

**Clean Energy For the MENA  
Region's Tomorrow**



Dana Gas Analyst Presentation

2015 Preliminary Results  
15 February 2016

# Forward Looking Statement

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This presentation contains forward-looking statements which may be identified by their use of words like “plans,” “expects,” “will,” “anticipates,” “believes,” “intends,” “projects,” “estimates” or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, product development, market position, expenditures, and financial results, are forward looking statements.

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# Presentation Outline

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- Performance Highlights
- Financing Update
- Country Performance
  - Egypt
  - Kurdistan Region of Iraq
- Zora Gas Project Update
- Summary

## Performance Highlights

**Dr Patrick Allman-Ward**  
Chief Executive Officer

# 2015 Performance Highlights - 1

- 2015 was a tough year for the oil and gas sector as a whole:
  - Oil prices were down by half: realized prices \$50 for condensate and \$37 for LPG (\$97 and \$64, respectively in 2014)
  - Headcount has been reduced ending the year 40% down in terms of personnel.
- Gross Revenues and Gross Profit of \$417 million and \$126 million respectively, down from \$683 million and \$303 million for the full year 2014
  - Fall in revenue and gross profit was directly attributable to the sharp decline in world oil prices last year, as well as a 15% production decline in Egypt.
- Net profit was \$144 million despite lower oil prices, an increase of 15% on a Y-o-Y basis, with cash and bank balance at \$470 million at year-end 2015:
  - Key contributor to these increases was the cash received from RWE in November in a one-off consideration of the mutually agreed settlement of the arbitration and sale of 5% interest in Pearl Petroleum Company Limited
  - This offset a declining cash position caused by continued deficient payments from Kurdistan in combination with ongoing overhead costs and investment requirements in Egypt and the UAE
- Operating performance remained solid since making the most out of our existing assets is a key part of our business strategy:
  - In Egypt successfully drilled the Balsam-2 and -3 wells; brought Balsam-1, -2 and -3 on stream, with Balsam-3 tied back six-months in advance and cumulatively producing 24 MMscf/d (5,000 boepd including condensate);
  - Signed an agreement with BP to carry our drilling cost on the first HPHT Oligocene exploration well in the Nile Delta's EI Matariya (Block 3) onshore concession area;
  - Acquired 2,000 sq km 3D seismic over the deepwater part of the offshore Block 6 Concession Area proving significant play potential;
  - In the UAE the Zora Gas Field started production in mid January after completing all construction of the onshore gas processing plant in December 2015

# 2015 Performance Highlights - 2



- We have significantly increased our oil & gas reserves with overall 2P reserves around 690 MMboe
  - Increase in 1P certified reserves in Egypt by 41% and 2P reserves to 130 MMboe representing a reserves replacement ratio of 237%
  - Egypt's Balsam-2 and Balsam-3 wells added 165 billion cubic feet of gas to reserves (28 MMboepd)
  - The Zora Field 2P reserves remained steady at 31 MMboe
  - Pearl Petroleum (PPCL) latest estimate (P50) of total risked in-place resources in the Khor Mor & Chemchemical Fields amounts to 75 Tcf of gas and 7 billion barrels of oil
  - Based upon production data from only 1 of the 12 defined compartments in the Khor Mor Field, the current remaining 2P reserves are believed to be at least 9 Tcf (DG share equates to 525 MMboe)
- Total receivables balance of \$948 million by year end remained more or less static
  - Received \$125 million in cash/offset payments from Egypt, reduced trade receivable by 5% to \$221 million
  - Collected \$43 million in the KRI resulting in Dana Gas's share of receivables at \$727 million
- Amicable settlement in arbitration case with RWE also involving sale of 5% share of Dana Gas equity interest in PPCL
- Arbitration Tribunal ordered KRG to pay \$ 1.963 Billion to PPCL within 28 days of the judgment of 27th November 2015
- English High Court upheld the peremptory order of \$100 million due for payment on 26 Feb 2016
- Crescent Petroleum has informed Dana Gas that the final hearing for determination of the damage claims against NIOC for non-performance of the UAE gas delivery contract has now been fixed by the Tribunal for the 1st September 2016 in The Hague

## **2015 Financial Performance**

**Azfar Aboobakar**

**Head - Financial Control & Reporting**

# 2015 Y-o-Y Financial Performance

(In \$ million)	2015	2014	Percentage Change
Gross Revenue	417	683	(39)
Net Profit	144	125	15
Basic EPS (AED fils)	7.7	6.6	17

- Gross revenue declined by 39%, with lower hydrocarbon prices (lower by approx. 50%) and lower production in Egypt which declined by 15%
- Net profit increased by 15% to \$ 144 million as compared to US\$ 125 million in 2014. Profitability remained under pressure in 2015 due to falling oil prices. Dana Gas took proactive measures to cut costs and preserve cash. In Q4, 2015, profitability was boosted following receipt of proceeds from settlement with RWEST and sale of 5% interest in Pearl to RWEST Middle East

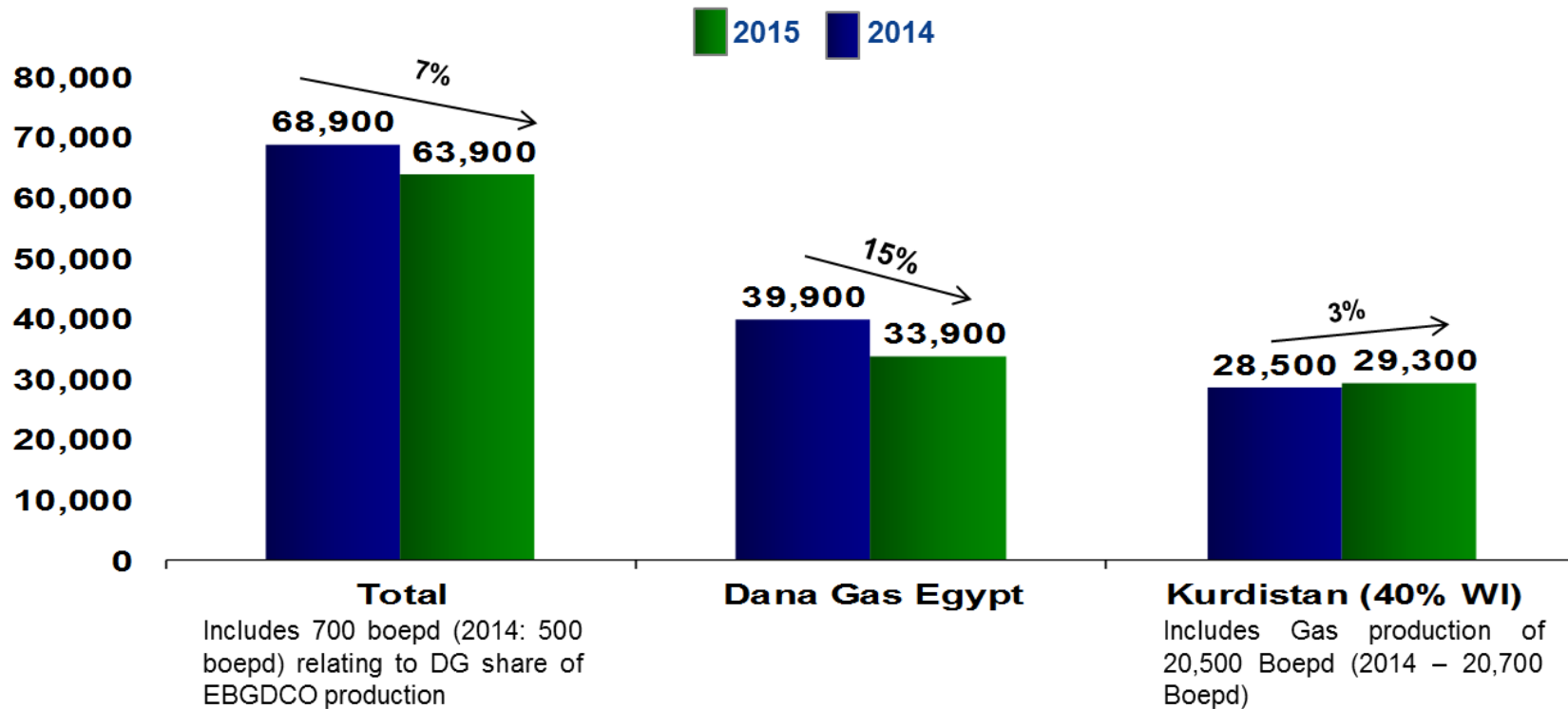


## Financial Highlights: Q4 2015 vs Q4 2014

(In \$ million)	Q4 – 2015	Q4 – 2014	Percentage Change
Gross Revenue	93	142	(35)
Net Profit / (Loss)	134	(4)	x 34.5
Basic EPS / (LPS) (AED fils)	7.2	(0.2)	X 37.0

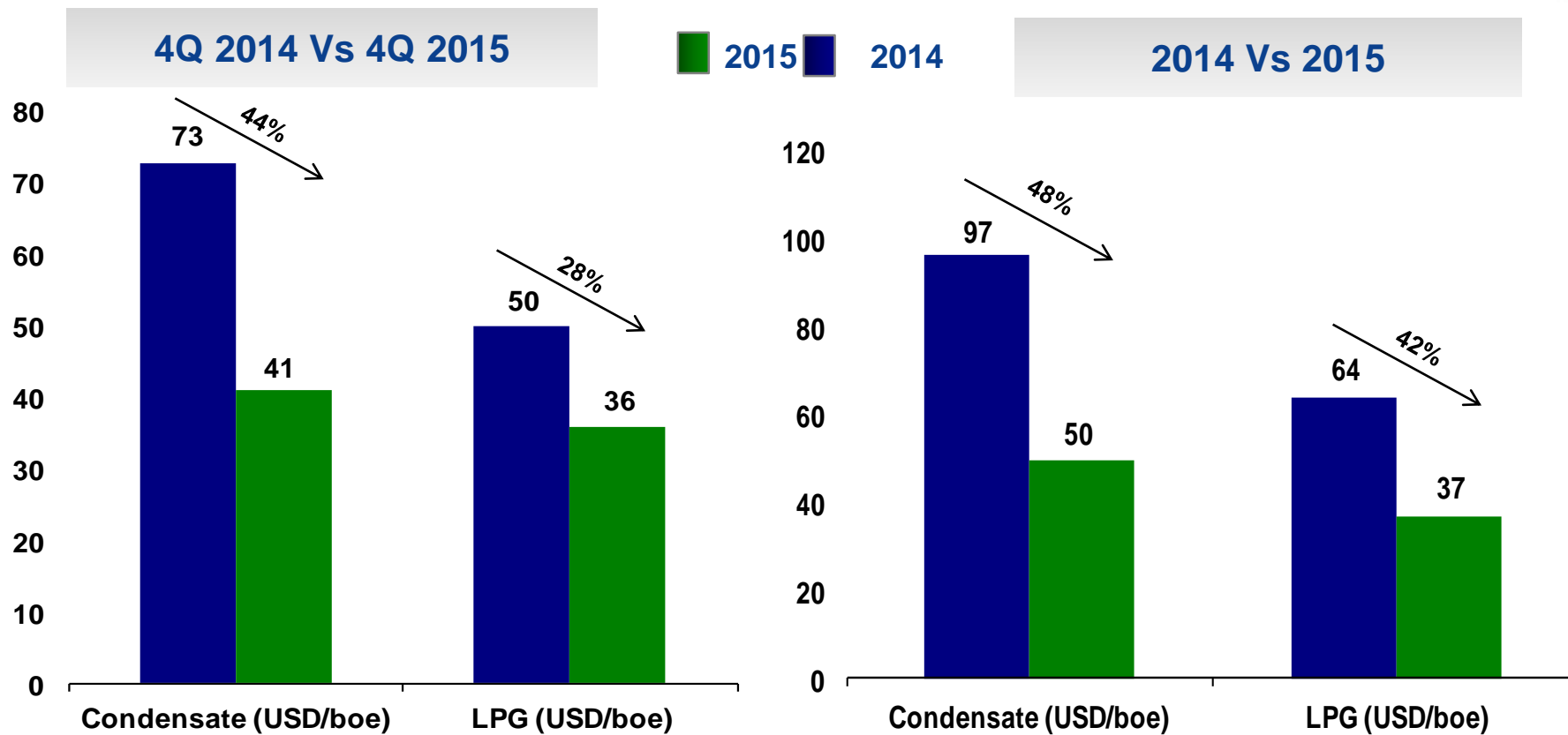
- Lower realized hydrocarbon prices during Q4 2015 resulted in decline in gross revenue which declined to \$ 93 million as compared to \$ 142 million in the corresponding period
- Profitability was boosted by a gain following the settlement of RWE arbitration and sale of a 5% interest in Pearl Petroleum Company Limited. Pressure on profitability due to lower realized prices continued during the quarter

# Production on a Y-o-Y basis



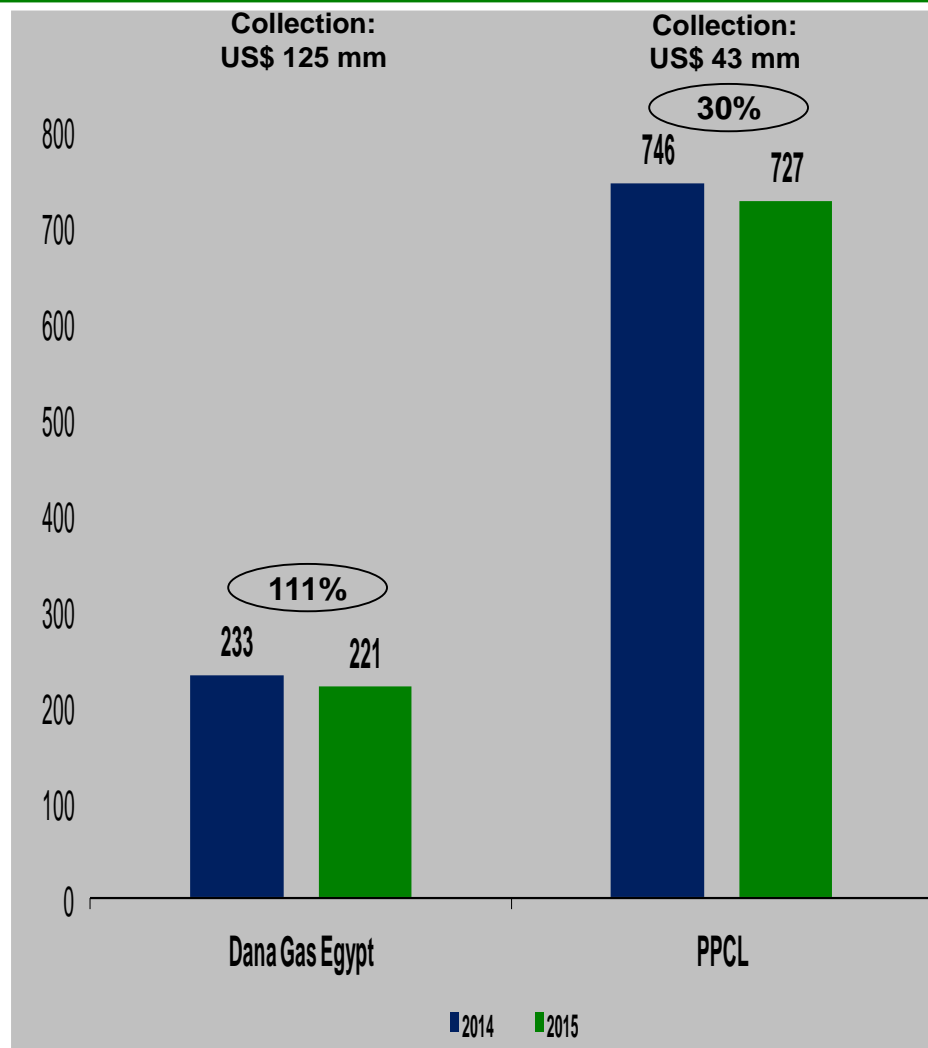
- Production decline in Egypt followed a steady and predictable downward curve associated with field decline. This was partially reversed when Balsam field production and well completions were brought on stream in Q4 2015
- Production in KRI increased by 3% on a Y-o-Y basis due to further process optimization and improvements

# Average Realized Prices



\* Liquids benchmarked to Brent

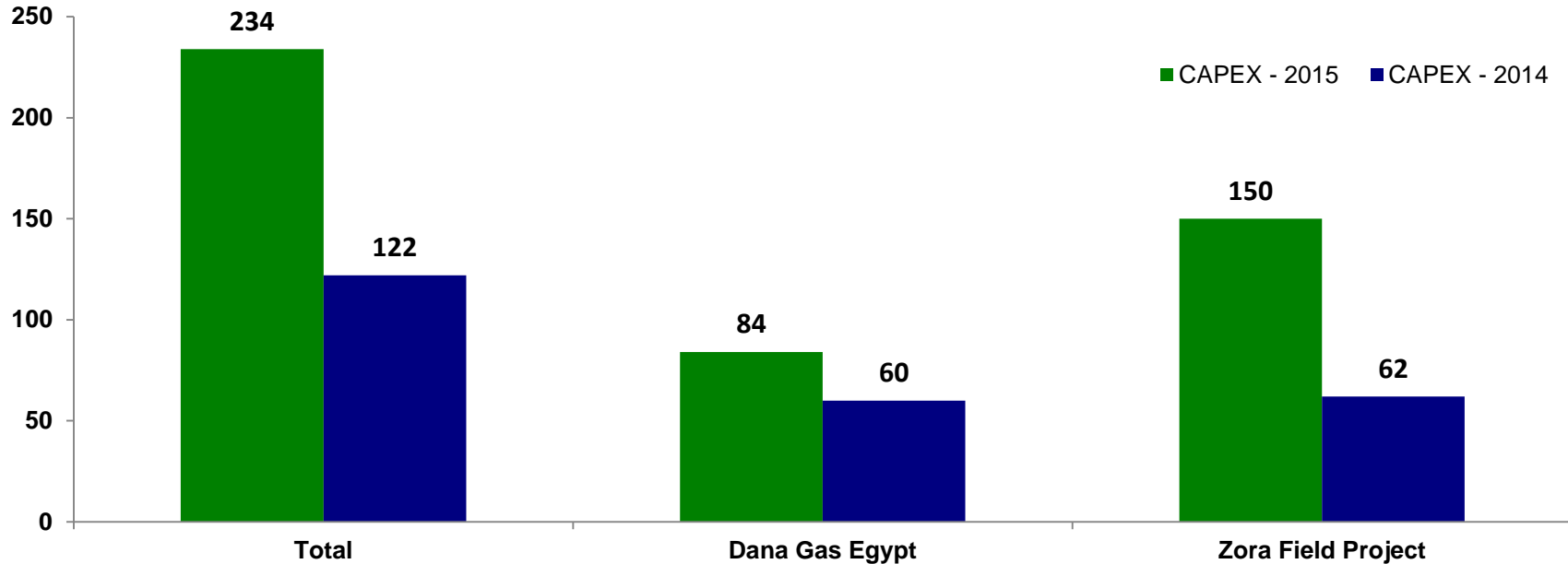
# Trade Receivables (all figures in US\$ 'mm)



Note: %age realisation calculated as collection divided by revenue

- In Egypt, the Company received cash of \$ 109 million and EGAS/EGPC offset the signature bonus for Block-1 and Block-3 of \$ 13 million and payables to government owned contractors of \$ 3 million against the amount due to the Company.
- In Kurdistan, Dana Gas share of collection for the year was \$ 43 million, compared to \$ 34 million in 2014. Upon expiry of the direct local sales contract in Sept 2015, KRG commenced direct lifting of LPG and Condensate from 20 September and 7 October 2015, respectively from the Khor Mor plant through a nominated local contractor. This continued till December 2015

# Capital Expenditure - (in \$ million)



- Capital expenditure incurred in Egypt relates mainly to drilling of 1 exploratory and 6 development / recompletion wells together with Balsam field development cost. In addition \$ 13 million was paid as signature bonus for Block-1 and Block-3, which was offset against receivables
- Capex incurred in the UAE (Zora development project) includes construction and installation of an unmanned offshore platform, drilling of Sharjah well with two lateral, 12" subsea and onshore pipeline and the onshore gas processing plant. Construction and commissioning of the project is now completed with first gas in Q1 2016

## Country Performance – Egypt and KRI

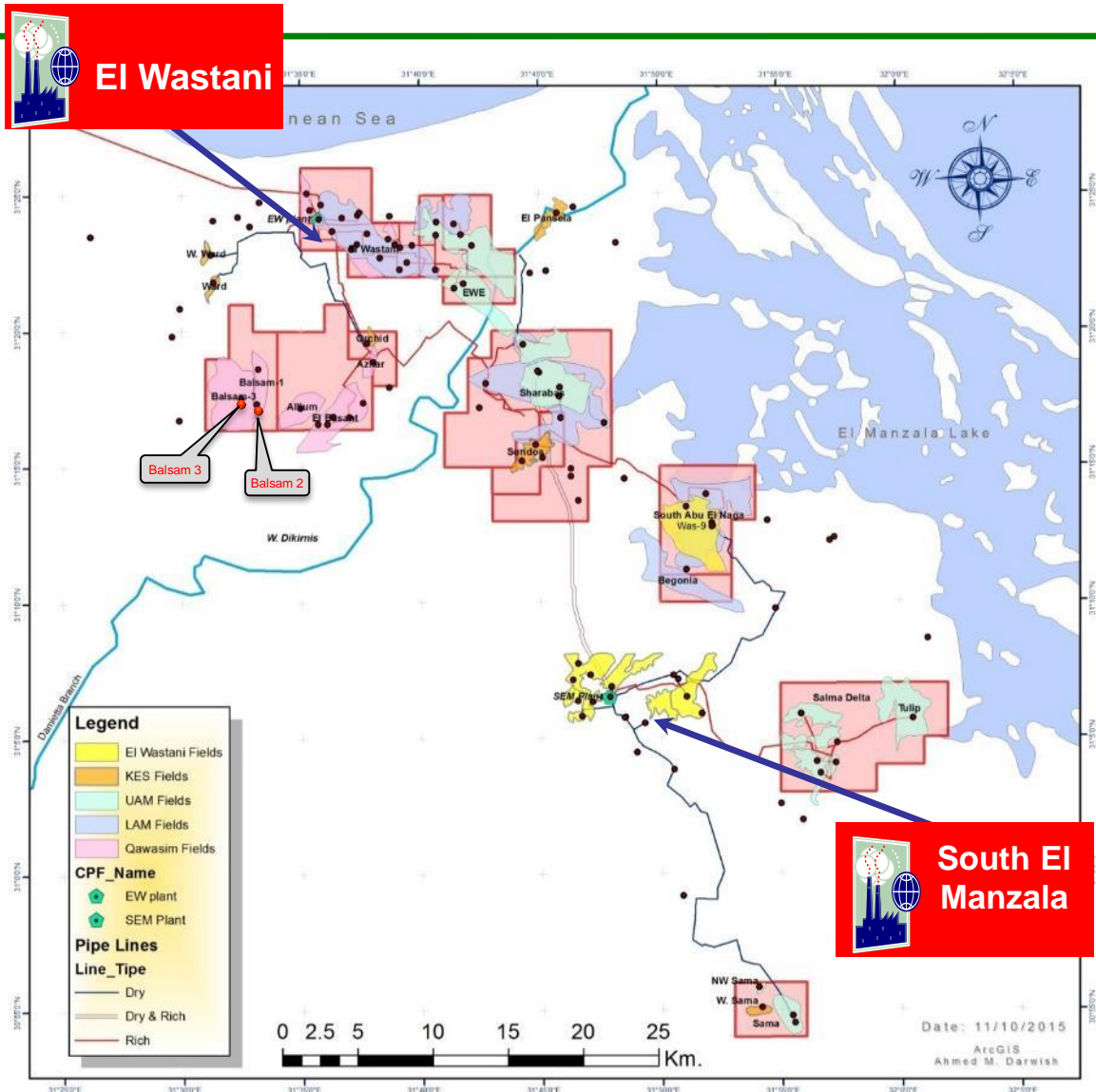
**Iman Hill**

**Technical Director & GM UAE and Egypt**

# Egypt: A year of reserves growth

- A significant increase in 2015 GIIP, EUR, Recovery Volumes and Reserves despite oil price collapse
- Comparison 1P GCA 2014 and GCA 2015
  - GIIP growth of 256 Bscf or 16%.
  - EUR growth of 214 Bscf or 20%.
  - EFR growth of 152 Bscf or 36%.
  - Gas Reserves growth of 97 Bscf or 26%.
  - Condensate Reserves growth of 4.4 MMbbl or 58%.
  - LPG Reserves growth of 2.6 MMbbl or 56%.
- Proved plus Probable reserves (2P) increased to 130 MMboe, corresponding to a reserve replacement ratio of 237%.

# Egypt: Nile Delta Operations



## Development Leases:

- Onshore acreage consisting of 14 Development Leases in the prolific Nile Delta region

## Production:

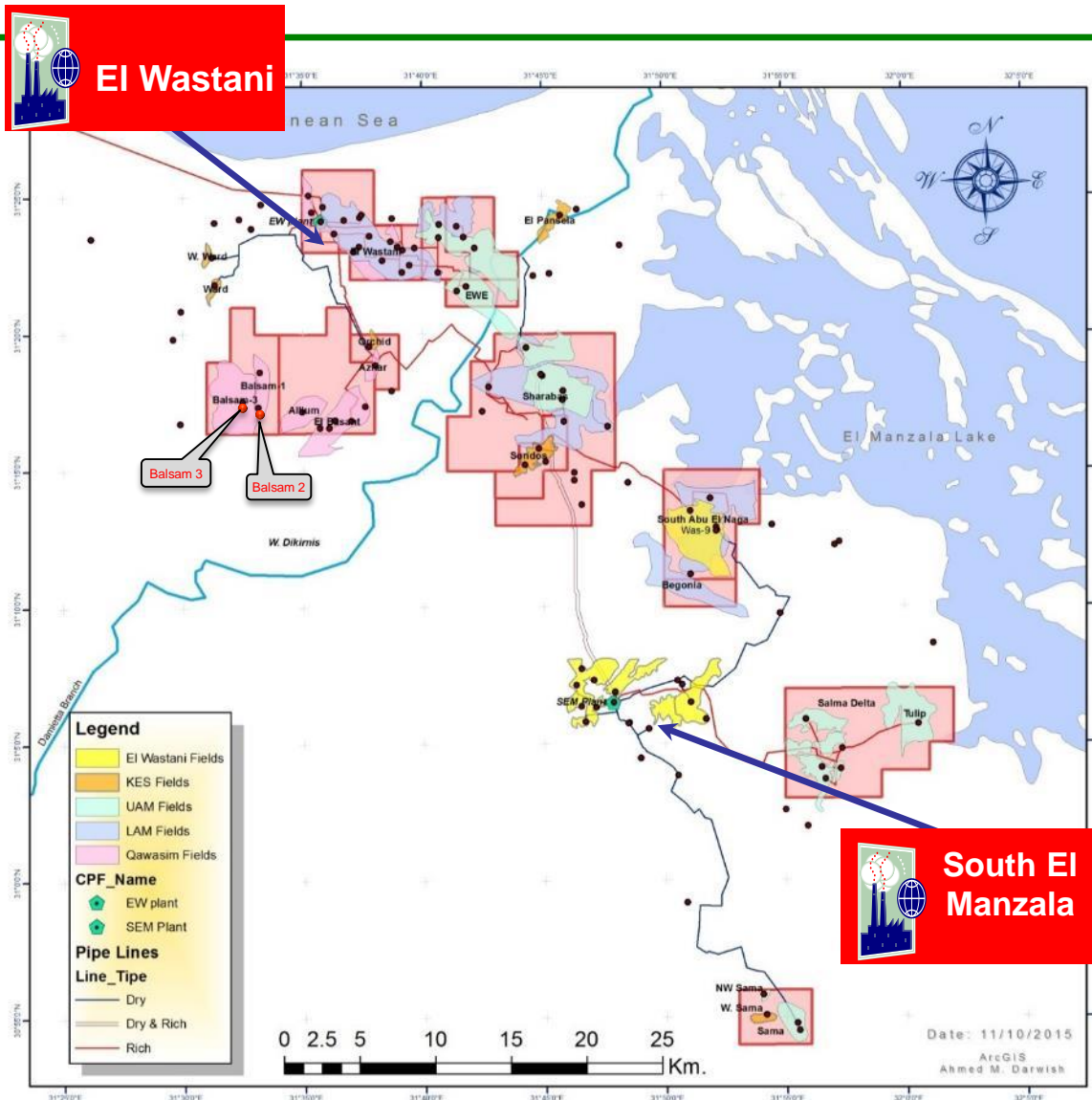
- 4Q 2015 avg 32.2 kboe/d versus 37.6 kboe/d for 4Q 2014. Decline in production followed a steady and predictable downward curve associated with normal field decline which was partially reversed when Balsam field production and well completions were brought on stream in 4Q 2015.

## Operations:

- Post Balsam-2 and Balsam-3 completions, SD-4, SF-5 and SAEN-7 wells were successfully completed in 4Q 2015.
- SF-5 has hit KES pay with 2 new accumulations named Roaa and Anes. SAEN-7 proved a separate compartment with deeper gas water contact.



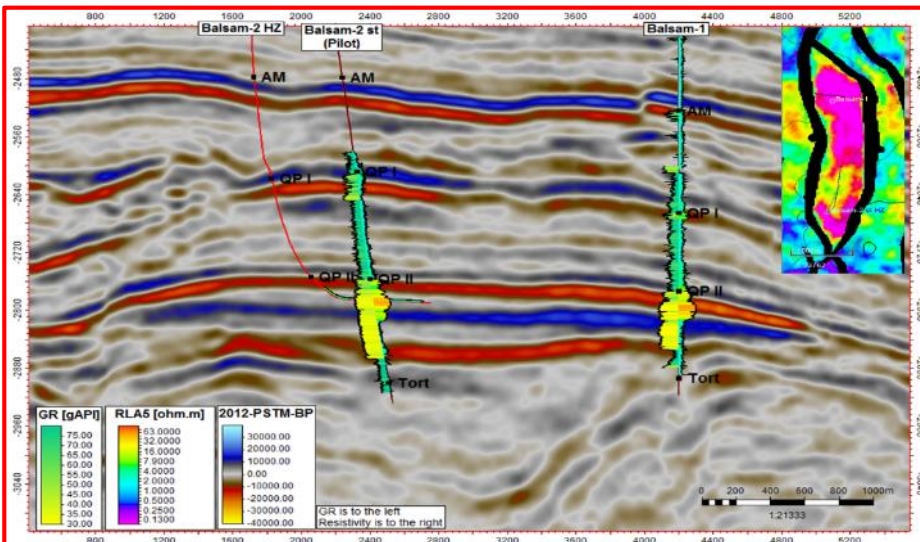
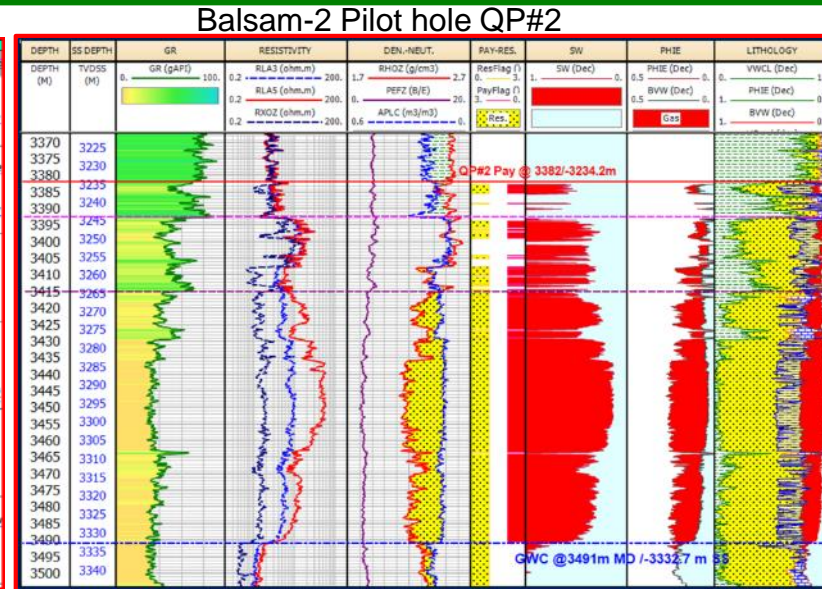
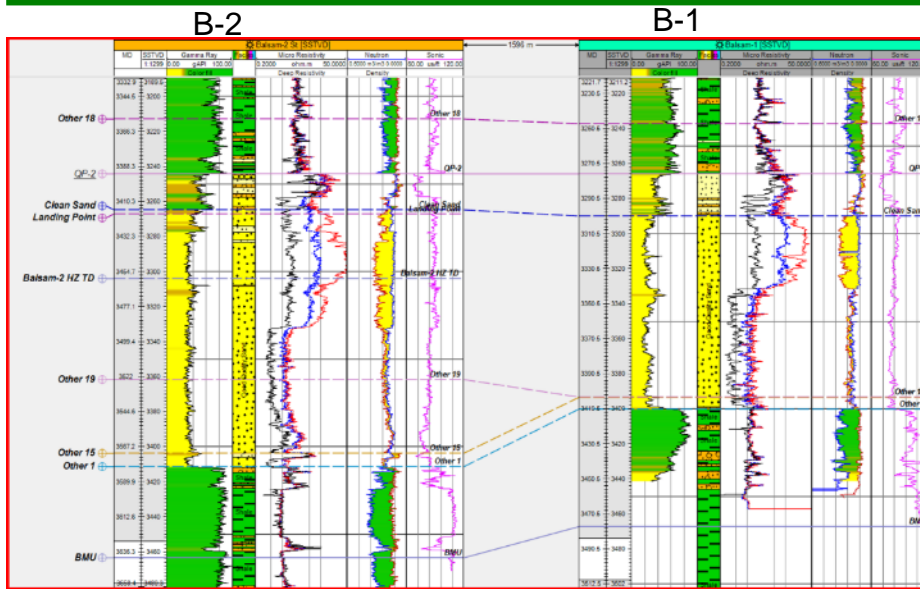
# Egypt: Nile Delta Operations



The tie-ins for Balsam-1 and 2 were completed and the wells were started up on 2nd and 24th December respectively. In addition the decision was taken to the opportunity to lay 70% of the flow line for Balsam-3 simultaneously with the Balsam-2 flow line along the same routing. This enabled Balsam-3 tie-in to be accelerated and the well was put into production on 24th January 2016, some 6 months ahead of the original planned date of July 2016.

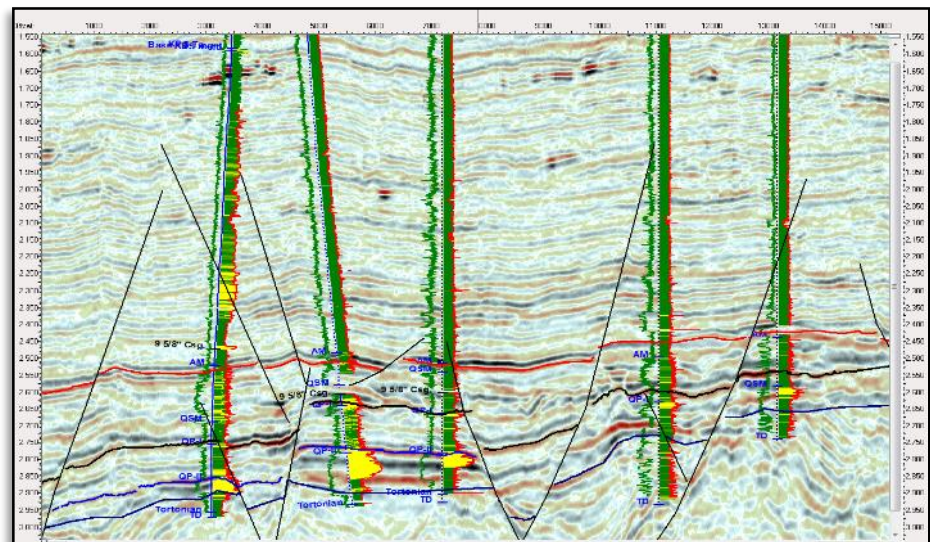
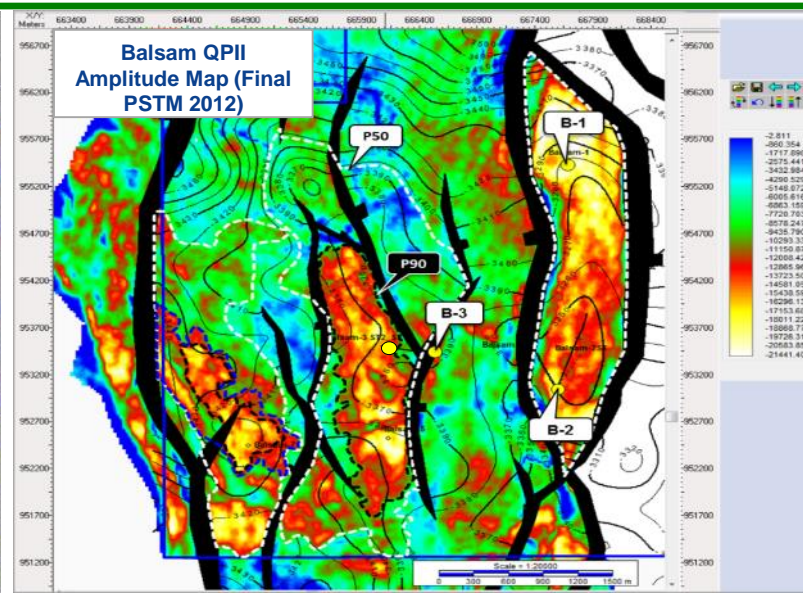
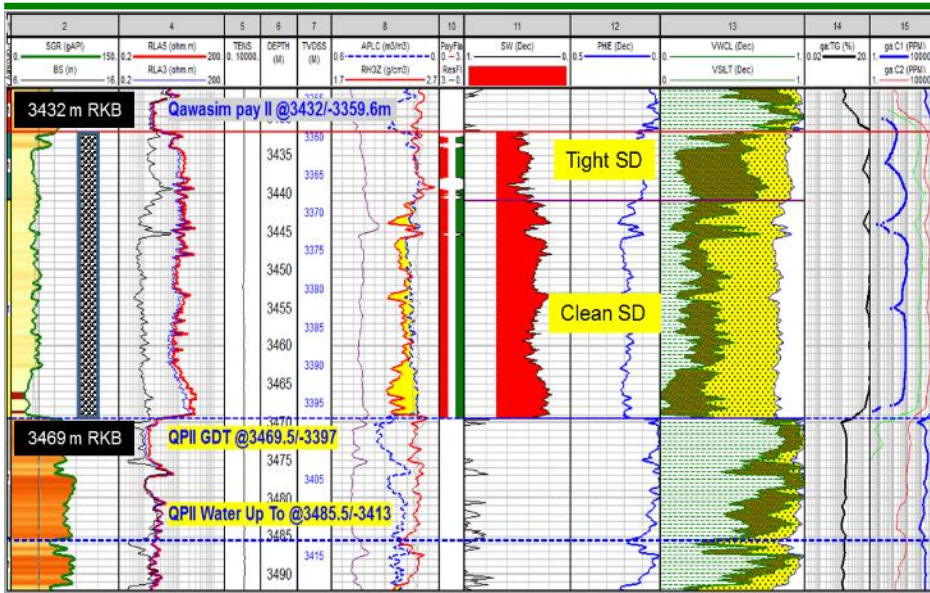
The Nile Delta drilling program for the next 30 months includes additional 19 wells of which 11 are exploration, 7 development and 1 recompletion.

# Egypt: Balsam Horst Update: Balsam1 & Balsam-2



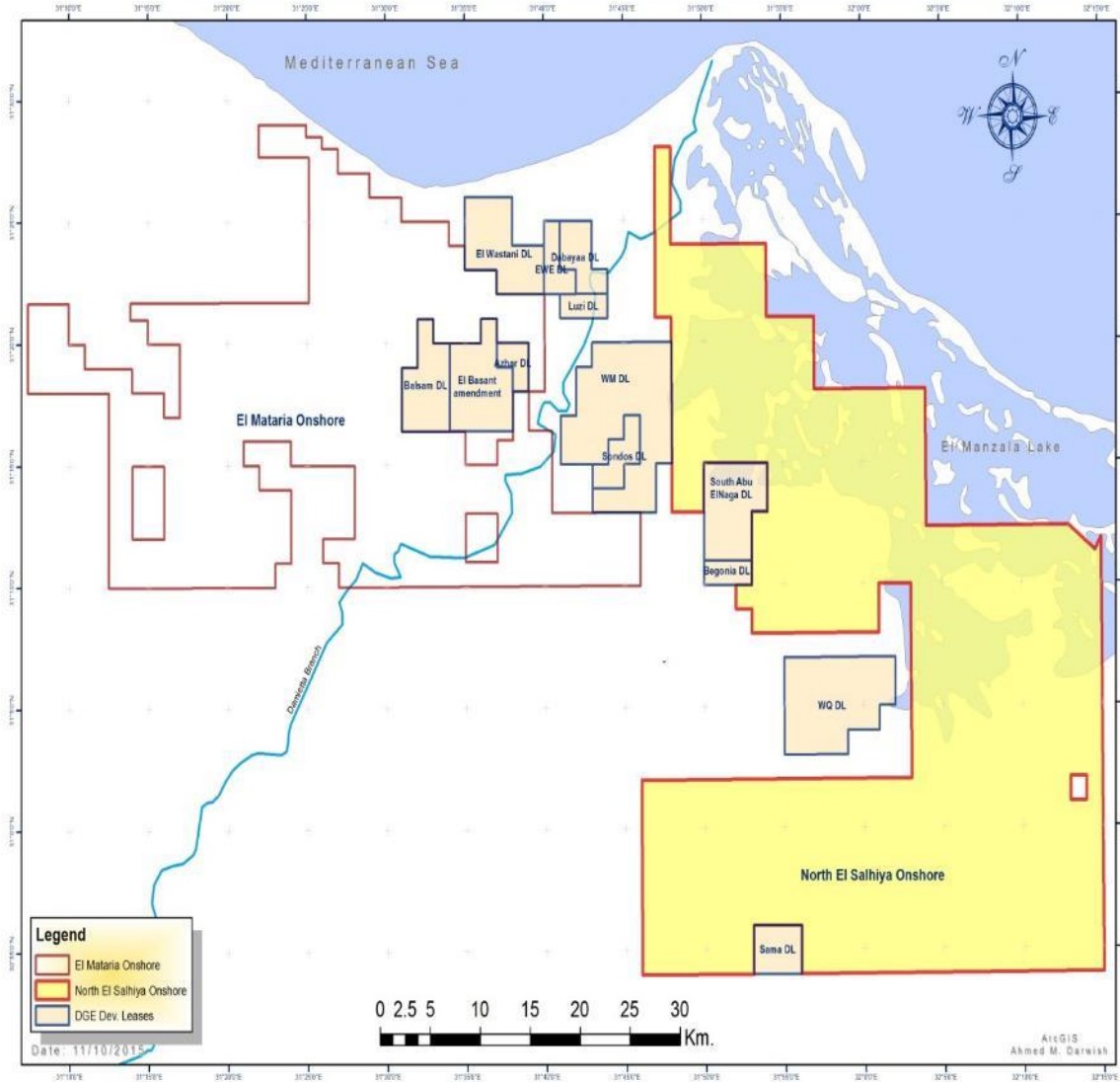
- Longest gas column encountered in Dana Gas Egypt portfolio.
- Pulse test between Balsam-1 and Balsam-2 indicated single compartment.
- Significant reserve add with higher than expected condensate to gas ratio.
- Proven plus probable reserves in the Horst structure certified by GCA have increased by more than 50%.

# Egypt: Balsam 3 Discovery



- Balsam-3 discovery well has proved up the play in the western part of the development lease
- This is a separate hydrocarbon filled structure from Balsam Horst increasing the resource base in this development lease with 2P estimated ultimate recovery of 73.4 bcf.
- Based on Balsam-3 results, further 2 exploration wells and 1 development well are planned within development lease in 2016.

# Egypt: Block 1 - North El Salheya Exploration



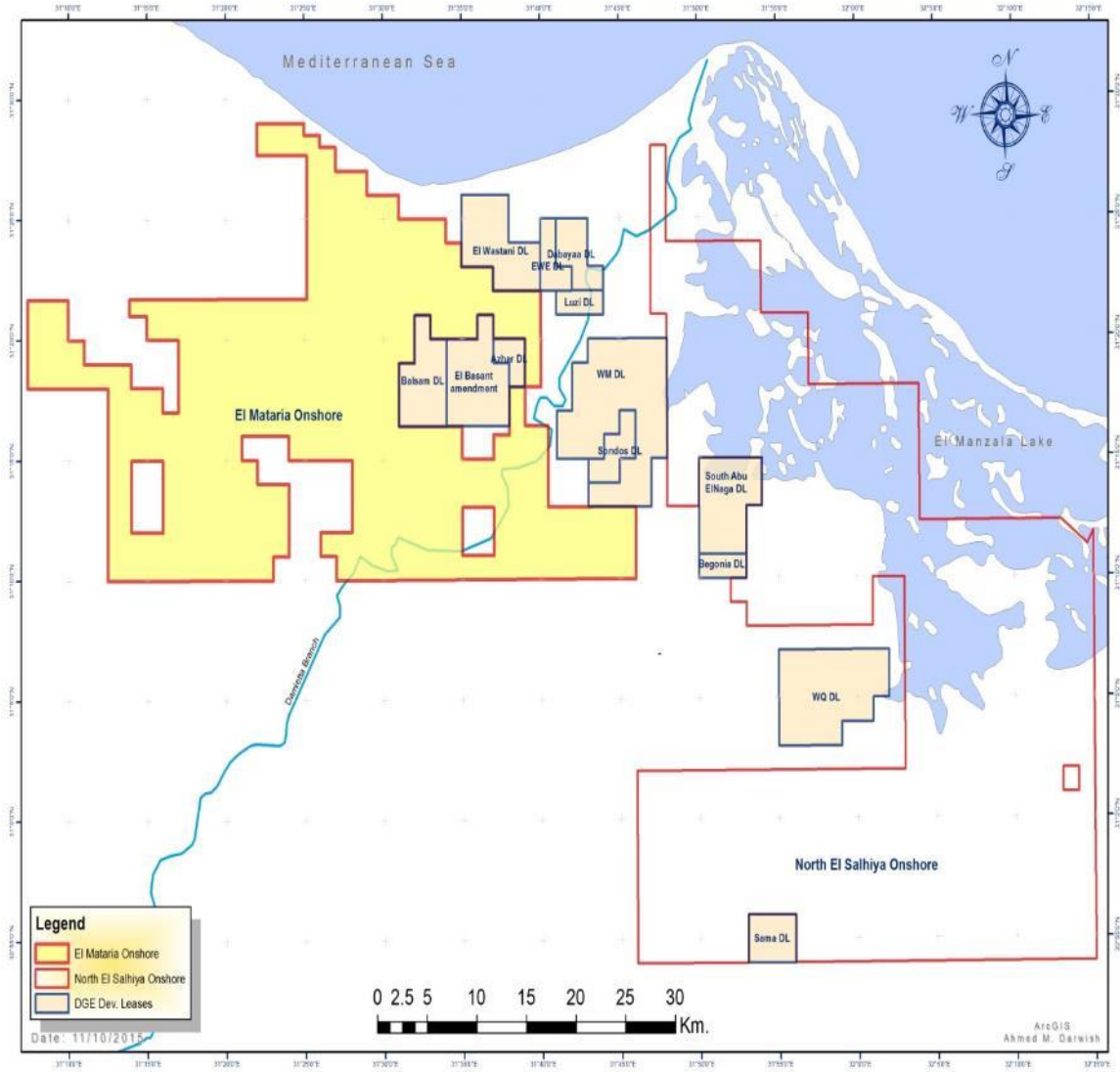
## Block-1 (100% WI)

- Targets prolific Abu Madi play
- Other plays include: Kafr El Sheikh and Oligocene

## Activities

- Reprocessing of ~800 sq km of 3D seismic ongoing by Western Geco.
- Tender prepared for the reprocessing of 2D seismic data.
- Plan to drill 4 exploration wells in 2017.

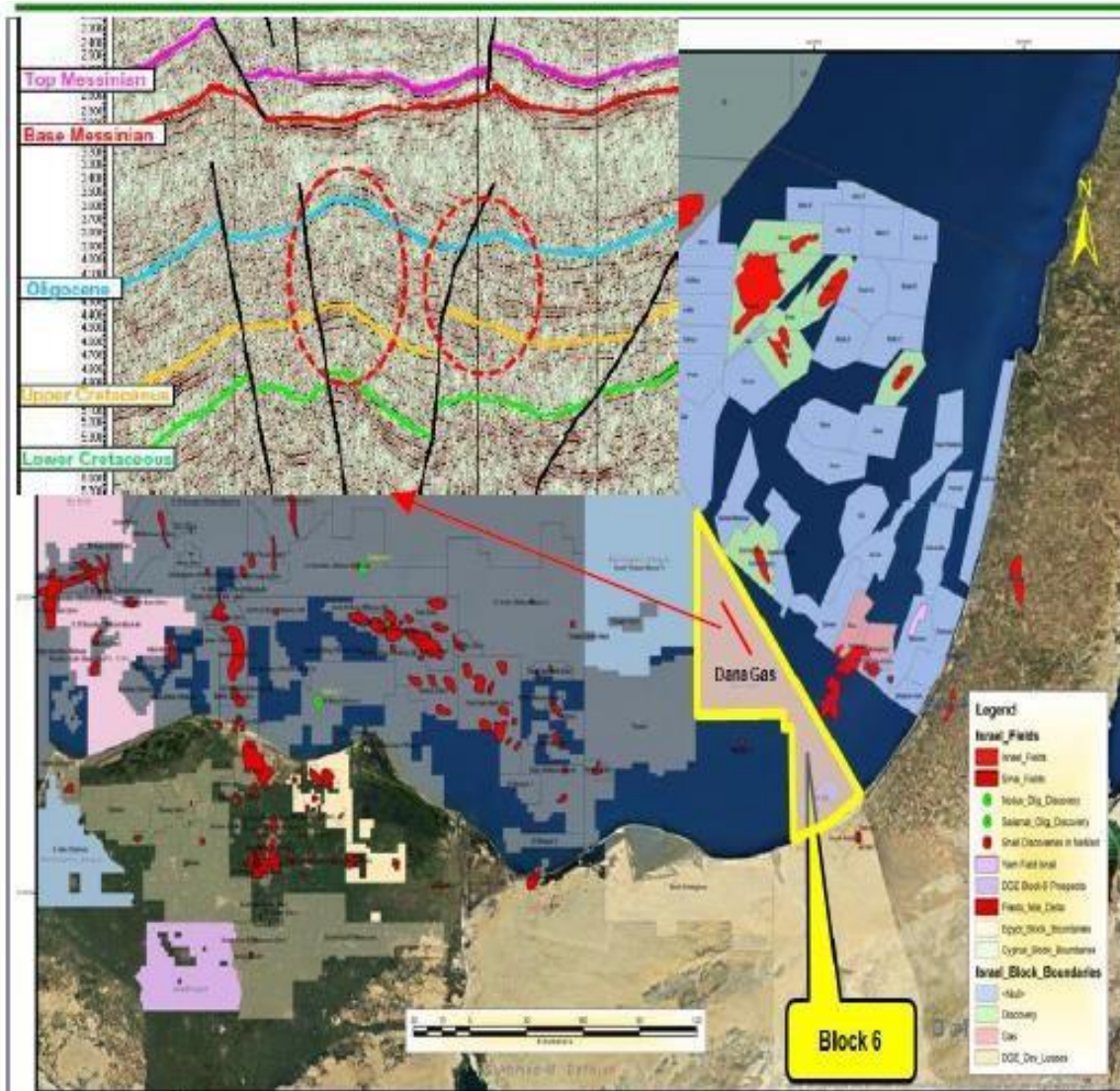
# Egypt: Block 3 - El Matarya Exploration



Block-3 (Dana Gas 50% WI)

- BP is operating Block-3 as 50/50 partner. The primary target is the deeper HPHT, and high-potential Oligocene play which has been proven in the offshore Nile Delta with very success rates and with high materiality (multi-Tcf).
- Expected spud date for Mocha-1 exploration well is April 2016.
- Studies are underway for early production from Mocha-1 well in the event of success.

# Egypt: Block 6 – North El Arish Offshore Update



## Block-6 (100% WI)

- 1782 sq km of full fold 3D seismic acquired in October 2015 by PGS Ramform Titan boat.
- 3D seismic processing completed in January 2016.
- Initial processing results indicates numerous play types with significant potential based on offset discoveries
- Farm-out activities have started and interest has been shown by other players.



- DG share of production averaged 28,800 boepd during 4Q 2015. Gross production details are as follows:
  - 313 MMscfd of natural gas
  - 13,703 bbl/d of condensates
  - 830 MT/d LPG
- The Mol sieve bed for the first train at Kor Mor plant was replaced in October 2015
- Upon expiry of the direct local sales contract, KRG commenced direct lifting of LPG and Condensate from 20 September and 7 October 2015, respectively from the Khor Mor plant through a nominated local contractor. This continued till December 2015.

## Zora Gas Project Update

**Iman Hill**

**Technical Director & GM UAE and Egypt**



# Zora Offshore Platform – Ready for gas production



- Platform installation, hook up and commissioning completed.
- Wire line operation for un-plugging the well completed successfully.
- Repair works completed on the offshore pipeline, where concrete coating was damaged by Third party vessel anchors.

## Zora Gas Processing Plant – Construction completion and handover



- All systems powered up, commissioning activities and startup ongoing.
- Commissioning of truck loading facility for condensate export completed.

## Zora Operations startup progress



- First gas delivered to site 10/01/16.
- Pipeline and well cleaned up with well flowing approx. 45 mmscfd.
- Gas production started on 14/01/16.
- Gas processing shutdown again 15/01/16, due to foaming problems. Contaminated chemical inventories changed out and pipeline pigged clean to remove well fluid liquid build up.
- Gas processing re-started 21/01/16, operating problems encountered with vessel level measurements.
- Remedial modifications carried out and plant returned to operations for start up 04/02/16.
- Plant ready for restart but advised by SNOC that SEWA power station unable to receive gas due to other planned maintenance activities ongoing.
- Planned to re-commence commissioning and start-up end Feb 2016.

## Summary

**Dr Patrick Allman-Ward**  
Chief Executive Officer

# Summary



- 2015 has been a tough year with a difficult business environment, and the future is continuing to look challenging with oil having already hit a low of \$27/bbl this year.
- However, it has also been a year of significant progress:
  - Rejuvenated the management team with the appointment of Iman Hill, as Technical Director and GM for the UAE and Egypt and appointed a new CFO, Chris Hearne, who joined us just after year-end
  - Egypt has exceeded expectations with its reserves upgrade, success in the development and exploratory appraisal drilling program in Balsam has opened up the field to further appraisal wells and growth potential
  - Exploration growth potential is being tested in Blocks 6, 1 and 3 where drilling of the deep Oligocene HPHT well by BP as operator with DG cost carried should show results by end 2016, and in the success case will be a game changer for the Company
  - Zora, the flagship UAE project and also the first offshore project – has been completed and gas has already been processed through the plant
- The increase in reserves figures represents real progress that better reflects the underlying true value of the Company to its shareholders
- Positive results were achieved in our arbitration cases
- Dana Gas is better prepared to face the challenges of the current lower oil price environment and positioned for the future upturn
- We are confident that we can continue to add value to our shareholders even at the prevailing low oil prices

## Reach us:

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