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 period ended 31 March 2022.

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 quarter ended 31 March 2022
During the quarter ended 31 March 2022, the Group earned gross revenues of USD 140 million (AED 513 million) as compared to USD 106 million (AED 389 million) in the first quarter of 2021, an increase of 32% due to higher realised prices. This increase was partly offset by lower production in Egypt which declined by 7%. Realised price averaged USD 82/bbl for condensate and USD 43/boe for LPG compared to USD 44/bbl and USD 33/boe respectively in Q1 2021.

The Group achieved a record net profit of USD 54 million (AED 198 million) as compared to USD 24 million (AED 88 million) in Q1 2021, an increase of 125%. The increase in net profit was primarily due to higher oil prices with controlled operating costs. Earnings before interest, tax, depreciation and amortisation ("EBITDA") was higher at USD 81 million (AED 297 million) compared to USD 50 million (AED 183 million) in Q1 2021.

The Group's share of production for the 90 days was 5.62 million barrels of oil equivalent or 62,400 barrels of oil equivalent per day ("boepd"), a decrease of 4% compared to corresponding period production of 5.84 million boe (64,900 boepd) . This decline was mainly due to natural field depletion in Egypt which resulted in production decline of 7% to 27,000 boepd as compared to 29,050 in Q1 2021.

Liquidity and Financial Resources
Cash and bank balance at period end stood at USD 209 million (AED 766 million), an increase of 13% compared to 2021 year-end balance of USD 185 million (AED 678 million). Cash includes USD 71 million (AED 260 million) being 35% share of cash held at Pearl Petroleum.

The Group collected a total of USD 69 million (AED 253 million) during the period with Egypt and KRI contributing USD 17 million (AED 62 million) and USD 52 million (AED 191 million), respectively.

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

(a) 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.

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].

(a) Dana Gas Egypt

Gaffney, Cline & Associates (GCA), a leading advisory firm carried out an independent evaluation of Dana Gas Egypt's hydrocarbon reserves as at 31 December 2021. Following this review, the Group's gross proved reserves (1P) as at 31 December 2021 were assessed at 30 MMboe (31 December 2020: 35 MMboe). The gross proved and probable reserves (2P) as at 31 December 2021 were estimated at 44 MMboe (31 December 2020:59 MMboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2021 were estimated to be 73 MMboe (31 December 2020:85 MMboe). The decrease in reserve was on account of production during the year, which was not replaced.

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[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.

[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

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

Dana Gas's share (35%) of gross production in the KRI for the 90 days of operations in Q1 2022 was 3.18 MMboe, i.e. averaging 35,400 boe per day (Q1 2021 – DG Share 35%: 3.17 MMboe, averaging 35,300 boe per day).

Dana Gas' share of collections for the period stood at USD 52 million (AED 191 million) and hence realised 75% of the period's revenue. At period end, Dana Gas' 35% share of trade receivable balance stood at USD 59 million (AED 216 million) as compared to USD 43 million (AED 158 million) at year end 2021.

Pearl is proceeding with the development of its 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 2020, Pearl appointed an engineering, procurement and construction ('EPC') contractor for the first of two 250 MMscf/d gas processing trains planned at the Khor Mor gas processing plant. The appointment of the contractor followed 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 second phase will take total production to 900 MMscfd.

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 the EPC contract and (b) local site access for construction preparatory works due to flight and other disruptions 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.

In April 2021, Pearl lifted Force Majeure under the GSA 2 with the Kurdistan Regional Government, agreeing a new target start date for first gas deliveries of 30 April 2023. In June 2021, Pearl and the Contractor also lifted Force Majeure under the EPC Contract and have agreed on a new completion date of 30 April 2023. 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 by 30 April 2023.

The KM 250 gas expansion works currently under way at the Khor Mor plant are progressing on schedule, with the project now fully financed after securing a 7-year USD 250 million loan from the US International Development Finance Corporation in September 2021.

(b) Egypt E&P operations

The Group' production in Egypt for the 90 days of operations in Q1 2022 was 2.43 MMboe i.e. averaging 27,000 boepd (March 2021: 2.61 MMboe i.e. averaging 29,050), a decrease of 7% over the corresponding period. The fields annual natural decline was partially compensated by the wells drilling, workovers, intervention campaign and production optimization operations at field and plant level.

In Egypt, the Group collected a total USD 17 million (AED 62 million) during the period and hence realized 71% of the period's revenue. At period end, the trade receivable balance stood at USD 31 million (AED 114 million) as compared to USD 24 million (AED 88 million) at the end of 2021.

UAE Gas Project

The UAE Gas Project includes Dana Gas' 35% interest in Crescent National Gas Corporation Limited (CNGCL), which is entitled to market the gas, and 100% interests in UGTC and Saj Gas, the entities that own the offshore riser platform, the offshore and onshore pipelines to transport the gas and the sour gas processing plant to 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 had been in breach of its contractual obligation to deliver gas under the Contract since December 2005.

   The parties to the arbitrations are Crescent Petroleum and NIOC, who are the parties to the Gas Sales & Purchase Contract (GSPC) at issue in the arbitration. Dana Gas is not a party to the GSPC, or to the arbitration.

   Dana Gas has been informed by Crescent Petroleum that an award for damages in the first arbitration against NIOC has been made by the international arbitration tribunal on 27 September 2021. This first arbitration covers the period of the first 8.5 years of the 25 year gas sales agreement from 2005 to mid-2014. Dana Gas share of award is USD 608 million (AED 2.23 Billion).

   In addition, a second arbitration with a much larger claim for the 16.5 years covering the remainder of the gas supply period from 2014 to 2030 is currently underway, with the final hearing fixed for October 2022 in Paris, and for which a final award on damages is expected the following year in 2023. Dana Gas will also receive a portion of the next award which is expected to be more than the sum due from the first arbitration in keeping with the longer time period.

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 in accordance with 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 illegitimately sought to 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 same 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 in accordance with 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.

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Report of the Directors

Directors

1. Mr. Hamid Dhiya Jafar, Chairman
2. Mr. Rashid Saif Al-Jarwan, Deputy Chairman
3. Mr. Ajit Vijay Joshi
4. Mr. Hani Abdulaziz Hussein
5. Mr. Jassim MohamadRafi Alseddiqi
6. Mr. Majid Hamid Jafar
7. Ms. Najla Ahmed Al-Midfa
8. Mr. Shaheen Al-Muhairi
9. Mr. Varoujan Nerguizian
10. H.E. Younis Al Khoori
11. Mr. Ziad Abdulla Ibrahim Galadari

Auditors

The Company auditors, Ernst & Young, have issued their review report on the interim condensed consolidated financial information of the Group.

On behalf of Board of Directors

Directors
10 May 2022