DANA GAS POSTS $125M NET PROFIT IN 9M 2017

Sharjah, UAE; 13 November 2017: Dana Gas PJSC ("Company"), the Middle East's largest regional private sector natural gas company, today announced its financial results for the third quarter, ended 30 September 2017.

Highlights:

- 9M Revenue $330m and Net Profit $125m, 18% and 381% higher YoY, respectively
- Q3 Revenue $108m and Net Profit $102m, 6% and 685% higher YoY, respectively
- Group production averaged 67,600 boepd, 3% higher YoY
- $562 million of cash reserves, up 86% compared to year end 2016
- Total receivables down 77%, following full and final settlement with the KRG

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

"We are very pleased with the outcome of the Settlement Agreement reached with the KRG which we believe is a real win-win outcome and an opportunity to start investing once again in our world class assets there and grow our production significantly in the short to medium term. Our operations and production have been solid over the last nine months. We are producing on average of 67,600 boepd and expect to conduct a small but exciting drilling campaign in Egypt soon. Over the first nine months we posted a net profit of $125m, supported by higher volumes, higher realised prices and as a result of accounting changes linked to the Settlement Agreement. However, business challenges still remain. There has been an increase in geopolitical uncertainty in the Kurdistan Region of Iraq and continued sporadic and deficient payments from Egypt. In the light of these ongoing business challenges we will continue to keep our overall spending tightly managed."

Financials

The Company reported 9M 2017 revenues of $330 million and gross profit of $86 million, 18% and 38% higher compared to $280 million and $63 million in the same period 2016.

Q3 2017 generated revenues of $108 million and gross profit of $27 million, up 6% and 28% respectively on the $102 million and $21 million reported in Q3 2016.

Net profit for 9M and Q3 2017 was $125 million and $102 million respectively. This is considerably better than the $26 million and $13 million reported in the same period 2016.

Several factors led to the Company posting a strong net profit. The KRG Settlement Agreement saw a reversal of the provision for payments to the KRG, as the balance of unpaid receivables was booked to new petroleum costs, and another income accrual of $21 million in Q3, linked to dividend distribution by Pearl Petroleum.

Other factors that boosted net profit were: higher average realised prices of $39 per barrel of oil equivalent (boe) in the 9M 2017 versus $31 per boe in the 9M 2016. Group production volume was up 3%, averaging 67,600 boe in the nine months 2017 as compared to 65,600 boe in the same period. Lastly, the continuity of the Company's disciplined cost optimisation programme resulted in low OPEX and G&A: in the nine months, costs were $49 million, in-line with the nine months 2016 figures of $50 million.

CAPEX declined by 74% during 9M 2017 to $28 million driven by lower Capex in Egypt. During the quarter the Company completed one of its most critical projects. The South Faraskur Compression project has added 5 MMscf/d in volume and has guaranteed maximum capacity output through to the end of the year.

The Company has a three-well drilling programme starting in mid-November 2017. Two of the wells will be drilled on the 100%-owned North El Salhiya (Block 1) concession, namely Bahy-2 and ESAEN-1. The third onshore well is planned to be drilled in the West Manzala Development Lease.

Dana Gas generated $366 million in free cash flow in the first nine months of the year. This was the result of the condensate export sales, a $110 million industry payment from the Egyptian government and $210 million received from the KRG as a result of the Settlement Agreement. In terms of receivables, Egypt collected $145 million in the first nine months of the year, with a collection rate of 158%. Total trade receivables now stand at $224 million, which is mainly due from Egypt. The residual receivables from the KRG of $433 million have been reclassified as petroleum costs to be recovered from future sales.

The cash balance at the end of September 2017 is $562 million, up from $337 million as of 30 June 2017. The balance does not include $140 million from the KRG Settlement Agreement which is dedicated for investment in further development in the assets in the KRI.

Kurdistan Regional Government of Iraq (KRG) – Settlement Agreement

On 30 August 2017, Dana Gas, Crescent Petroleum and Pearl Petroleum (PPCL or 'Consortium') reached a full and final settlement with the KRG and have mutually agreed to fully and finally settle all their differences amicably by terminating the Arbitration and related court proceedings, and releasing all remaining claims between them; implementing a mechanism for settlement of $2.2 billion awarded by the Tribunal of which the Consortium received $600 million immediately and a further $400 million to be dedicated for investment to develop the Khor Mor and

Chemchemal fields and increase output. The additional production of 500 MMscf/d and 20 kboed of condensate is expected to commence in approximately two years' time. This is a positive outcome for all parties. It will allow Dana Gas and its Consortium partners to focus on developing two gas fields containing in place volumes of approximately 75 trillion cubic feet of gas and 7 billion boe.

Country Update

Egypt

During the third quarter the Company successfully maintained production in Egypt at maximum plant capacity. Dana Gas Egypt's production output was almost flat on a quarterly comparable basis, 40,000 versus 40,300 boepd. Over a nine months period, production in Egypt rose to 39,600 boepd, an increase of 8% compared to the same period in 2016.

In October, a cargo of 155,000 barrels of Wastani condensate was sold for $7.9 million. This was the third cargo sold internationally this year as a result of the Gas Production Enhancement Agreement.

Kurdistan Region of Iraq

The Company's 35% share of gross production for Q3 2017 was 25,000 boepd. This was a slightly lower as compared to 26,100 boepd in production in Q3 2016 due to a planned shutdown for maintenance work. The average nine-month production in 2017 was 25,600 boepd, a similar output to 9M 2016, which averaged 25,900 boepd.

UAE

Q3 2017 average daily production from the Zora Gas Field was 1,550 boepd as compared to 2,560 in Q3 2016 and 1,650 boepd in Q2 2017.

The Company has recently completed a notional Field Development Plan and intervention program, the economic feasibility of which is being assessed. Further follow-up work is currently being undertaken and the results will be taken into consideration when the Company undertakes its annual reserves evaluation towards year-end and will be factored into the final decision that will have to be taken on the asset.

Sukuk Restructuring

Legal advice received from independent legal advisers at the end of May stated that the terms of the Company's Sukuk Al Mudarabah are not compliant with Shari'a principles and are unlawful under the laws of the UAE and therefore are void and unenforceable. The outcome of the ongoing litigation finally in UAE courts could result in a significant liability for the Sukukholders to repay the Company excess 'on account profit payments' based on a lawful reconciliation of the transaction. The Company, in line with detailed public disclosures that it has made to the Securities and Commodities Authority (SCA) and through ADX, is pursuing the litigation route to resolve the matter and is confident pursuant to independent legal advice of prevailing in its interpretation of the outcome.

Arbitration

Following the damages hearing in November 2016, further post-hearing submissions were made to the Tribunal, at their request, in relation to certain matters of Iranian Law. Oral hearings on these matters took place over one week in October. The final award on the amount of damages may take up to one year.

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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 2P reserves exceeding one billion boe and average production of 67,050 boed in 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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