

Clean Energy for the Future

Q3 2017 – Financial Results

13 November 2017



Disclaimer

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1. Settlement between the KRG and Pearl

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 the KRG
- US\$600 million cash and US\$400 million for investment
- Pearl to increase gas production at Khor Mor by 500 MMscf/day - a 160% increase over current production levels – c. 2 years
- Receivable balance of \$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 to 22%, a level similar to overall profit levels normally offered to IOCs under KRG's PSC
- 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

Receivables to be settled	\$2.239 billion
Cash	\$600 million
Investment fund	\$400 million
Outstanding cost recoverable	\$1.239 billion
Production increase (2 years)	500 MMscf/day



2. Headlines

Operations

- 9M Group production 3% higher at 67,600 boepd
- 9M Egypt production 8% higher at 39,600 boepd
- 9M KRI production steady at 25,600 boepd
- Third export of condensate sale in Egypt (October)
- South Faraskur Compression completed – added 5MMscf/d
- 3 well drilling program starting in Egypt, 2 wells on Block 1

Financials

- 9M - \$330m revenue and \$86m gross profit – up 18% and 37% respectively vis-à-vis 9M 2016
- 9M - \$125m net profit principally due to reset of entitlement in KRI and other income
- Higher realised prices, higher production volumes and cost management had a major part to play in improved financials
- G&A and OPEX continues to remain low
- Positive free cash flow of \$366m

Liquidity

- KRG: received cash of \$210m + \$140m in development fund; reclassified receivables
- No new industry payment from Egypt – 9M received total payments of \$145m
- Total trade receivables in Egypt now \$211m
- \$562m of cash in hand at period end

Arbitration & Sukuk

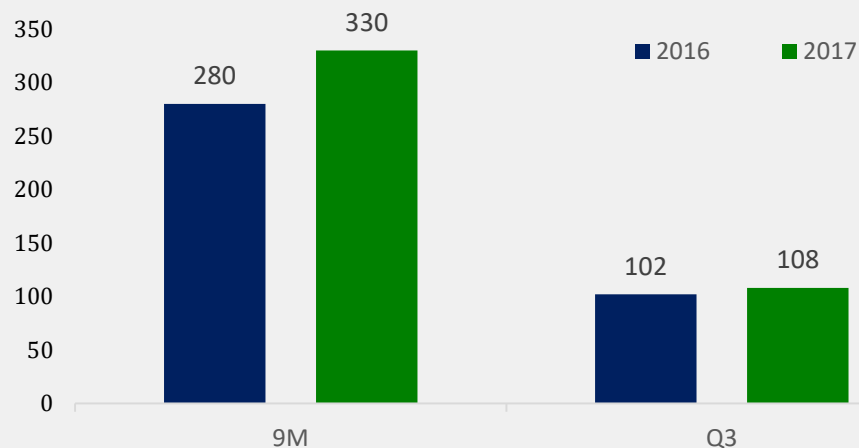
- Reached a settlement agreement with the KRG
- Dana & Crescent initiated arbitration against MOL
- Initiated Sukuk restructuring process. Injunctions obtained from Sharjah, London and BVI courts. Company is pursuing the litigation route to resolve the matter.
- NIOC Arbitration damages result due in 2018



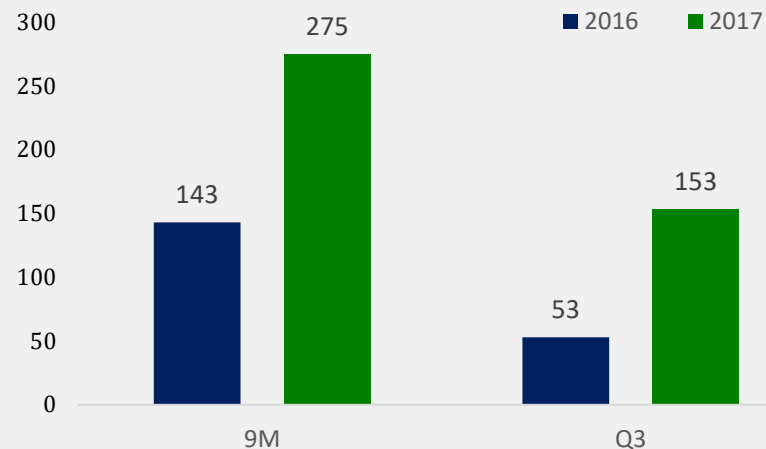
2. Financial Update

Financial Highlights

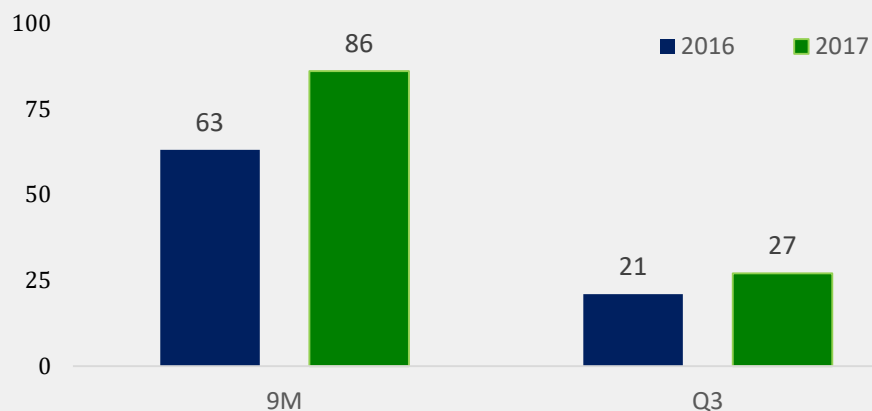
Gross Revenue (million USD)



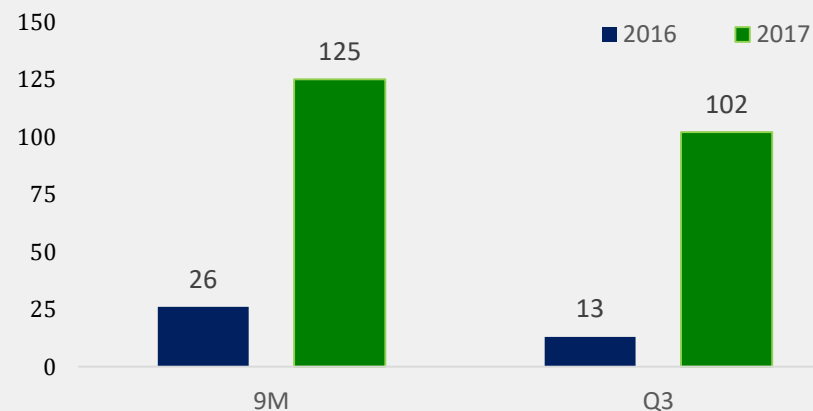
EBITDA (million USD)



Gross Profit (million USD)

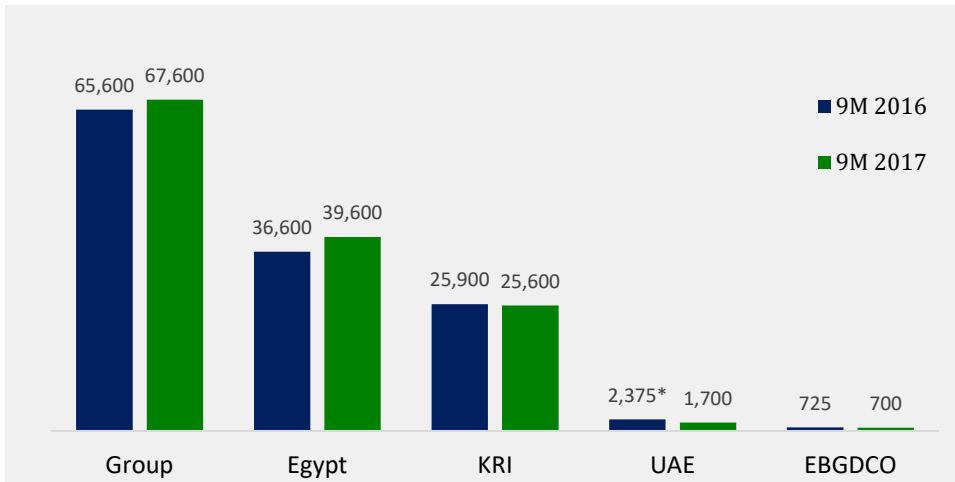


Net Profit (million USD)



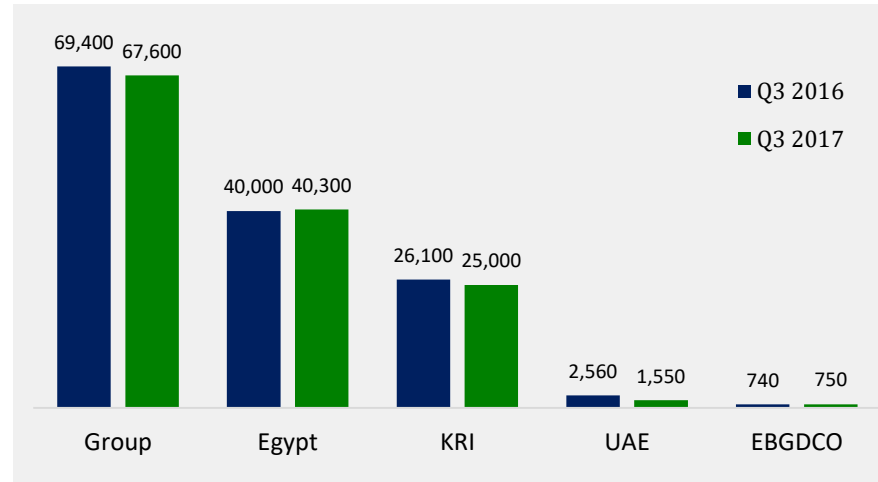
Production (boepd) & Realized Prices (USD/boe)

Average production 9M 2017 Vs 9M 2016

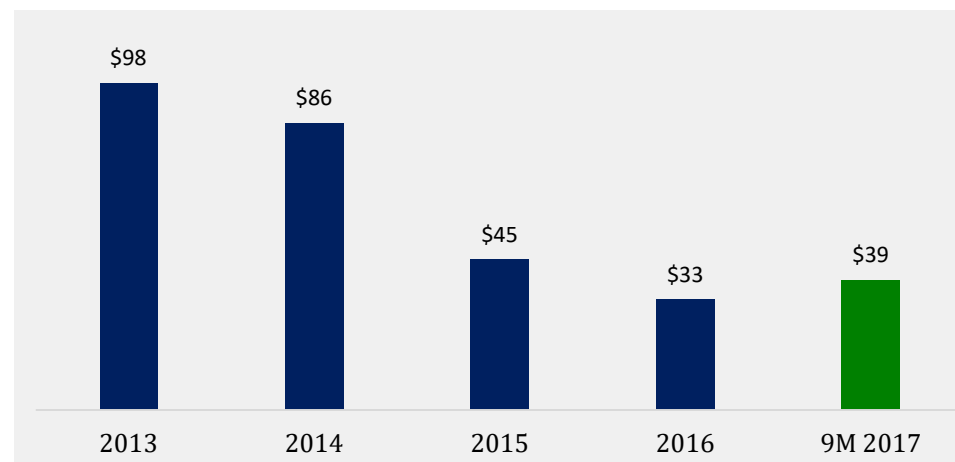


* Normalized

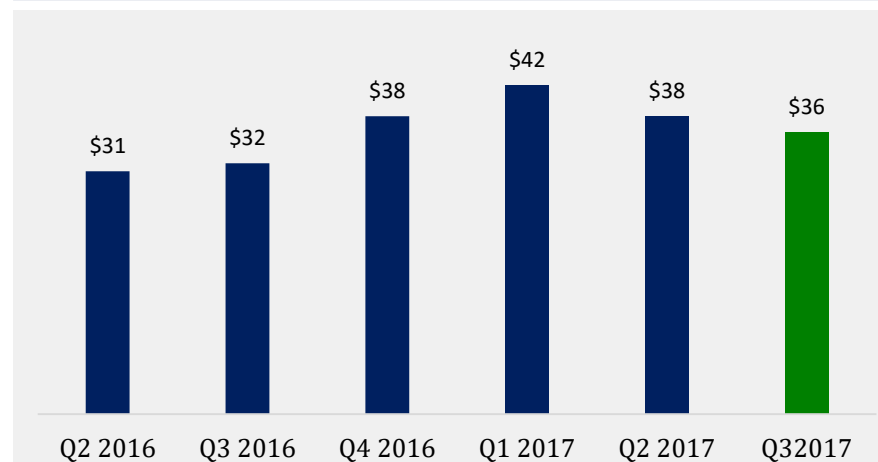
Average production Q3 2017 Vs Q3 2016



Average Realized Prices (USD/boe)

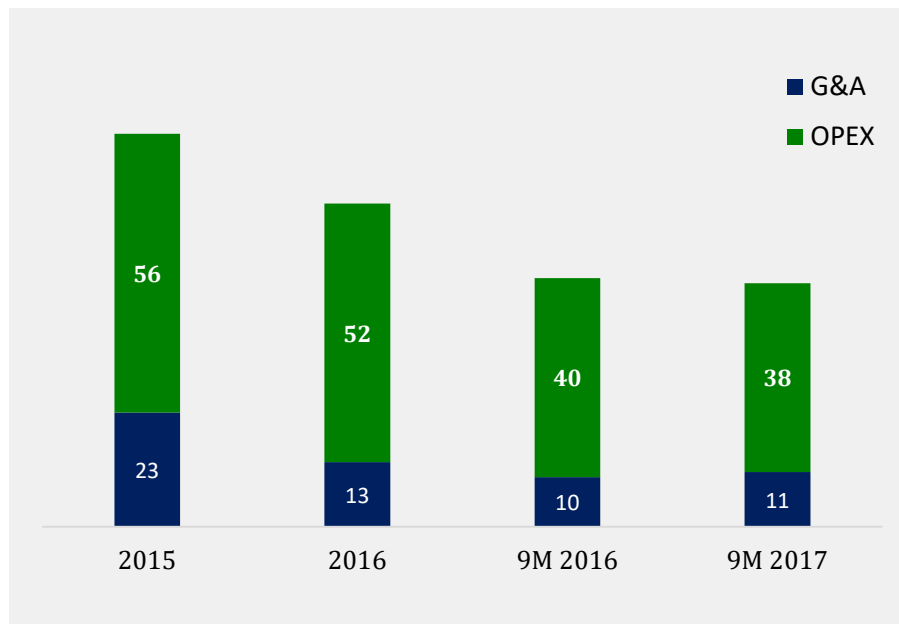


Average Realized Prices (USD/boe)



CAPEX & OPEX

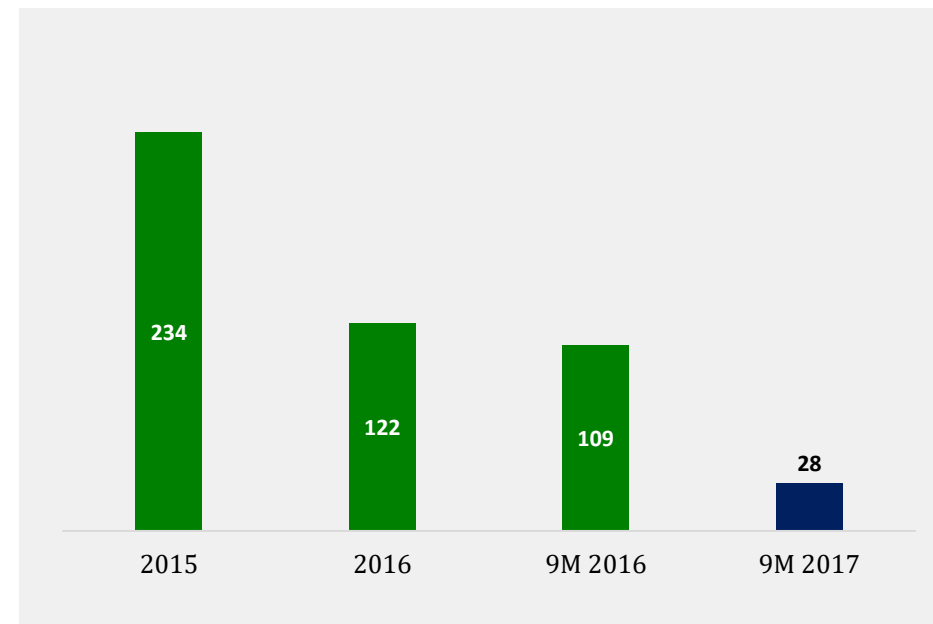
G&A / OPEX (million USD)



G&A / OPEX

- Company continues to optimise costs
- Disciplined, low spending approach
- Third year of cost management programme

CAPEX (million USD)



CAPEX

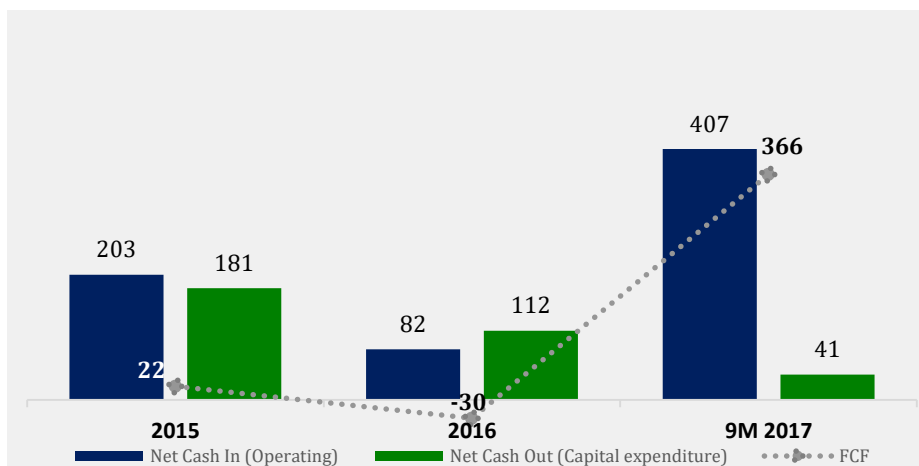
- Capex at \$28m – minimal outlay
- Upcoming commitments in Egypt – 3 well drilling programme in Egypt
- Preparing an increase in spending in the KRI– increase gas production to 800 mmscf/d

Cash Flow, Liquidity & Receivables

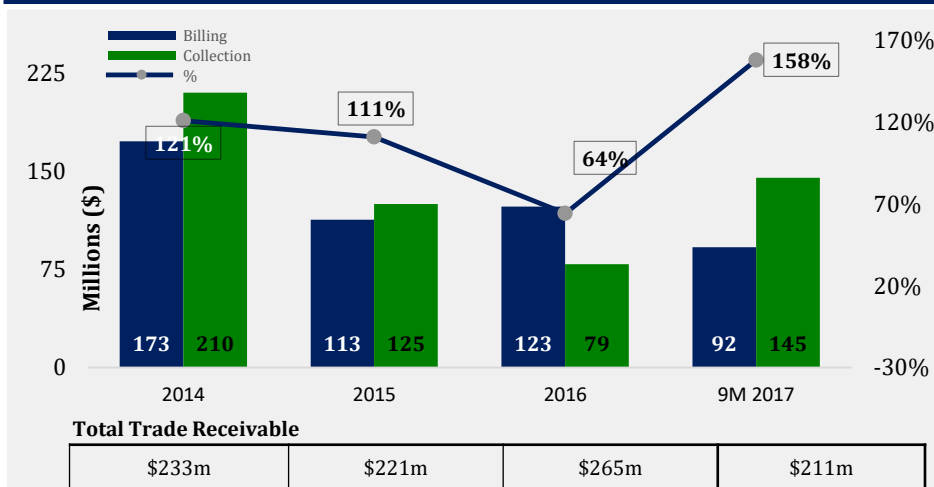
- Positive free cash flow as a result of Settlement Agreement with the KRG; as well as higher revenues and low capital expenditure
- \$562m cash in hand end of Q3 2017*
- KRG receivables paid and balance reclassified as '*outstanding petroleum costs to be recovered from future revenues*'
- Egypt 9M collection - \$145 m; 158% collection rate
- KRI 9M collection - \$433m; inc. \$350m settlement, \$16m against Peremptory order and \$67m from local sales

* Excludes amount of \$140m kept at pearl level and will be used towards the development in the KRI

Free Cash Flow (million USD)



Egypt Receivables (million USD)



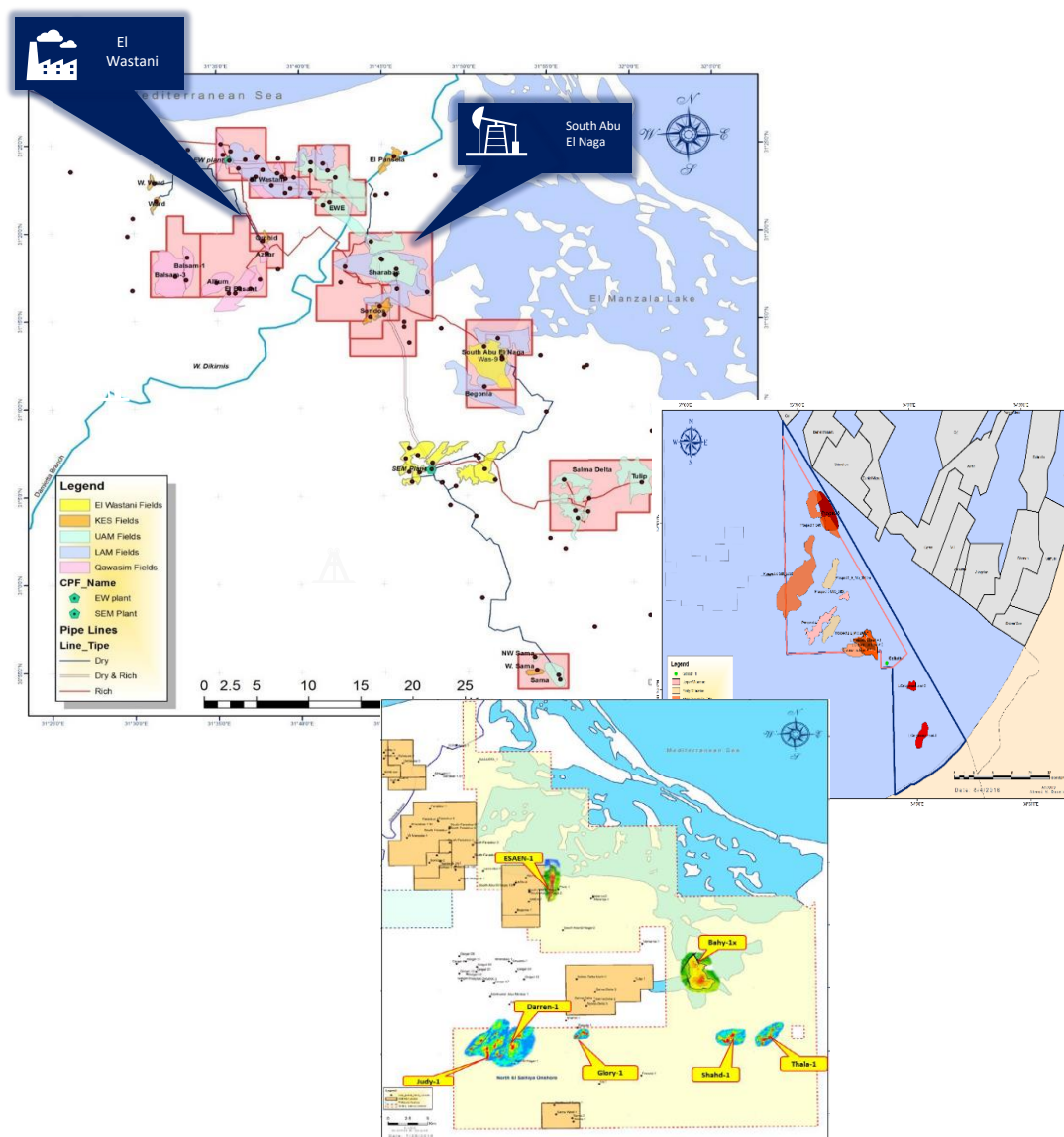
Note: % calculated as collection divided by net revenue



3. Country Performance

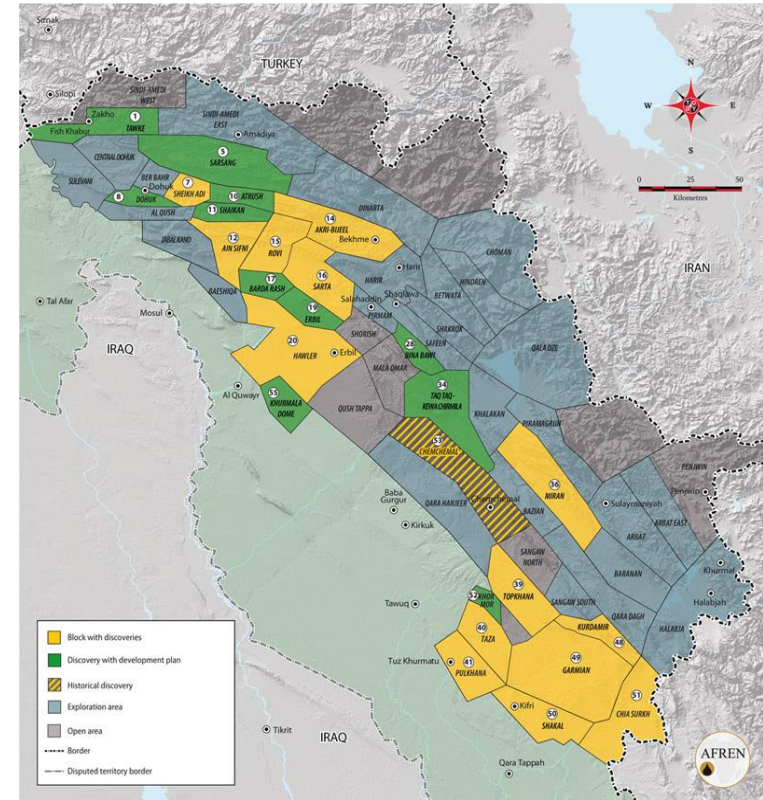
Egypt: Strong production

- 9M production avg. 39,600 boepd
- El Wastani Gas Plant
 - Successful shutdown in Q2
 - South Faraskur Compression completed – add 5mmscf/d
 - Maximum capacity – 40,000 boepd
- 3 well drilling programme – 2x Block 1; 1x West Manzala Development Lease
- Block 6 – waiting final permits; anticipate first drill in 2018
- Third shipment of international condensate sold in October - \$7.9m



Kurdistan Region of Iraq

- Reached a settlement agreement with the KRG.
- Dana Gas share of production averaged 25,600 boepd in 9M 2017
- Slight drop due to maintenance work



- Producing gas since February 2016
- Q3 2017 production was 1,550 boepd
- Completed a notional Field Development Plan and intervention program
- A final decision is due by year-end once annual reserve audit is completed



Arbitration & Sukuk Update

MOL (Pearl Petroleum shareholder)

- MOL expressing dissatisfaction with outcome – wanted to renegotiate terms with Dana Gas and Crescent Petroleum (namely certain contingent payments)
- Obtain formal declaration to resolve the matter

UAE Gas Project (NIOC)

- Oral hearings took place – clarifying certain legal matters
- Judgement expected in 2018

Sukuk

- Dana Gas is pursuing litigation-driven outcomes



The background of the slide is a photograph of an industrial refinery or chemical plant. It features several tall, cylindrical distillation columns with multiple levels of platforms and ladders. A complex network of pipes and valves connects these columns. The scene is set against a clear sky. In the lower-left portion of the image, there is a decorative graphic consisting of three overlapping, slanted rectangular shapes. The leftmost shape is dark blue, the middle one is a lighter blue, and the rightmost one is a light green. These shapes are outlined in white and partially overlap each other and the background image.

4. Summary

1

Settlement Agreement with the KRG with win-win outcome

2

Solid third quarter – operations, financials and cost efficiencies

3

Investment plans to double production of gas and condensate and further develop our world-class fields in the KRI

4

Producing at capacity in Egypt – 3 well drilling program started in November

5

Sukuk restructuring process is underway; to be decided by the courts.

6

NIOC arbitration judgement on damages claim in 2018

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