DANA GAS PJSC
Report of the Directors

The Board of Directors of Dana Gas PJSC ("Dana Gas" or the "Company") are pleased to announce the consolidated financial results of the Company, its subsidiaries and joint arrangements (together referred to as the "Group") for the year ended 31 December 2020.

Principal Activities
Dana Gas was incorporated in the Emirate of Sharjah ("Sharjah"), United Arab Emirates, as a public joint stock company on 20 November 2005 pursuant to incorporation decree number 429/2005 issued by the Ministry of Economy.

Dana Gas is the Middle East's first and largest private sector natural gas company. The Group currently operates in the MENASA (Middle East, North Africa & South Asia) Region across the natural gas value chain; from exploration and production, through gas processing and transportation, to the distribution, marketing and utilisation of gas as feedstock and fuel to the petrochemical, industrial and the power sectors. Since its establishment, the Company has grown to be a regional natural gas Company with presence in the United Arab Emirates, Egypt, and the Kurdistan Region of Iraq (KRI) and headquartered in Sharjah, United Arab Emirates.

Results for the year ended 31 December 2020 – including discontinued operations
During the year, the Group earned gross revenues of USD 349 million (AED 1.27 billion) as compared to USD 459 million (AED 1.68 billion) in 2019, a decrease of 24% due to lower realised prices and lower levels of production in Egypt. This decline was partly offset by production increase in Kurdistan in quarter three following completion of the bypass project. Realised price averaged USD 28/bbl for condensate and USD 28/boe for LPG compared to USD 49/bbl and USD 30/boe respectively in 2019 and negatively impacted revenues by USD 88 million.

The Group ended the year with an average production of 63,200 barrels of oil equivalent per day (boepd), a decrease of 5% compared to last year's production of 66,200 boepd. The decrease in production was mainly due to decline in production in Egypt by 8% which was partly offset by increase in production in Kurdistan following completion of bypass project in quarter 3.

The Group reported a net loss after tax of USD 376 million (AED 1,378 million) as compared to a profit of USD 157 million (AED 575 million) in 2019. Following the sharp decline in oil prices and associated negative economic effects as a result of the Covid-19 pandemic, the Group recognised a non cash impairment of USD 244 million (AED 894 million) in respect of Egyptian assets and a further impairment of USD 163 million (AED 597 million) in respect of goodwill following sale of the Company's onshore assets in Egypt. On an adjusted basis, excluding the impairments in 2020 and exceptional other income recognized in 2019, the Group made a profit of USD 36 million (AED 131 million) as compared to a corresponding year profit of USD 88 million (AED 322 million).

Net profit from continued operations during the year was USD 32 million (AED 118 million) which reflects the strong underlying operating performance despite sharp decline in oil prices.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") decreased to USD 146 million (AED 535 million) compared to USD 341 million (AED 1,249 million) in 2019 mainly due to reduced revenue and other income in 2020.

Discontinued operations
The Company announced on 25 October 2020 that it has entered into a binding agreement with IPR Wastani Petroleum Ltd, a member of the IPR Energy Group ("IPR") for the sale of its onshore Egyptian producing oil and gas assets for a consideration of up to USD 236 million including contingent payments. Under the terms of the sale, the consideration comprises (i) a base cash consideration of USD 153 million, including the net working capital associated with the assets and before any closing adjustments, and (ii) contingent payments of up to USD 83 million subject to average Brent prices and production performance between 2020-2023 as well as realization of potential third party business opportunities. Upon closing, the base consideration will be adjusted by the collections received and payments made by the Company during the intervening period between the economic date and the closing date.

Discontinued operations (continued)
The perimeter of the transaction includes Dana Gas' 100% working interests in the El Manzala, West El Manzala, West El Qantara and North El Salhiya onshore concessions and associated development leases. These assets produced 30,300 boepd in 2020. The assets reported an operational loss before impairment of USD 1 million (AED 4 million) in 2020 as compared to a net profit before impairment of USD 13 million (AED 49 million) in the corresponding year.

All the assets and liabilities directly associated with these assets have been classified as held for sale at their fair values.

The transaction, which is subject to a number of conditions precedent and to the Egyptian Ministry of Petroleum and Mineral Resources' approval, is currently expected to complete by first half of 2021 ("1H 2021").

Liquidity and Financial Resources
Cash and bank balance at year end stood at USD 108 million (AED 396 million), a decrease of 75% compared to the year-end balance of USD 425 million (AED 1,558 million). Cash includes USD 39 million (AED 143 million) being 35% share of cash held at Pearl Petroleum.

The Group collected a total of USD 182 million (AED 667 million) during the year with Egypt and KRI contributing USD 80 million (AED 293 million) and USD 102 million (AED 374 million), respectively. During the year the Company paid a dividend of USD 104 million (AED 383 million) and bought back Sukuk amounting to USD 88.5 million – nominal value (AED 324 million). In addition, the Group on maturity of its Sukuk redeemed the full outstanding amount of USD 309 million (AED 1,133 million) through internal cash resources and USD 90 million credit facility from a local UAE bank.

Business Update
In line with its outlined strategy, the Dana Gas Group continues to focus on maximising the value of its existing hydrocarbon assets and projects, while pursuing growth through a strategy of organic exploration opportunities in our heartland areas and new business development in the upstream and midstream value chains. We continue to balance our capital expenditure with the available sources of cash to ensure we maintain a robust financial position.

Reserves & Resources

Pearl Petroleum Company Limited

As reported previously, Dana Gas and Crescent Petroleum, joint operators of Pearl Petroleum Company Limited ("PPCL"), estimates that the P50 total geologically risked[1] resources of petroleum initially in-place (PIIP) of the Khor Mor and Chemchemal Fields at 75 Tscf (of wet gas) and 7 billion barrels of oil.

PPCL appointed Gaffney Cline Associates ("GCA") to carry out a certification of the reserves for these fields as at 15 May 2019. The certification is based on the earlier work carried by GCA but updated to take into account the current understanding of the field, production data and incorporating the recent appraisal well drilling and test results.

[1] Risked PIIP figures have been calculated by means of a stochastic aggregation using GeoX software with risk factors accounting for geological uncertainties calibrated by surrounding producing oil and/or gas fields.

Reserves & Resources (continued)

***Pearl Petroleum Company Limited** (continued)*

In their report, GCA estimates the following reserves:

Khor Mor

- Proved plus probable (2P) gas, condensate and LPG reserves are 6.9 Tscf, 173 MMbbl and 18 MMt, respectively, of which Dana Gas' 35% share equates to 2.4 Tscf of dry gas, 61 MMbbl of condensate and 6 MMt of LPG.
- Proved plus probable (2P) oil reserves of 51.3 MMbbl of which Dana Gas' 35% share equates to 18 MMbbl

Chemchemal

- Proved plus probable (2P) gas, condensate and LPG reserves are 5.7 Tscf, 215 MMbbl and 20 MMt, respectively, of which Dana Gas' 35% share equates to 2 Tscf of dry gas, 75 MMbbl of condensate and 7 MMt of LPG.

Dana's share of the proved plus probable (2P) hydrocarbon reserves have increased by 10% following the 2019 certification of reserves. Management's estimate of the total share of Dana Gas is equivalent to 1,087 MMboe, up from 990 MMboe when GCA first certified the field in April 2016. This confirms that the fields located in the KRI could be the biggest gas fields in the whole of Iraq.

The balance between these 2P reserves figures and the joint operator's estimated risked initially in place (gas and oil) resources (PIIP) are classified as Contingent Resources[2] and Prospective Resources[3].

E&P Operations

(a) Pearl Petroleum Company Limited (KRI) E&P Operations

Dana Gas's share (35%) of gross production in the KRI for was 11.8 MMboe, i.e. averaging 32,250 boe per day (2019 – DG Share 35%: 11.5 MMboe, averaging 31,500 boe per day), an increase of 2% when compared with corresponding year.

Dana Gas share of collections for the year stood at USD 102 million (AED 374 million) and hence realised 86% of the year's revenue. At year end, Dana Gas' 35% share of trade receivable balance stood at USD 39 million (AED 143 million) as compared to USD 24 million (AED 88 million) at year end 2019.

Pearl is proceeding with the development of two world-class gas fields with in-place volumes of approximately 75 trillion cubic feet of wet gas and 7 billion bbls of oil. In January, Pearl appointed an engineering, procurement and construction ('EPC') contractor for the first of two 250 MMscf/d gas processing trains planned at Khor Mor gas processing plant. The appointment of a contractor follows final approval by the Ministry of Natural Resources of the Kurdistan Regional Government, which oversees the project. The contract award marks a key milestone in Pearl Petroleum's long-term expansion plan. The implementation of the first 250 MMscfd gas processing train was planned to be carried out with first gas by Q1-2022. The second phase will take total production to 900 MMscfd.

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[2] Those quantities of petroleum estimated to be potentially recoverable but not yet considered mature enough for commercial development due to one or more contingencies.

[3] Those quantities of petroleum estimated to be potentially recoverable from undiscovered accumulations by future development projects.

E&P Operations (continued)

(a) Pearl Petroleum Company Limited (KRI) E&P Operations (continued)

As a result of the impacts of COVID 19 on business operations both globally and in the KRI and specifically on (a) the supply chain for EPC contract and (b) local site access for construction preparatory works due to flight and other disruptions, has resulted in the contractor declaring Force Majeure under the terms of the EPC contract. In March 2020, Pearl replicated a back-to-back declaration of Force Majeure to the Contractor under the EPC contract and to the KRG pursuant to the terms of the GSA 2 due to the COVID 19 pandemic. Throughout the remainder of 2020, both the contractor and Pearl took all commercially reasonable steps to mitigate the impact of COVID 19 on the delivery of the project and its timelines. Recently Pearl and the Contractor have agreed in principle to lift Force Majeure under the EPC contract. The restarting of the expansion plans in the KRI demonstrates that all the parties working on the project are fully committed to executing the expansion project as quickly and as safely as possible. The Pearl consortium remains focused on completing the first 250 MMscf/d gas processing train in Q2 2023 and is also examining ways to bring forward the current schedule. In 2021 it will prepare for the drilling of up to five development wells in the KRI which will begin the following year.

(b) Egypt E&P operations

Dana Gas Egypt ended 2020 with production for the full year of operations of 11.08 MMboe i.e. averaging 30,300 boepd (2019: 12.0 MMboe, i.e. averaging 33,000 boepd), a decrease of 8% over the corresponding year. The decline in production was mainly due to natural decline in fields and increased formation water production from some wells of the Balsam Field. This decline was partially compensated by putting in place production optimization strategies at the fields and plant level.

In Egypt, the Group collected a total USD 80 million (AED 293 million) during 2020 and hence realized 81% of the year's revenue. At year end, the trade receivable balance stood at USD 130 million (AED 477 million) as compared to USD 111 million (AED 407 million) at the end of 2019.

Egypt Gulf of Suez – Gas Liquids Extraction Plant
The Company, through its subsidiary Danagaz Bahrain, is a 26.4% owner (effective) in Egyptian Bahraini Gas Derivative Company (Joint Venture) that has built, owns and operates a Natural Gas Liquids Extraction Plant in Egypt in partnership with the Egyptian National Gas Company (EGAS) and the Arab Petroleum Investments Corporation (APICORP). The plant has a capacity to process 150 mmscf/d of gas and has produced 2,050 boepd of propane (DG Share 26.4%: 541 boepd) and 472 boepd of butane (DG Share 26.4%: 125 boepd) during the year.

UAE Gas Project

The UAE Gas Project to process and transport imported gas continues to await the commencement of gas supplies from the National Iranian Oil Company ('NIOC') to Crescent Petroleum. Dana Gas has a 35% interest in Crescent National Gas Corporation Limited (CNGCL) which is entitled to market the gas and owns 100% of Saj Gas and UGTC, the entities that own the offshore riser platform, the offshore and onshore pipelines and the sour gas processing plant to transport and process the gas.

Arbitration Cases

a) The Gas Sales & Purchase Contract between Dana Gas' partner Crescent Petroleum and the National Iranian Oil Company ('NIOC') for the supply of gas to the UAE has been the subject of international arbitration since June 2009. In August 2014, Dana Gas was notified by Crescent Petroleum that the Arbitral Tribunal has issued a Final Award on the merits, determining that the 25-year Contract between it and NIOC is valid and binding upon the parties, and that NIOC has been in breach of its contractual obligation to deliver gas under the Contract since December 2005.

   On 18 July 2016, the English High Court finally dismissed the NIOCs remaining grounds of appeal against the 2014 arbitration award. The 2014 arbitration award found in favour of Dana Gas' partner Crescent Petroleum and Crescent Gas Corporation Limited on all issues. NIOC appealed the 2014 arbitration award to the English High Court. Most of the grounds of appeal were heard and dismissed by the Court in March 2016. The finalisation of the appeal in July 2016 confirms that the 2014 award is final and binding and that NIOC has been in breach of its gas supply obligations since 2005.

   Crescent Petroleum has informed Dana Gas that the final hearing of the remedies phase against NIOC for non-performance of the contract (including claims for damages and indemnities for third party claims up to 2014) took place in November 2016. Some members of the Tribunal which heard the case resigned prior to the issuing of an Award and as result a new Tribunal was constituted. The new Tribunal agreed that they could issue an Award on the basis of the existing evidence following a clarification hearing which was held in August 2020. The final award on damages for the period 2005 to 2014 is awaited from the Tribunal, and in the meantime Dana Gas has been informed that Crescent Petroleum has commenced a second arbitration with a new Tribunal, to address the claims for damages from 2014 until the end of the contract period in 2030.

b) MOL Earn Out payment arbitration: The Company, together with Crescent Petroleum, commenced arbitration proceedings against MOL Hungarian Oil and Gas Public Limited Company ('MOL') on 14 February 2020 arising out of MOL's attempts to avoid paying reserve based earn out payments to the Company and Crescent Petroleum arising out of the terms of the Sale and Purchase agreement entered into between the Parties in 2009, through which MOL acquired its 10% shareholding in Pearl Petroleum.

   The reserve based earn out payment obligations are the same obligations which MOL sought to illegitimately avoid and which was the subject of the 20 September 2017 arbitration award against MOL.

   The arbitration will also address the separate and additional crude oil earn out payments arising out of the said 2009 Sale and Purchase agreement.

c) OMV Earn Out payment arbitration: The Company, together with Crescent Petroleum, commenced arbitration proceedings against OMV Upstream International GMBH ('OMV') on 14 February 2020 arising out of OMV's attempts to avoid paying reserve based earn out payments to the Company and Crescent Petroleum arising out of the terms of the Sale and Purchase agreement entered into between the Parties in 2009, through which OMV acquired its 10% shareholding in Pearl Petroleum.

DANA GAS PJSC
Report of the Directors

Directors

1. Mr. Hamid Dhiya Jafar, Chairman
2. Mr. Rashid Saif Al-Jarwan, Deputy Chairman
3. Mr. Abdullah Ali Al Majdouie
4. Mr. Hani Abdulaziz Hussein
5. Mr. Jassim MohamadRafi Alseddiqi
6. Mr. Majid Hamid Jafar
7. Mr. Nureddin Sehweil
8. Mr. Said Arrata
9. Mr. Shaheen Al-Muhairi
10. Mr. Varoujan Nerguizian
11. Mr. Ziad Abdulla Ibrahim Galadari

Auditors

The financial statements have been audited by PricewaterhouseCoopers.

On behalf of the Board of Directors

To the best of our knowledge, the financial information included in the report fairly presents in all material respects the financial condition, results of operation and cash flows of the company as of, and for, the periods presented in the periodic report.

Director
10 March 2021