

## **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 2024.

#### **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 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 2024**

During the year, the Group earned gross revenues of USD 445 million (AED 1.6 billion) as compared to USD 423 million (AED 1.5 billion) in 2023, an increase of 5% mainly due to recognition of additional revenue resulting from improved fiscal terms of the recently signed consolidated concession agreement in Egypt. This additional revenue of USD 68 million (AED 249 million) was partially offset by USD 51 million (AED 169 million) reduction due to natural field declines in Egypt. On the other hand, production increase in Kurdistan added USD 20 million (AED 73 million). Lower realised prices during the year, mainly condensate prices in Kurdistan, eroded the topline by USD 15 million (AED 55 million). Realised price averaged USD 44/bbl for condensate and USD 34/boe for LPG compared to USD 51/bbl and USD 35/boe respectively in 2023.

The Group achieved a Net Profit of USD 151 million (AED 553 million) in 2024 as compared to a Net Profit of USD 160 million (AED 586 million) in 2023, a decrease of 6%. Net profit was after impairment of USD 33 million (AED 121 million), in Egypt, related to past costs of the old concessions which are no longer recoverable under the new consolidated concession. Excluding this one-off impairment, the net profit for the year was higher at USD 184 million (AED 674 million) as compared to USD 160 million (AED 586 million) in 2023, an increase of 15%.

EBITDA for the year was higher at USD 263 million (AED 964 million) compared to USD 257 million (AED 941 million) in 2023.

The Group’s average production during the year was 54,850 barrels of oil equivalent per day (boepd), a decrease of 7% compared to last year’s production average of 58,700 boepd. Production in Kurdistan increased by 4% to 38,400 boepd from 36,900 boepd in the corresponding year. This was fully offset by a drop in production in Egypt which fell 25% to 16,450 boepd as compared to 21,800 boepd in 2023, due to natural decline in producing fields.

#### **Liquidity and Financial Resources**

Cash and bank balances at the yearend had increased to USD 317 million (AED 1,162 million) compared to 2023 year end balance of USD 131 million (AED 480 million). Cash included USD 235 million (AED 861 million) being 35% share of cash held at Pearl Petroleum.

The Group collected a total of USD 326 million (AED 1,195 million) during the year with Egypt and KRI contributing USD 65 million (AED 238 million) and USD 261 million (AED 957 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.

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#### **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<sup>1</sup> resources of petroleum initially in-place (PIIP) of the Khor Mor and Chemchemical 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 latest 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.

##### **Chemchemical**

- 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.

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<sup>2</sup> and Prospective Resources<sup>3</sup>.

##### ***(b) 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 2024. The Group's gross proved reserves (1P) as at 31 December 2024 were assessed at 15 MMboe (31 December 2023: 17 MMboe). The gross proved and probable reserves (2P) as at 31 December 2024 were estimated at 22 MMboe (31 December 2023: 34 MMboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2024 were estimated to be 35 MMboe (31 December 2023: 48 MMboe).

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<sup>1</sup> 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.

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

<sup>3</sup> Those quantities of petroleum estimated to be potentially recoverable from undiscovered accumulations by future development projects.

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#### **E&P Operations**

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

Dana Gas's share (35%) of gross production in the KRI for 2024 was 14 MMboe, i.e. averaging 38,400 boe per day (2023 – DG Share 35%: 13.5 MMboe, averaging 36,900 boe per day), an increase of 4% when compared with the previous year. This increase was the result of the successful completion of further plant de-bottlenecking enhancements at the Khor Mor facility, a strategic response to the growing demand for natural gas in KRI.

Dana Gas' share of collections for the year stood at USD 261 million (AED 957 million) and hence realised 116% of the year's revenue. At year end, Dana Gas' 35% share of trade receivable balance stood at USD 67 million (AED 246 million) as compared to USD 103 million (AED 378 million) at the end of 2023.

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 barrels of oil. In January 2020, Pearl appointed Exterran, an engineering, procurement and construction ('EPC') contractor, for the first of two 250 MMscf/d gas processing trains and provide operations related technical assistance services for 5 years post hand over of the 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 EPC contract terms reflect Exterran's contractor financing whereby the plant will be predominantly funded by Exterran with repayment of principal with interest over five years following completion of the plant.

Work on the KM 250 onsite EPC contract activities was suspended in June 2022 following rocket attacks in the area of the construction site and plant and a state of force majeure was declared. During 2023, following enhancement of the security arrangements, Enerflex and its subcontractors remobilized to site to recommence construction. The operator and contractor have discussed the necessary improvements in security arrangements with the Kurdistan Regional Government required for construction activities to fully get underway. Three further security incidents occurred at the Khor Mor site in 2023 and early 2024, which did not result in any harm to personnel and only a minimal impact on production operations.

On 26 April 2024, a condensate storage tank at Khor Mor was struck by a drone terror attack, tragically resulting in four fatalities and minor injuries to eight employees of Pearl's contractors while they were working to repair the tank. Although there was very minor damage to the facilities, for the safety of all staff and the facilities, Pearl suspended production and instituted specific procedural changes.

On 1 May 2024, based upon concrete actions which have been taken by the Government of Iraq and the Kurdistan Regional Government to significantly strengthen defences at the Khor Mor site as well as firm commitments from the highest levels of those authorities, Pearl took steps to recommence production from the Khor Mor field which was fully restored to normal levels on 3 May 2024.

Enerflex declared force majeure under the EPC contract on 3 May 2024.

However, following numerous performance issues which arose during the execution of the EPC works, Pearl issued a notice of termination under the EPC contract to Enerflex on 19 August 2024. That termination took effect on 9 September 2024. This action has enabled Pearl to assume direct control over the remaining phases of the KM250 project, ensuring that it is brought back on track and completed in the timeliest manner. Pearl has also initiated arbitration against Enerflex to recover costs and damages arising from Enerflex's defective performance. The KM250 project is currently expected to be completed in Q2 2026. A further drone strike took place at Khor Mor on 2 February 2025, which caused no injuries to people, nor was production impacted.

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#### **E&P Operations**

##### *(b) Egypt E&P operations*

Dana Gas Egypt ended 2024 with production for the full year of operations of 6 MMboe i.e. averaging 16,450 boepd (2023: 7.95 MMboe, i.e. averaging 21,800 boepd), a decrease of 25% over the corresponding year.

In Egypt, the Company collected a total USD 65 million (AED 238 million) during 2024 and hence realized 105% of the year's revenue (excluding additional revenue recognized upon signing of consolidated concession agreement in Egypt). At year end, the trade receivable balance stood at USD 78 million (AED 286 million) as compared to USD 48 million (AED 176 million) at the end of 2023.

On 23 December 2024, Dana Gas signed a new concession agreement with the Egyptian Natural Gas Holding Company ("EGAS") to consolidate the existing 13 development leases under the 3 concessions of El Manzala, West El Manzala and West El Qantara, named New El Manzala, with improved fiscal terms. Development leases' production includes both gas and associated gas liquids. Total area of development leases is 387.1 sq. km located in the onshore Nile Delta. New El Manzala concession is held with a 100% working interest.

Dana Gas is committed to spend a minimum of USD 28 million (AED103 million) on exploration and development activities in the original development leases before 31 December 2026. Total spending up to 31 December 2024 of USD 13 million (AED 48 million) is subject to EGAS review and approval.

Supplemental exploration acreage of 297.4 sq. km surrounding the development leases was also awarded under the New El Manzala concession with a 100% working interest. Dana Gas is committed to drill 3 exploration wells with minimum spend of USD 15 million (AED 55 million) during the first exploration period expiring on 31 December 2025.

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#### **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 was informed by Crescent Petroleum that an award for damages in the first arbitration against NIOC was made by the international arbitration tribunal on 27 September 2021. This first arbitration covered the period of the first 8.5 years of the 25 year gas sales agreement from 2005 to mid-2014. Dana Gas' share of the award was USD 608 million (AED 2.23 billion) which was recorded in the books in 2021. The award accrues interest for delayed payment and at the end of December 2024 Dana Gas share of interest amounted to USD 109 million.

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. The final hearing is now anticipated in 2025. 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.

#### **Directors**

1. Mr. Hamid Dhiya Jafar, Chairman
2. Mr. Rashid Saif Al-Jarwan, Deputy Chairman
3. Mr. Ahmed Abdulhamid Alahmadi
4. Mr. Ajit Vijay Joshi (resigned on 29 February 2024)
5. Mr. Hani Abdulaziz Hussein (to 17 April 2024)
6. Mr. Majid Hamid Jafar
7. Mr. Mohamed Al Sayed Mohamed Ebraheem Alhashmi (from 17 April 2024)
8. Mr. Mohamed Khalil Mohamed Sharif Foulathi Alkhouri (from 17 April 2024)
9. Ms. Najla Ahmed Al-Midfa
10. Mr. Omar Ibrahim Al-Mullah (from 17 April 2024)
11. Mr. Shaheen Al-Muhairi
12. Mr. Varoujan Nerguizian (to 17 April 2024)
13. H.E. Younis Al Khoori
14. Mr. Ziad Abdulla Ibrahim Galadari

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**Auditors**

The consolidated financial statements have been audited by Ernst & Young.

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 consolidated financial condition, results of operation and cash flows of the Group as of, and for, the periods presented in the report.



**Directors**  
**24 February 2025**