



Sale of Dana Gas' onshore Egypt producing business to IPR Energy Group

Sharjah, UAE; 25 October 2020: Dana Gas PJSC (“**Dana Gas**” or “**Company**”) is pleased to announce 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 \$236 million including contingent payments. IPR is a leading private E&P operator in Egypt, with 9 active concessions, and over 3 decades of expertise in enhancing the recovery of mature producing oil and gas fields.

This transaction is the result of a comprehensive formal sales process initiated pursuant to a strategic review of the Company's Egyptian business, and follows engagement with a number of prospective industry buyers commencing in Q2 2019. This resulted in four offers being received. Negotiations with the successful bidder extended over a longer period primarily due to the restrictions that COVID-19 placed on travel and communications and the impact of the pandemic on the world economy and the resulting sharp drop in global oil and gas prices.

This asset sale is in line with Dana Gas' strategic goals of strengthening its balance sheet and focusing on the development of its world class assets in the Kurdistan Region of Iraq (“**KRI**”).

Transaction Highlights:

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. In the first half of 2020, these concessions produced 30,950 barrels of oil equivalent per day, and contributed \$38 million to the Company's EBITDA. Transfer of ownership, responsibilities and staff, will take place upon execution and formal approval of the deeds of assignment for the various concessions. The Company, through its wholly-owned subsidiary Dana Gas Egypt, will retain its interests in its onshore and offshore exploration concessions, respectively El Matariya (Block 3) and North El Arish (Block 6), and will actively pursue maximizing the value of these assets.

Under the terms of the sale, the consideration comprises (i) a base cash consideration of \$153 million, including the net working capital associated with the assets and before any closing adjustments, and (ii) contingent payments of up to \$83 million subject to average Brent prices and production performance between 2020-2023 as well as the 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 effective date, and the closing date.



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 early 2021. The proceeds will be used to reduce debt and for general corporate purposes.

Consistent with this reported actions this year by most international oil and gas companies, the Covid-19 pandemic and associated negative economic effects, Dana Gas will take an impairment in Q3 2020 which will be disclosed to the market following review by the external auditors as part of the Q3 financial results.

Dr Patrick Allman-Ward, CEO, Dana Gas, commented:

"Our aim is always to maximize returns to shareholders and optimize our portfolio. The sale of our Egyptian assets forms a key part of this strategy. Completion of the sale process will allow us to strengthen our balance sheet and focus our attention on the development of our world class assets in the KRI, of which our current share of reserves are over 1 billion barrels of oil equivalent, with considerably more resources for realization and development. The quality of our remaining assets in Egypt are excellent and we retain an interest in two exploration concessions. Our offshore exploration block in particular is highly prospective.

"Over the last 12 years Dana Gas has delivered on a tremendous track record, doubling our 2P reserves in Egypt and increasing our production by 50%. Our activities and investments in Egypt's gas sector have supplied additional gas for power generation displacing heavy fuel oil thereby contributing significantly to the Egyptian economy."

Dana Gas has been advised by Tudor Pickering Holt & Co. ("TPH" a trading name of Perella Weinberg Partners UK LLP) in the above sales process.

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About Dana Gas

Dana Gas is the Middle East's first and largest regional private sector natural gas Company established in December 2005 with a public listing on the Abu Dhabi Securities Exchange (ADX). It has exploration and production assets in Egypt, Kurdistan Region of Iraq (KRI) and UAE, with 2P reserves exceeding one billion boe and average production of 66,200 boepd in 2019. With sizeable assets in Egypt, KRI and the UAE, and further plans for expansion, Dana Gas is playing an important role in the rapidly growing natural gas sector of the Middle East, North Africa and South Asia (MENASA) region.

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