our auditor have concurred with our opinion.

OPERATOR: We now go over to Scott Darling from Nomura. Scott, over to you.

SCOTT DARLING: Good afternoon, everyone. In a worst-case scenario what happens if you don't get paid in Egypt? It's all right running your production and I suspect that will continue but there could be further receivables risk around Egypt. In the worst case you have said cash balance plus MOL stake 474; you've got capex 330. If you can't get any additional financing and in a worst case scenario Egypt or Kurdistan doesn't work out and Kurdistan we've been waiting for some time now, which quarter do we start thinking about perhaps asset sales? Distressed asset sales. Thanks.

AHMED AL ARBEED: The investment environment in Egypt is well established; the contracts are well maintained by the governments and the operators are also happy with them. In fact there is this steadiness of good dealing all the way through. We don't expect that will happen. In such case it will be readily a case that one can expect the assurance of the demonstrations and nobody can expect how long it will take; maybe short or long. But I think the whole structure of dealing with investors in Egypt, it's well maintained and practiced in fact on the ground.

SCOTT DARLING: So you don't see any risk around receivables issues in Egypt even temporarily?

DONALD DORN-LOPEZ: In a word, no, Scott.

OPERATOR: Scott, does that answer your question?

SCOTT DARLING: Yeah, no, if you're confident that in a worst case the contracts are tight then that's fine. Coming back to Kurdistan it clearly seems very positive. Is there any indication around timing? Presumably if tomorrow exports start then in theory you will be negotiating some kind of payment schedule for what you're owed, right, from tomorrow?

DONALD DORN-LOPEZ: Scott, anything we gave you would be pure fabrication. You know as much about it as we do. We are expecting that this will develop rather quickly and the export flows will start, as you said, and that the payments will start to flow but nobody can tell you when exactly that's going to happen. I doubt even if the Kurdistan regional government is fully sure of that at this point in time.

SCOTT DARLING: Okay, thanks.

OPERATOR: Okay, we go to Walid Haram of Nomura. Walid, over to you.

WALID HARAM: Hi, good evening. Just two questions: (1) what's the -- you mentioned capex of \$370 million. Where will that be spent and on what? And (2) you said you would sell MOL at the right time. What is the criteria? Is it price, timetable, can you give us a bit more thinking into what would make you sell MOL? Thank you.

DONALD DORN-LOPEZ: Walid, I don't have the detail with me to give you precise answers on the capex split but I can tell you that a big part of that is the Salma Delta plant in Egypt and also the Zora project which is the Sharjah western offshore. Those two account for probably at least 75% of what we've got in there at the moment. I'll defer on the other question.

AHMED AL ARBEED: On the other question I think as we said these shares are available for Dana for sale but we will choose the right time and our situation. That decision won't be taken at that time.

WALID HARAM: Right but what would make you sell or not sell? Are you looking for a price or is it a timing issue?

AHMED AL ARBEED: We'll leave it to the time because we don't know what time is and what price is.

WALID HARAM: Okay, thank you.

OPERATOR: The last question is from Stanley Carvalho of Reuters. Please go ahead.

STANLEY CARVALHO: Good afternoon. Thanks for the call. I just wanted clarification on the Sukuk. Is it that Dana's looking at a Sukuk size of US\$1 billion and what would the proceeds go towards?

RANGA KISHORE: This is Ranga here. The question that we normally would be Sukuk (several inaudible words). You have to go to the site and then, you know, come up with all the right evaluation of all the solutions.

STANLEY CARVALHO: Sorry, I can't hear you. Could you repeat please?

RANGA KISHORE: I said it's too premature for us to answer this question. We have to go through the evaluation of the liability management programme, consider all the different options and once we have done that we'll be (overspeaking)

STANLEY CARVALHO: A time hasn't been set?

JOE KAYE: Could I just clarify there, Stanley? At the moment Dana Gas does have a \$1 billion Sukuk. That's what we're talking about I think. That's what Dana Gas has in the market already and we've had it for the last three years.

RANGA KISHORE: An outstanding amount of 920 million.

STANLEY CARVALHO: How much is the outstanding?

RANGA KISHORE: 920 million.

STANLEY CARVALHO: Okay thank you.

OPERATOR: Okay, that was the final question for today's call so, gentlemen, can I please pass it back to you for any closing comments at this stage.

JOE KAYE: Okay, well, thanks very much everybody. Thanks for your attention and participation in this call. That's the end of our call for today but of course if you've got any further questions please do follow up; preferably follow up to Joe Kaye and my email address is on the invitation to this call. Thank you very much for your participation. Thanks and goodbye.

OPERATOR: This now concludes today's call. Thank you all very much for attending.