

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES EXCEPT TO HOLDERS OR BENEFICIAL OWNERS OF THE EXISTING CERTIFICATES (AS DEFINED HEREIN) THAT ARE (i) QUALIFIED INSTITUTIONAL BUYERS (“QIBs”), AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR (ii) ACCREDITED INVESTORS (“AIs”), AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the tender offer and consent solicitation memorandum (the “**Tender Offer and Consent Solicitation Memorandum**”) following this page (whether received by e-mail or as a result of an electronic or other communication), and you are advised to read this disclaimer carefully before reading, accessing or making any other use of the Tender Offer and Consent Solicitation Memorandum. By accessing the Tender Offer and Consent Solicitation Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time each time you receive any information from Dana Gas Sukuk Limited (the “**Original Issuer**”), Nile Delta Sukuk Ltd (the “**New Issuer**”), Dana Gas PJSC (“**Dana Gas**”) or The Bank of New York Mellon, London Branch (the “**Tabulation Agent**”) as a result of such acceptance and access. Capitalised terms used but not otherwise defined in this disclaimer shall have the meanings given to them in the Tender Offer and Consent Solicitation Memorandum.

The Tender Offer and Consent Solicitation Memorandum contains important information, which should be read carefully before any decision is made in respect of the Tender Offer or the Consent Solicitation. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other person authorised under the Financial Services and Markets Act 2000 (the “**FSMA**”) (if you are in the United Kingdom) or another appropriately authorised independent financial adviser. Any individual, company or other entity whose Existing Certificates are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such person if they wish to participate in the Tender Offer or the Consent Solicitation. None of the Original Issuer, the New Issuer, Dana Gas, Deutsche Trustee Company Limited as the delegate in respect of the Existing Certificates (the “**Original Delegate**”), BNY Mellon Corporate Trustee Services Limited as the delegate in respect of the New Certificates (the “**New Delegate**”), the Original Agents (as defined below), the New Agents (as defined below), the Original Security Agents (as defined below), the New Security Agents (as defined below) nor the Tabulation Agent makes any recommendation as to whether or how the holders of the Existing Certificates (the “**Certificateholders**”) should act in respect of the Tender Offer or the Consent Solicitation.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN OR INTO THE UNITED STATES, THE EUROPEAN UNION OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY NEW CERTIFICATES ISSUED FOLLOWING THE APPROVAL OF THE PROPOSED AMENDMENTS AND WAIVERS AND THE EXERCISE OF THE MANDATORY CALL FEATURE HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NEW CERTIFICATES MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES UNLESS REGISTERED UNDER THE SECURITIES ACT OR APPLICABLE STATE OR LOCAL SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, SUCH REGISTRATION.

THE TENDER OFFER AND CONSENT SOLICITATION MEMORANDUM IS FOR THE BENEFIT OF CERTIFICATEHOLDERS ONLY AND MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THE TENDER OFFER AND CONSENT SOLICITATION MEMORANDUM MAY ONLY BE DISTRIBUTED TO CERTIFICATEHOLDERS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE TENDER OFFER AND CONSENT SOLICITATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTION MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

None of the Tabulation Agent, the Original Issuer, the Original Delegate, the New Delegate, the Original Agents, the New Agents, the Original Security Agents nor the New Security Agents (nor any of their respective directors, employees, officers, consultants, agents or affiliates) shall be responsible, liable or owe a duty of care to any recipient of the Tender Offer and Consent Solicitation Memorandum or any other materials or information provided to such recipient in connection with the Tender Offer or the Consent Solicitation, the Proposed Amendments and Waivers, or the Extraordinary Resolutions.

None of the Tabulation Agent, the Original Issuer, the Original Delegate, the New Delegate, the Original Agents, the New Agents, the Original Security Agents nor the New Security Agents has independently verified, or assumes any responsibility for, the accuracy of the information and statements contained in the Tender Offer and Consent Solicitation Memorandum.

None of the Tabulation Agent, the Original Issuer, the Original Delegate, the New Delegate, the Original Agents, the New Agents, the Original Security Agents nor the New Security Agents (nor any of their respective directors, employees, officers, consultants, agents or affiliates) makes any representation or recommendation whatsoever regarding the Tender Offer and Consent Solicitation Memorandum, or any document prepared in connection with it, the Tender Offer, the Consent Solicitation, the Proposed Amendments and Waivers, or the Extraordinary Resolutions. The Original Issuer expresses no opinion and is remaining neutral toward the Tender Offer.

Each Certificateholder should seek its own independent advice and is solely responsible for making its own independent appraisal of all matters as such Certificateholder deems appropriate (including those relating to the Tender Offer or the Consent Solicitation, the Proposed Amendments and Waivers, or the Extraordinary Resolutions), and each Certificateholder must make its own decision in respect of such matters.

The delivery of the Tender Offer and Consent Solicitation Memorandum shall not, under any circumstances, create any implication that the information contained in the Tender Offer and Consent Solicitation Memorandum is correct and/or current as of any time subsequent to the date of the Tender Offer and Consent Solicitation Memorandum. The Tender Offer and Consent Solicitation Memorandum is solely directed at the Certificateholders.

Confirmation of Your Representation: The Tender Offer and Consent Solicitation Memorandum was sent at your request and, by accepting the e-mail to which the Tender Offer and Consent Solicitation Memorandum is attached and/or otherwise accessing the Tender Offer and Consent Solicitation Memorandum, you shall be deemed (in addition to the above) to have represented to the Original Issuer, the New Issuer, Dana Gas, the Original Delegate, the New Delegate, the Original Agents, the New Agents, the Original Security Agents, the New Security Agents and the Tabulation Agent, and any person who controls any of them and any of their respective directors, employees, officers, consultants, agents and affiliates, that:

- (i) you are a holder or a beneficial owner of, or are a custodian or intermediary acting on behalf of a holder or beneficial owner of, the Existing Certificates;
- (ii) you are either (A) (i) a QIB (within the meaning of Rule 144A under the Securities Act) or (ii) an AI (within the meaning of Regulation D under the Securities Act) or (B) (i) you are a non-U.S. person (within the meaning of Regulation S under the Securities Act) outside the United States and, to the extent you receive any securities pursuant to the Consent Solicitation described in this Tender Offer and Consent Solicitation Memorandum, you will be doing so pursuant to Regulation S under the Securities Act and are not acting for the account or benefit of any U.S. person, and the e-mail address to which the attached Tender Offer and Consent Solicitation Memorandum has been delivered is not located in the United States (including the District of Columbia), its territories, possessions or any area subject to its jurisdiction (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or (ii) you are a person holding an account excluded from the definition of U.S. person pursuant to paragraph (k)(2)(i) of Rule 902 under the Securities Act and you are acting solely in your capacity as the holder of such account;
- (iii) you consent to delivery of the attached Tender Offer and Consent Solicitation Memorandum and any amendments or supplements thereto by electronic transmission;
- (iv) you shall not pass on the Tender Offer and Consent Solicitation Memorandum to third parties or otherwise make the Tender Offer and Consent Solicitation Memorandum publicly available;
- (v) you are not a person to or from whom it is unlawful to send the Tender Offer and Consent Solicitation Memorandum, to make the Tender Offer or to solicit consents under the Consent Solicitation described herein under applicable laws; and
- (vi) you have understood and agree to the terms set out herein.

You are otherwise reminded that the Tender Offer and Consent Solicitation Memorandum has been delivered to you on the basis that you are a Certificateholder and are a person into whose possession the Tender Offer and Consent Solicitation Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located or resident and you may not, nor are you authorised to, deliver the Tender Offer and Consent Solicitation Memorandum to any other person. If you have recently sold or otherwise transferred all or part of your holding of the Existing Certificates, you should contact the Tabulation Agent.

Any materials relating to the Tender Offer and the Consent Solicitation do not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offer or solicitation is not permitted by law.

The communication of the Tender Offer and Consent Solicitation Memorandum and any other documents or materials relating to the Tender Offer or the Consent Solicitation is not being made and such documents and/or materials have not been approved by an authorised person for the purposes of section 21 of the FSMA. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom, and are only for circulation to Certificateholders who are outside the United Kingdom or are persons within the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”)) or within Article 43(2) of the Order, or to other persons to whom it may lawfully be communicated in accordance with the Order (such persons together being the “**relevant persons**”). This document is only available to relevant persons and the transactions contemplated herein will be available only to, or engaged in only with, relevant persons, and this financial promotion must not be relied or acted upon by persons other than relevant persons.

The Tender Offer and Consent Solicitation Memorandum is not being made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended).

The Tender Offer and Consent Solicitation Memorandum has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Original Issuer, the New Issuer, Dana Gas, the Original Delegate, the New Delegate, the Original Agents, the New Agents, the Original Security Agents, the New Security Agents, the Tabulation Agent nor any person who controls any of the foregoing nor any of their respective directors, employees, officers, consultants, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Tender Offer and Consent Solicitation Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Tabulation Agent.

SAVE FOR THE PRIOR APPROVAL OF AN OFFICER OF THE JERSEY FINANCIAL SERVICES COMMISSION TO THE AMENDMENTS TO THE TRANSACTION DOCUMENTS RELATING TO THE EXISTING CERTIFICATES, THE TENDER OFFER AND CONSENT SOLICITATION MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY ANY SECURITIES COMMISSION OR REGULATORY AUTHORITY OF ANY COUNTRY, NOR HAS ANY SUCH COMMISSION OR AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THE TENDER OFFER AND CONSENT SOLICITATION MEMORANDUM.

THIS TENDER OFFER AND CONSENT SOLICITATION MEMORANDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Tender Offer and Consent Solicitation Memorandum does not constitute an invitation to participate in the Tender Offer or the Consent Solicitation (each as defined below) in, or from, any jurisdiction in or from which, or to or from any person to or from whom, it is unlawful to make such invitation under applicable securities laws. The distribution of this Tender Offer and Consent Solicitation Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this Tender Offer and Consent Solicitation Memorandum comes are required by each of the Original Issuer, the New Issuer, Dana Gas, the Original Agents, the New Agents, the Original Security Agents, the New Security Agents and the Tabulation Agent to inform themselves about, and to observe, any such restrictions.



INVITATION BY

Dana Gas PJSC

(incorporated under the laws of the United Arab Emirates)
and

Dana Gas Sukuk Limited

(incorporated in Jersey with limited liability)

to the Certificateholders of

Restricted Ordinary
Certificates
ISIN XS0914699284
Common Code 091469928

U.S.\$425,040,000
Ordinary Certificates due 2017
(the “**Ordinary Certificates**”)

Unrestricted Ordinary
Certificates
ISIN XS0914266845
Common Code
091426684

and

Restricted Exchangeable
Certificates
ISIN XS0914698807
Common Code 091469880

U.S.\$425,040,000
Exchangeable Certificates due 2017
(the “**Exchangeable Certificates**” and together
with the Ordinary Certificates, the “**Existing**
Certificates”)

Unrestricted
Exchangeable Certificates
ISIN XS0914266415
Common Code
091426641

each issued by
Dana Gas Sukuk Limited

TO TENDER

on the terms and subject to the conditions set forth herein the Existing Certificates for a cash payment (net of the relevant Additional Costs Reimbursement Deduction Amount), up to the Target Acceptance Amount, and, together with the Tender Offer, concurrently

TO CONSENT

by Extraordinary Resolutions (as defined below) to the Proposed Amendments and Waivers (as defined below) which will result, *inter alia*, in the Existing Certificates (other than any Existing Certificates accepted in the Tender Offer) being exchanged (the “Exchange”) for (i) the 4 per cent Trust Certificates due 2020 to be issued by Nile Delta Sukuk Ltd, (ii) the Cash Settlement Amount and (iii) the Special Distribution Amount (in each case, net of the relevant Additional Costs Reimbursement Deduction Amount)

The Offers (as defined below) begin on 22 May 2018. The Consent Solicitation will expire at 11.00 a.m. (London time) on 11 June 2018 and the Tender Offer will expire at 11.00 a.m. (London time) on 25 June 2018, unless the Consent Solicitation or the Tender Offer (as the case may be) is extended or earlier terminated, in the manner described herein. To be eligible to receive the Early Participation Fee (as defined below) in the circumstances described herein, valid Electronic Instructions submitted by holders of the Existing Certificates must be received by the Tabulation Agent prior to 4:00 p.m. (London time) on 1 June 2018.

Introduction

Pursuant to this Tender Offer and Consent Solicitation Memorandum:

- (i) Dana Gas PJSC (“**Dana Gas**”) hereby invites Certificateholders (as defined below) to offer to tender to Dana Gas their outstanding Existing Certificates for a cash payment (the “**Tender Offer**”); and
- (ii) Dana Gas Sukuk Limited, in its capacity as issuer of the Existing Certificates (the “**Original Issuer**”), is hereby soliciting consents (the “**Consents**” and each, a “**Consent**”) from the Certificateholders to approve the Extraordinary Resolutions and consent to the Proposed Amendments and Waivers (as defined below) (the “**Consent Solicitation**”),

(together, the “**Offers**”).

The Tender Offer

Dana Gas hereby invites Certificateholders, on the terms and subject to the conditions contained in this Tender Offer and Consent Solicitation Memorandum, to tender their Existing Certificates for purchase by Dana Gas. Certificateholders whose Existing Certificates have been validly tendered and accepted for purchase will receive, subject to the Costs Reimbursement Arrangements, consideration of U.S.\$8.80 per U.S.\$10 in face amount of Existing Certificates (the “**Purchase Price**”) accepted for purchase pursuant to the Tender Offer.

Dana Gas proposes that it will purchase Existing Certificates with an aggregate face amount of up to U.S.\$175,000,000, although Dana Gas reserves the right, in its sole discretion, to accept more than such amount for purchase pursuant to the Tender Offer (such amount, as may be increased by Dana Gas at its discretion, the “**Target Acceptance Amount**”). Subject to the Priority Payment (as defined below) if the aggregate face amount of Existing Certificates validly tendered is greater than the Target Acceptance Amount, Dana Gas intends to accept such Existing Certificates for purchase on a *pro rata* basis, such that each such valid tender of Existing Certificates will be scaled by a factor equal to: (i) the Target Acceptance Amount divided by (ii) the aggregate face amount of the Existing Certificates that have been validly tendered pursuant to the Tender Offer. Each purchase of Existing Certificates that is scaled in this manner will be rounded down to the nearest integral multiple of the specified denomination of the Existing Certificates. The Purchase Price will be paid on the Settlement Date or, in the event of an Early Tender Scenario (as defined below), on the Early Tender Scenario Settlement Date (as defined below).

All Existing Certificates that are tendered for purchase prior to the Early Participation Deadline (as defined below) will have priority over any Existing Certificates that are tendered for purchase after the Early Participation Deadline (the “**Priority Payment**”). Accordingly, if the aggregate purchase price for Existing Certificates tendered for purchase prior to the Early Participation Deadline equals or exceeds the Target Acceptance Amount, no Existing Certificates tendered for purchase after the Early Participation Deadline will be accepted for purchase.

Certificateholders who do not wish to submit Tender Instructions (as defined below) can, if they submit Affirmative Voting Only Instructions (as defined below), indicate in such Affirmative Voting Only Instructions whether they would like their Existing Certificates to be accepted for purchase by Dana Gas in the event that Dana Gas proceeds with the implementation of the Tender Offer after the date of the Tender Instruction Deadline but prior to (and not substantially concurrently with) the Settlement Date (and regardless of whether the Settlement Date subsequently occurs) (an “**Early Tender Scenario**”).

In an Early Tender Scenario, Dana Gas may, in its sole discretion and notwithstanding any non-satisfaction of the Effectiveness Conditions, purchase, up to the Target Acceptance Amount, at the Purchase Price, Existing Certificates that have been validly tendered for purchase by Certificateholders in the Tender Offer (including any Existing Certificates in respect of which Certificateholders who validly submitted Affirmative Voting Only Instructions indicated in such Affirmative Voting Only Instructions that their Existing Certificates should be accepted for purchase by Dana Gas in an Early Tender Scenario). Subject to the Priority Payment, if the aggregate face amount of Existing Certificates validly offered for tender in such circumstances is greater than the Target Acceptance Amount, Dana Gas intends to accept such Existing Certificates for purchase on a *pro rata* basis, such that each such tender of Existing Certificates will be scaled by a factor equal to: (i) the Target Acceptance Amount divided by (ii) the aggregate face amount of the Existing Certificates that have been validly tendered (including any Existing Certificates in respect of which Certificateholders who validly submitted Affirmative Voting Only Instructions indicated in such Affirmative Voting Only Instructions that their Existing Certificates should be accepted for purchase by Dana Gas in an Early Tender Scenario). Each purchase of

Existing Certificates that is scaled in this manner will be rounded down to the nearest integral multiple of the specified denomination of the Existing Certificates.

So long as the other terms and conditions described herein (including, without limitation, the Conditions to the Tender Offer) are satisfied, Dana Gas may accept for purchase all Existing Certificates validly tendered up to the Target Acceptance Amount (including any Existing Certificates in respect of which Certificateholders who validly submitted Affirmative Voting Only Instructions indicated in such Affirmative Voting Only Instructions that their Existing Certificates should be accepted for purchase by Dana Gas in an Early Tender Scenario) at or prior to the Early Participation Deadline, and will only prorate such Existing Certificates (such proration as set out above) if the aggregate amount of the Existing Certificates validly tendered and not withdrawn at or prior to the Early Participation Deadline exceeds the Target Acceptance Amount. If the aggregate face amount of Existing Certificates validly tendered and not withdrawn is less than the Target Acceptance Amount as of the Early Participation Deadline, Certificateholders who validly tender Existing Certificates after the Early Participation Deadline may be subject to any such proration, whereas Certificateholders who validly tender Existing Certificates at or prior to the Early Participation Deadline will not be subject to proration (such proration as set out above). **Furthermore, if the aggregate face amount of Existing Certificates validly tendered and not withdrawn is equal to or greater than the Target Acceptance Amount as of the Early Participation Deadline, Certificateholders who validly tender Existing Certificates after the Early Participation Deadline will not have any of their Existing Certificates accepted for purchase.**

All (i) Existing Certificates validly tendered and accepted for purchase by Dana Gas in the Tender Offer and (ii) Existing Certificates otherwise held by Dana Gas (if any), shall, immediately upon completion of the Tender Offer, be surrendered to the Original Principal Paying and Exchange Agent for cancellation in accordance with clause 18 (*Cancellation of Certificates*) of the Paying, Calculation and Exchange Agency Agreement, Condition 6.20 (*Cancellation*) of the Exchangeable Certificates and Condition 6.7 (*Cancellation*) of the Ordinary Certificates, as applicable.

The Consent Solicitation

The Original Issuer is hereby soliciting Consents from the Certificateholders to approve, at the Meetings (as defined below), the Extraordinary Resolutions, which include proposed amendments and waivers (the “**Proposed Amendments and Waivers**”) in respect of (i) the terms and conditions (the “**Conditions**”) of each series of Existing Certificates, (ii) the amended and restated declaration of trust dated 8 May 2013 (the “**Declaration of Trust**”) pursuant to which each series of Existing Certificates were constituted and (iii) certain other Existing Transaction Documents (as defined below) relating to the Existing Certificates. The Proposed Amendments and Waivers include modification of the Conditions of each series of Existing Certificates to insert the Mandatory Call Feature (as defined below), pursuant to which the New Certificates would be issued in exchange for the Existing Certificates (excluding, for the avoidance of doubt, any Existing Certificates accepted for purchase pursuant to the Tender Offer). The Mandatory Call Feature will be exercised automatically at the Effective Time (as defined below).

The Original Issuer has convened meetings of the holders of each of the Ordinary Certificates and the Exchangeable Certificates, to be held at 2:00 p.m. and 3:00 p.m. (UAE time), respectively, on 13 June 2018 at the offices of Latham & Watkins LLP, Level 3, Precinct Building 1, Dubai International Financial Centre, Dubai (including any adjourned such meeting, the “**Meetings**”). A quorum must be present at each Meeting before the Original Issuer can propose an extraordinary resolution (each, an “**Extraordinary Resolution**”). For quorum requirements, see “*Procedures for Participating in the Tender Offer and Consent Solicitation—Procedure in relation to the Meetings*”.

Certificateholders who wish to participate in the Consent Solicitation only (without submitting a Tender Instruction) may submit a voting only instruction (a “**Voting Only Instruction**”) in accordance with the procedures set out in “*Procedures for Participating in the Tender Offer and Consent Solicitation—Valid Instructions*”. Certificateholders who submit a Voting Only Instruction in favour of the relevant Extraordinary Resolution (an “**Affirmative Voting Only Instruction**”) may also include an instruction in such Affirmative Voting Only Instruction that their Existing Certificates should be accepted for purchase by Dana Gas in an Early Tender Scenario.

In the event of the receipt of sufficient Consents to approve both Extraordinary Resolutions, and the Proposed Amendments and Waivers becoming effective on the Effective Date (as defined below), the Conditions of each series of Existing Certificates and the Declaration of Trust shall be amended to insert a call option (the “**Mandatory Call Feature**”) that would result, on the Settlement Date, in each Certificateholder receiving, for each U.S.\$10 in face amount of Existing Certificates (other than, for the avoidance of doubt, with respect to Existing Certificates that have previously been accepted for purchase pursuant to the Tender Offer) held by such Certificateholder: (i) in the case of each Eligible Certificateholder only, U.S.\$8 in aggregate face amount

of the New Certificates; (ii) U.S.\$2 in cash (the “**Cash Settlement Amount**”); (iii) the Special Distribution Amount; and (iv) (in the case of Certificateholders whose Tender Instructions or Affirmative Voting Only Instructions (as the case may be) were received by the Tabulation Agent prior to the Early Participation Deadline), the Early Participation Fee, in each case, subject to the Costs Reimbursement Arrangements. The Mandatory Call Feature will be automatically exercised at the Effective Time. Upon the Settlement Date, all the Existing Certificates (other than, for the avoidance of doubt, any Existing Certificates that have previously been accepted for purchase pursuant to the Tender Offer) shall be automatically exchanged for the New Certificates (even for Certificateholders who did not vote, or who voted against the relevant Extraordinary Resolution).

The insertion of the Mandatory Call Feature is conditional, *inter alia*, on the approval of the Extraordinary Resolutions and the implementation of the Proposed Amendments and Waivers. The implementation of the Proposed Amendments and Waivers is conditional upon the Effectiveness Conditions having been satisfied (or, to the extent possible, waived). The date on which all such requirements for effectiveness are met to the satisfaction of Dana Gas, the Ad Hoc Committee (as defined below) and the Original Delegate shall be referred to as the “**Effective Date**” and the time on the Effective Date at which Dana Gas shall declare that all such requirements for effectiveness have been met shall be referred to as the “**Effective Time**”.

Once the Extraordinary Resolutions become effective, each holder of the Existing Certificates will be bound by the relevant Extraordinary Resolution, whether or not such Certificateholder delivered an Electronic Instruction or otherwise made arrangements to vote or attend the relevant Meeting in respect of the relevant Extraordinary Resolution and whether or not such Certificateholder voted for or against such Extraordinary Resolution.

In the event that one Extraordinary Resolution has been passed but the other Extraordinary Resolution has not been passed, the Proposed Amendments and Waivers will not be implemented in respect of either series of the Existing Certificates.

Allocated Amount

In the event that the New Certificates are issued, Dana Gas may apply the Allocated Amount (as defined below) (to the extent the Allocated Amount exceeds U.S.\$10 million), to purchase New Certificates in any manner permitted by law and shall, to the extent that any of the Allocated Amount has not been fully utilised in the purchase of the New Certificates on or before the date falling nine (9) months after the Settlement Date, use the balance of the Allocated Amount (to the extent such balance of the Allocated Amount exceeds U.S.\$10 million), as soon as practicable after the date falling nine (9) months after the Settlement Date, to redeem the New Certificates in accordance with Condition 6.3 (*Redemption at the Option of the Trustee*) of the terms and conditions of the New Certificates, as described in the Preliminary Listing Particulars.

A Tender Instruction or a Voting Only Instruction may only be made by the submission of a valid Electronic Instruction (as defined below). The submission of a Tender Instruction by a Certificateholder will automatically authorise The Bank of New York Mellon, London Branch, in its capacity as tabulation agent (the “Tabulation Agent”) (or its representative) to act as its proxy and vote in favour of the relevant proposed Extraordinary Resolution. It will not be possible to offer to tender any Existing Certificates without at the same time providing a voting instruction in favour of the relevant Extraordinary Resolution (except that, where a Tender Instruction is submitted after the Voting Instruction Deadline, the voting instruction associated with such Tender Instruction will not be valid for the purposes of the Extraordinary Resolution).

In the event that the Effectiveness Conditions are satisfied, Certificateholders who have voted in favour of the applicable Extraordinary Resolutions (whether through submission of Tender Instructions or Affirmative Voting Only Instructions) and whose Electronic Instructions have been received by the Tabulation Agent prior to 4:00 p.m. (London time) on 1 June 2018 (such date and time, as it may be extended, the “**Early Participation Deadline**”) will be entitled to receive an early participation fee of U.S.\$0.25 per U.S.\$10 in face amount of Existing Certificates (the “**Early Participation Fee**”) validly voted in favour of the applicable Extraordinary Resolutions. In the event of an Early Tender Scenario, the Early Participation Fee will only be paid with respect to Existing Certificates validly tendered and accepted for purchase (including any Existing Certificates in respect of which Certificateholders who validly submitted Affirmative Voting Only Instructions indicated in such Affirmative Voting Only Instructions that their Existing Certificates should be accepted for purchase by Dana Gas in an Early Tender Scenario) and with respect to which the Electronic Instructions were received by the Tabulation Agent prior to the Early Participation Deadline.

Any Cash Payment (as defined below) to be made to Certificateholders by Dana Gas pursuant to the Tender Offer and/or the Consent Solicitation will be paid net of the relevant Additional Costs Reimbursement Deduction Amount (as defined below). The aggregate Additional Costs Reimbursement Amount (as defined below) will be applied in satisfaction of costs and expenses incurred by the Original Delegate, the Original Principal Security Agent and relevant members of the Ad Hoc Committee up to the Settlement Date.

Notices convening the Meetings (the “**Notices**”), at which the Extraordinary Resolutions will be considered and, if thought fit, passed, will be given to Certificateholders in accordance with the Conditions and the Declaration of Trust and will be sent through Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”) and, together with Euroclear, the “**Clearing Systems**” and each a “**Clearing System**”). The form of such Notices is set out in this Tender Offer and Consent Solicitation Memorandum in “*Appendix 2: Form of Notice of Meetings*”.

The minimum denomination of the New Certificates will be U.S.\$36,000 and integral multiples of U.S.\$1 in excess thereof. No Eligible Certificateholder will be entitled to receive, as a result of the exercise of the Mandatory Call Feature, an aggregate face amount of New Certificates that is not equal, in each case, to at least U.S.\$36,000 and integral multiples of U.S.\$1 in excess thereof.

The terms and conditions of the New Certificates will be different from the terms and conditions of the Existing Certificates, and Certificateholders should review the Preliminary Listing Particulars for a detailed description of the terms and conditions of the New Certificates.

Dana Gas may, in its sole and absolute discretion, extend, re-open, amend or waive any condition of or terminate the Tender Offer or the Consent Solicitation at any time (subject to applicable law and as provided in this Tender Offer and Consent Solicitation Memorandum). Details of such extension, re-opening, amendment, waiver or termination will be announced as provided in this Tender Offer and Consent Solicitation Memorandum as soon as reasonably practicable. See “*Terms of the Tender Offer and the Consent Solicitation—Termination, Withdrawal and Amendment of the Tender Offer or the Consent Solicitation*”.

The New Certificates have not been and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. Person (as defined in Regulation S under the Securities Act (“**Regulation S**”)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The New Certificates will be offered (i) within the United States only to qualified institutional buyers (each, a “**QIB**”) within the meaning of, and pursuant to, Rule 144A under the Securities Act (“**Rule 144A**”) or to accredited investors within the meaning of, and pursuant to, Regulation D under the Securities Act (each, an “**AI**”) in reliance on the exemption from registration under Section 5 of the Securities Act provided by Section 4(a)(2) or another exemption therefrom, and (ii) to non-U.S. Persons in offshore transactions as defined in, and in reliance on, Regulation S.

Before making a decision with respect to the Tender Offer or the Consent Solicitation, Certificateholders should carefully consider all of the information in this Tender Offer and Consent Solicitation Memorandum (including the Preliminary Listing Particulars attached hereto) and, in particular, the risk factors described in “*Risk Factors and Other Considerations*”.

Certificateholders having questions regarding the Tender Offer or the Consent Solicitation may contact Dana Gas by telephone: +971 6 556 9444 or by e-mail to: sukuk@danagas.com. Questions or requests for assistance in connection with the delivery or revocation of voting instructions or voting at the relevant Meeting may be directed to the Tabulation Agent by e-mail to: debtstructuring@bnymellon.com.

CERTIFICATEHOLDERS MAY SUBMIT ELECTRONIC INSTRUCTIONS FROM 11:00 A.M. LONDON TIME ON 23 MAY 2018.

IN THE EVENT THAT THE EFFECTIVENESS CONDITIONS ARE SATISFIED, CERTIFICATEHOLDERS WHO VOTED IN FAVOUR OF THE APPLICABLE EXTRAORDINARY RESOLUTIONS (WHETHER THROUGH SUBMISSION OF TENDER INSTRUCTIONS OR AFFIRMATIVE VOTING ONLY INSTRUCTIONS) AND WHOSE INSTRUCTIONS HAVE BEEN RECEIVED BY THE TABULATION AGENT PRIOR TO THE EARLY PARTICIPATION DEADLINE WILL BE ENTITLED TO RECEIVE THE EARLY PARTICIPATION FEE. IN THE EVENT OF AN EARLY TENDER SCENARIO, THE EARLY PARTICIPATION FEE WILL ONLY BE PAID WITH RESPECT TO EXISTING CERTIFICATES VALIDLY TENDERED AND ACCEPTED FOR PURCHASE AND WITH RESPECT TO WHICH THE RELEVANT ELECTRONIC INSTRUCTION WAS RECEIVED BY THE TABULATION AGENT PRIOR TO THE EARLY PARTICIPATION DEADLINE.

THE DEADLINE FOR RECEIPT OF A VOTING ONLY INSTRUCTION (SUCH DATE AND TIME, AS IT MAY BE EXTENDED, THE “**VOTING INSTRUCTION DEADLINE**”) IS 11:00 A.M. LONDON TIME ON 11 JUNE 2018 AND THE DEADLINE FOR RECEIPT OF A TENDER INSTRUCTION (SUCH DATE AND TIME, AS IT MAY BE EXTENDED, THE “**TENDER INSTRUCTION DEADLINE**”) IS 11:00 A.M. (LONDON TIME) ON 25 JUNE 2018, IN EACH CASE, UNLESS EXTENDED IN ACCORDANCE WITH THE TERMS OF THIS TENDER OFFER AND CONSENT SOLICITATION MEMORANDUM. IF A TENDER INSTRUCTION IS SUBMITTED AFTER THE VOTING INSTRUCTION DEADLINE, THE VOTING INSTRUCTION ASSOCIATED WITH SUCH TENDER INSTRUCTION WILL NOT BE VALID FOR THE PURPOSES OF THE MEETING AND/OR THE EXTRAORDINARY RESOLUTIONS.

Electronic Instructions received by the Tabulation Agent less than 48 hours prior to the time fixed for the relevant Meeting shall not be considered at the Meetings. Certificateholders should note that the relevant deadline set by any broker, dealer, commercial banks, custodian, trust company or other nominee or intermediary or clearing system (including any Clearing System) through which a Certificateholder holds any Existing Certificates will be earlier than the Early Participation Deadline, the Voting Instruction Deadline and/or the Tender Instruction Deadline, respectively, and that any Electronic Instruction must be received by the Tabulation Agent by the Early Participation Deadline, the Voting Instruction Deadline or the Tender Instruction Deadline (as the case may be) in order to be eligible to receive the Early Participation Fee and/or to be deemed valid (as applicable).

The date of this Tender Offer and Consent Solicitation Memorandum is 22 May 2018.

Tabulation Agent

The Bank of New York Mellon, London Branch

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GENERAL INFORMATION

Each Certificateholder is solely responsible for making its own independent appraisal of all matters that such Certificateholder deems appropriate in determining whether to vote in favour of, or against, the proposed Extraordinary Resolution and/or deliver, or arrange to deliver, an Electronic Instruction pursuant to the Tender Offer or the Consent Solicitation. None of the Original Issuer, the New Issuer, Dana Gas, the Original Delegate, the New Delegate, the Original Agents, the New Agents, the Original Security Agents, the New Security Agents nor the Tabulation Agent (nor their respective directors, employees, officers, consultants, agents or affiliates) makes any representation or recommendation whatsoever regarding the Tender Offer or the Consent Solicitation, or makes any recommendation as to whether Certificateholders should participate in the Tender Offer or the Consent Solicitation. The Original Issuer expresses no opinion and is remaining neutral toward the Tender Offer.

Dana Gas accepts responsibility for the information contained in this Tender Offer and Consent Solicitation Memorandum and to the best of its knowledge (having taken all reasonable care to ensure that such is the case) the information contained in this Tender Offer and Consent Solicitation Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The delivery of this Tender Offer and Consent Solicitation Memorandum shall not, under any circumstances, create any implication that the information contained in this Tender Offer and Consent Solicitation Memorandum is current as of any time subsequent to the date of such information or that there has been no change in the information set out in it or in the affairs of Dana Gas, the Original Issuer and/or the New Issuer, since the date of this Tender Offer and Consent Solicitation Memorandum.

No person other than Dana Gas and the Original Issuer has been authorised to give any information or to make any representation about the Original Issuer, the New Issuer, Dana Gas, the Original Delegate, the New Delegate, the Tabulation Agent, the Original Agents, the New Agents, the Original Security Agents, the New Security Agents or the Tender Offer or the Consent Solicitation and, if given or made, such information or representation must not be relied upon as having been authorised by the Original Issuer, the New Issuer, Dana Gas, the Original Delegate, the New Delegate, the Tabulation Agent, the Original Agents, the New Agents, the Original Security Agents, the New Security Agents or any of their respective agents or affiliates. The Tabulation Agent owes no duty to Certificateholders.

For the avoidance of doubt, the invitation by Dana Gas to Certificateholders to participate in the Tender Offer and the invitation by the Original Issuer to Certificateholders to participate in the Consent Solicitation described in this Tender Offer and Consent Solicitation Memorandum is an invitation to treat by Dana Gas and the Original Issuer and any references to any offer or invitation being made by Dana Gas and/or the Original Issuer under or in respect of the Tender Offer or the Consent Solicitation shall be construed accordingly.

In accordance with normal market practice, prior to the Settlement Date, Dana Gas or any person acting on its behalf may, subject to all applicable laws, make arrangements to purchase, directly or indirectly, Existing Certificates other than pursuant to the Tender Offer. To the extent permitted by law, such further purchases may be implemented by way of further invitations to submit offers to sell, open market purchases, privately negotiated transactions with individual or groups of Certificateholders, exchange offers or otherwise, at such prices and on such other terms as Dana Gas or such person acting on its behalf (as the case may be) may determine. Such prices may be more or less than the price to be paid pursuant to the Tender Offer and could be paid in cash or other consideration and which other terms could be more or less favourable than those contemplated in the Tender Offer. Any future purchases of Existing Certificates by Dana Gas or any person acting on its behalf will depend on various factors existing at the relevant time, and may not require Dana Gas to obtain any consents. There can be no assurance that Dana Gas or any person acting on its behalf will pursue any such future offers to purchase or as to the structure or terms (or combinations thereof) of any such future offers to purchase.

Capitalised terms used in this Tender Offer and Consent Solicitation Memorandum have the meaning given in “*Definitions*” and any other definitions of such terms are for ease of reference only and shall not affect their interpretation.

Unless the context otherwise requires, all references in this Tender Offer and Consent Solicitation Memorandum to “**Certificateholders**” or “**holders of Existing Certificates**” include (other than Dana Gas, any Subsidiary of Dana Gas (as defined in the terms and conditions of the Existing Certificates) or the Original Issuer):

- (a) each person who is, at the relevant time, shown in the records of the Clearing Systems as a holder of Existing Certificates (also referred to as “**Direct Participants**” and each a “**Direct Participant**”); and
- (b) each beneficial owner of Existing Certificates holding such Existing Certificates, directly or indirectly, in an account in the name of a Direct Participant acting on such beneficial owner’s behalf.

All references in this Tender Offer and Consent Solicitation Memorandum to times are to London time, unless otherwise specified.

None of the Original Issuer, the Original Delegate, the New Delegate, the Original Agents, the New Agents, the Original Security Agents, the New Security Agents or the Tabulation Agent (or their respective directors, officers, employees, consultants, agents or affiliates) expresses any opinion on the merits of, or makes any representation or recommendation whatsoever regarding, the Offers or makes any recommendation whether Certificateholders should vote in favour of or against the relevant Extraordinary Resolution or submit an Electronic Instruction pursuant to the Offers. None of the Original Delegate, the Original Agents or any of their respective directors, officers, employees, consultants, agents or affiliates has verified, or assumes any responsibility for the accuracy or completeness of, any of the information concerning the Tender Offer or the Consent Solicitation, or the factual statements contained in this Tender Offer and Consent Solicitation Memorandum, or the effect or effectiveness of, this Tender Offer and Consent Solicitation Memorandum or any other documents referred to in this Tender Offer and Consent Solicitation Memorandum or the Notice or assumes any responsibility for any failure by Dana Gas or the Original Issuer to disclose events that may have occurred and may affect the significance or accuracy of such information or the terms of any amendment (if any) to the Consent Solicitation.

DISTRIBUTION RESTRICTIONS

This Tender Offer and Consent Solicitation Memorandum does not constitute an offer or an invitation to participate in the Tender Offer or the Consent Solicitation in any jurisdiction in or from which, or to or from any person to or from whom, it is unlawful to make such offer or invitation under applicable securities laws. The distribution of this Tender Offer and Consent Solicitation Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this Tender Offer and Consent Solicitation Memorandum comes are required by each of the Original Issuer, the New Issuer, Dana Gas, the Original Delegate, the New Delegate, the Original Agents, the New Agents, the Original Security Agents, the New Security Agents and the Tabulation Agent to inform themselves about, and to observe, any such restrictions.

No action has been or will be taken in any jurisdiction by the Original Issuer, the New Issuer, Dana Gas, the Original Delegate, the New Delegate, the Original Agents, the New Agents, the Original Security Agents, the New Security Agents or the Tabulation Agent in relation to the Tender Offer or the Consent Solicitation that would permit a public offering of securities.

Notice to U.S. Investors

The Offers will only be made to, and the New Certificates will only be issued to, holders or beneficial owners of the Existing Certificates that are: (i) within the United States, QIBs within the meaning of Rule 144A under the Securities Act, or AIs, in each case, in reliance on the exemption from registration under Section 5 of the Securities Act provided by Section 4(a)(2) or another exemption therefrom, and (ii) non-U.S. Persons in offshore transactions as defined in, and in reliance on, Regulation S.

Notice to United Kingdom Investors

The communication of this Tender Offer and Consent Solicitation Memorandum is not being made, and this Tender Offer and Consent Solicitation Memorandum has not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”). Accordingly, this Tender Offer and Consent Solicitation Memorandum is not being distributed to, and must not be passed on to, persons in the United Kingdom save in circumstances where section 21(1) of the said Act does not apply. The communication of this Tender Offer and Consent Solicitation Memorandum is only being made to those persons in the United Kingdom falling within the definition of Investment Professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or to persons who fall within Article 43 of the Order or any person to whom it may otherwise lawfully be made by virtue of an exemption to section 21(1) of the FSMA or otherwise in circumstances where it does not apply. Insofar as the communication in this Tender Offer and Consent Solicitation Memorandum is made to or directed at investment professionals in terms of Article 19 of the Order, it is made to or directed at persons having professional experience in matters relating to investments, and any investment or investment activity to which it relates is available only to such persons or will be engaged in only with such persons, and persons who do not have professional experience in matters relating to investments should not rely upon it.

Notice to European Economic Area Investors

The Tender Offer and Consent Solicitation Memorandum is not being made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “ **MiFID II** ”); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended).

Notice to United Arab Emirates Investors

This Tender Offer and Consent Solicitation Memorandum has not been, and will not be, distributed, promoted or advertised in the UAE other than in compliance with laws applicable in the UAE governing the issue, offering and sale of securities.

Notice to Dubai International Financial Centre Investors

This Tender Offer and Consent Solicitation Memorandum relates to an “Exempt Offer” in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the “**DFSA**”). It is intended for distribution only to persons of a type specified in those rules and it must not be delivered to, or relied on by, any

other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Tender Offer and Consent Solicitation Memorandum nor taken steps to verify the information set out in it and has no responsibility for it.

EXPECTED TIMETABLE

The times and dates set out below are indicative only and are subject to change. In particular, the times and dates set out below are subject, where applicable, to the right of Dana Gas (subject to applicable laws and as provided in this Tender Offer and Consent Solicitation Memorandum) to extend, re-open, amend, terminate and/or withdraw the Tender Offer or the Early Participation Deadline, the right of the Original Issuer (subject to applicable laws and as provided in this Tender Offer and Consent Solicitation Memorandum) to extend, re-open, amend, terminate and/or withdraw the Consent Solicitation and the calling of any adjourned Meeting. Accordingly, the actual timetable may differ from the expected timetable set out below.

Certificateholders should note that the deadlines set by any such intermediary or Direct Participant and each Clearing System for the submission of Electronic Instructions may be earlier than the relevant deadlines set out below. See “*Procedures for Participating in the Tender Offer and the Consent Solicitation*”, including, in particular, the section therein under the heading “*Procedure in relation to the Meetings*”.

Any announcements or notifications to be made to Certificateholders arising out of or in connection with the Offers, the Meetings or the Extraordinary Resolutions shall be made as soon as is reasonably practicable after the event giving rise to the announcement or notification. All notices to Certificateholders (including those notices mentioned below) will be delivered through the Clearing Systems and published on Bloomberg.

Event	Date
	<i>(In each case, subject to any extension in accordance with this Tender Offer and Consent Solicitation Memorandum)</i>
<i>Announcement and Commencement of the Offers and Notice of Meetings</i>	
The Offers are announced and the Tender Offer and Consent Solicitation Memorandum (including the form of Notices) is delivered by the Tabulation Agent to Certificateholders upon request.	22 May 2018
Meetings of Certificateholders are convened in respect of the Ordinary Certificates and the Exchangeable Certificates.	
<i>Early Participation Deadline</i>	
Deadline for receipt by the Tabulation Agent of an Electronic Instruction in order for Certificateholders to be eligible to receive the Early Participation Fee on the Settlement Date or the Early Tender Scenario Settlement Date, as applicable.	4:00 p.m. (London time) on 1 June 2018
<i>Announcement of Early Participation Results</i>	
Announcement of results as of the Early Participation Deadline.	As soon as reasonably practicable after the Early Participation Deadline.
<i>Voting Instruction Deadline</i>	
Latest time and date for receipt by the Tabulation Agent of a valid Voting Only Instruction (and for voting instructions associated with a Tender Instruction to be considered valid for the purposes of the Extraordinary Resolutions).	11:00 a.m. (London time) on 11 June 2018
<i>Meetings</i>	
Meetings of Certificateholders of the Ordinary Certificates and the Exchangeable Certificates are held at the offices of Latham & Watkins LLP, Level 3, Precinct Building 1, Dubai International Financial Centre, Dubai.	2:00 p.m. (UAE time) on 13 June 2018 in respect of the Ordinary Certificates and 3:00 p.m. (UAE time) on 13 June 2018 in respect of the Exchangeable Certificates.
<i>Announcement of Results of Meetings</i>	

Announcement of the results of the Meetings given to Certificateholders.

As soon as reasonably practicable after the Meetings.

Tender Instruction Deadline

Latest time and date for receipt by the Tabulation Agent of a valid Tender Instruction.

11:00 a.m. (London time) on 25 June 2018

Effective Date and Effective Time

Fulfilment of the Effectiveness Conditions to the satisfaction of Dana Gas, the Ad Hoc Committee and the Original Delegate and declaration by Dana Gas of the Effective Time.

As soon as reasonably practicable after the satisfaction of the Effectiveness Conditions.

Entry into and release of the Amendment Deed.

Dana Gas to deliver the Call Notice as soon as reasonably practicable after the entry into force of the Proposed Amendments and Waivers.

Settlement Date

Entry into and release of the Settlement Deed and entry into the New Transaction Documents.

The Settlement Date will be the Clearing System Business Day falling no more than ten (10) Clearing System Business Days after the Effective Date, as specified in the Call Notice.

Filing of the English Consent Order.

Settlement and (i) delivery to Eligible Certificateholders of New Certificates in exchange for Existing Certificates and payment to Certificateholders of the Cash Settlement Amount and the Special Distribution Amount pursuant to the exercise of the Mandatory Call Feature; and/or (ii) delivery to Certificateholders of the Purchase Price in respect of all Existing Certificates accepted for purchase pursuant to the Tender Offer (in each case, net of the relevant Additional Costs Reimbursement Deduction Amount).

Any Early Participation Fee will also be provided to Certificateholders (to the extent applicable) on the Settlement Date.

Early Tender Scenario Settlement Date

Payment of a cash amount to the Certificateholders in respect of all Existing Certificates accepted for purchase pursuant to the Tender Offer or pursuant to any Affirmative Voting Only Instructions which included an instruction to tender Existing Certificates for purchase in the event of an Early Tender Scenario.

The Early Tender Scenario Settlement Date will be a date, as specified in the Early Tender Notice, falling no more than ten (10) Clearing System Business Days after the date of the Early Tender Notice and after (but no more than three (3) Clearing System Business Days after) the date of the Tender Instruction Deadline.

DEFINITIONS

In this Tender Offer and Consent Solicitation Memorandum, the following terms shall have the meanings set out below. Capitalised terms used but not defined in this Tender Offer and Consent Solicitation Memorandum shall, unless the context otherwise requires, have the meanings set out in the Declaration of Trust and the Conditions.

Additional Costs Reimbursement Amount	An aggregate amount of up to U.S.\$13,945,000 (or, in an Early Tender Scenario, a fixed amount of U.S.\$13,945,000), representing certain costs and expenses (in excess of the Costs Reimbursement Amount) incurred by the Original Delegate, the Original Principal Security Agent and relevant members of the Ad Hoc Committee up to the Settlement Date.
Additional Costs Reimbursement Deduction Amount	In respect of a specified number of Existing Certificates held by a Certificateholder, an amount (rounded to the nearest U.S.\$0.01, with half units being rounded upwards) equal to the Additional Costs Reimbursement Fraction of each U.S.\$10 of aggregate face amount of such Existing Certificates.
Additional Costs Reimbursement Fraction	A fraction in which (i) the numerator is the Additional Costs Reimbursement Amount and (ii) the denominator is the aggregate face amount of the Existing Certificates outstanding (other than any Existing Certificates held by, for the benefit of, or on behalf of, Dana Gas) at close of business on the Clearing System Business Day immediately preceding the Settlement Date.
Additional Special Distribution Amount	In respect of each Certificateholder, an amount (rounded to the nearest U.S.\$0.01, with half units being rounded upwards) equal to the product of: (i) 4 per cent.; (ii) the aggregate face amount of Existing Certificates held by such Certificateholder at close of business on the Clearing System Business Day immediately preceding the Settlement Date (excluding any Existing Certificates accepted for purchase pursuant to the Tender Offer); and (iii) the Additional Special Distribution Day Count Fraction.
Additional Special Distribution Day Count Fraction	The number of days in the period from, and including, 31 October 2017 to, but excluding, the Settlement Date, divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months and, in the case of an incomplete month, the number of days elapsed in such month).
Ad Hoc Committee	An ad hoc committee of Certificateholders comprising certain holders of the Existing Certificates from time to time.
AED, Dirham and UAE Dirham	UAE Dirham.
Affirmative Voting Only Instructions	A Voting Only Instruction in favour of the relevant Extraordinary Resolution
AI	Accredited investor within the meaning of Regulation D under the Securities Act.
Allocated Amount	An amount equal to U.S.\$335,000,000 <i>less</i> the Total Cash Utilisation Amount.
Amendment Deed	The deed of amendment whereby the Conditions will be amended to insert the Mandatory Call Feature and to provide that any Existing Certificates held by Dana Gas shall be cancelled.

Beneficial Owner	A person who is a beneficial owner of a particular face amount of the outstanding Existing Certificates, as shown in the records of the Clearing Systems or their Direct Participants or in the records of any broker, dealer, commercial bank, trust company or other nominee or custodian who holds Existing Certificates on such person's behalf and whose holding is shown in the records of a Direct Participant, as applicable.
Blocking Period	The period commencing on the date of submission or delivery of an Electronic Instruction to either of the Clearing Systems and terminating on: (i) the earlier of (a) the termination of the relevant Offer, or (b) the Proposed Amendments and Waivers becoming effective; or (ii) the date on which the Electronic Instruction is validly revoked, during which period the Existing Certificates which are the subject of such Electronic Instruction shall be blocked in the relevant Clearing System.
Business Day	A day on which commercial banks generally are open for business in London, New York City and Abu Dhabi.
Call Notice	The notice to be delivered by the Original Issuer to the Certificateholders on the Effective Date exercising the Mandatory Call Feature and specifying the Settlement Date.
Cash Payment	In respect of each Certificateholder, the aggregate cash payment to be made to such Certificateholder by Dana Gas pursuant to the Tender Offer and/or the Consent Solicitation, comprising (as applicable): (i) the Purchase Price, (ii) the Early Participation Fee, (iii) the Cash Settlement Amount, and (iv) the Special Distribution Amount.
Cash Settlement Amount	U.S.\$2 in cash per U.S.\$10 in face amount of Existing Certificates.
Certificateholders	As defined under " <i>General Information</i> ".
Clearing System Business Day	Mondays to Fridays (inclusive) except 1 January and 25 December.
Clearing System Notice	The notice to be sent to Direct Participants by the relevant Clearing System on or about the date of this Tender Offer and Consent Solicitation Memorandum informing Direct Participants of the procedures to be followed in order to participate in the Tender Offer and Consent Solicitation.
Clearing Systems	Euroclear and/or Clearstream, collectively, and each a " Clearing System ".
Clearstream	Clearstream Banking S.A.
Conditions	The terms and conditions of the Ordinary Certificates and/or Exchangeable Certificates, each as set out in the Declaration of Trust, as applicable.
Consents	Consent to the relevant Extraordinary Resolution, and each, a " Consent ".
Consent Solicitation	The solicitation of Consent by the Original Issuer from each Certificateholder, as set out in this Tender Offer and Consent Solicitation Memorandum.
Costs Reimbursement Amount	An amount of U.S.\$7,000,000 to be paid by Dana Gas into the Escrow Account prior to the Effective Date, towards payment on the Settlement Date of certain costs and expenses of the Original Delegate, the Original Principal Security Agent and relevant members of the Ad Hoc Committee.

Costs Reimbursement Arrangements	The arrangements for reimbursement of certain costs and expenses of the Original Delegate, the Original Principal Security Agent and certain members of the Ad Hoc Committee, as more fully set out in “ <i>Terms of the Tender Offer and the Consent Solicitation—Costs Reimbursement Arrangements</i> ”.
Dana Gas	Dana Gas PJSC, a public joint-stock company incorporated in the UAE.
Declaration of Trust	The amended and restated declaration of trust dated 8 May 2013 made between, among others, the Original Issuer (in its capacity as trustee), Dana Gas and the Original Delegate.
Direct Participant	Each person who is shown in the records of Euroclear or Clearstream as a holder of an interest in the Existing Certificates.
Early Participation Deadline	4:00 p.m. London time on 1 June 2018 (subject to any extension).
Early Participation Fee	U.S.\$0.25 per U.S.\$10 in face amount of Existing Certificates in respect of which a valid Electronic Instruction is submitted prior to the Early Participation Deadline.
Early Tender Notice	A notice delivered by Dana Gas to the Certificateholders, the Tabulation Agent and the Original Delegate specifying that Dana Gas intends to proceed with an Early Tender Scenario and specifying the Early Tender Scenario Settlement Date.
Early Tender Scenario	The scenario where Dana Gas proceeds with the implementation of the Tender Offer after the date of the Tender Instruction Deadline but prior to (and not substantially concurrently with) the Settlement Date (regardless of whether the Settlement Date subsequently occurs).
Early Tender Scenario Settlement Date	A date, as specified in the Early Tender Notice, falling no more than ten (10) Clearing System Business Days after the date of the Early Tender Notice and after (but no more than three (3) Clearing System Business Days after) the date of the Tender Instruction Deadline.
Effective Date	The date on which the Effectiveness Conditions are fulfilled to the satisfaction of each of Dana Gas, the Ad Hoc Committee and the Original Delegate.
Effective Time	The time on the Effective Date at which the Effectiveness Conditions are declared by Dana Gas to be satisfied.
Effectiveness Conditions	The conditions that have to be satisfied in order for the Extraordinary Resolutions to be declared effective, as more fully set out in “ <i>Terms of the Tender Offer and the Consent Solicitation—The Effectiveness Conditions</i> ”.
Electronic Instruction	A Tender Instruction or a Voting Only Instruction (including an Affirmative Voting Only Instruction), as applicable.
Electronic Revocation Instruction	An electronic revocation instruction to revoke the relevant Certificateholder’s Electronic Instruction in accordance with the provisions set out in “ <i>Terms of the Tender Offer and the Consent Solicitation—Certificateholders’ Rights of Revocation</i> ”.
Eligible Certificateholders	Certificateholders who are eligible to receive the New Certificates, as described in “ <i>Terms of the Tender Offer and the Consent Solicitation—Eligible Certificateholders</i> ”.

English Consent Order	The consent order to be signed by Dana Gas, the Original Issuer, the Original Delegate, the Original Principal Security Agent, the Original Egyptian Security Agent and certain members of the Ad Hoc Committee and to be filed with the English courts by the Original Delegate on the Settlement Date in accordance with the Litigation Dismissal Agreement.
Escrow Account	A bank account in the name of Dana Gas opened and operated by the Escrow Agent in accordance with the terms of the Escrow Agreement.
Escrow Agent	The Bank of New York Mellon, London Branch.
Escrow Agreement	The escrow agreement to be entered into between Dana Gas, the Original Delegate and the Escrow Agent (in a form to be agreed by the Ad Hoc Committee) governing the escrow arrangements in respect of the Costs Reimbursement Amount and the Additional Costs Reimbursement Amount, as more fully described in “ <i>Terms of the Tender Offer and the Consent Solicitation—Costs Reimbursement Arrangements</i> ”.
Euroclear	Euroclear Bank SA/NV.
Exchangeable Certificates	U.S.\$425,040,000 Exchangeable Certificates due 2017 constituted by the Declaration of Trust. The Common Code for the Restricted Exchangeable Certificates is 091469880 and the ISIN is XS0914698807. The Common Code for the Unrestricted Exchangeable Certificates is 091426641 and the ISIN is XS0914266415.
Exchangeable Certificates Initial Special Distribution Amount	In respect of each Certificateholder, an amount (rounded to the nearest U.S.\$0.01, with half units being rounded upwards) equal to U.S.\$0.35 per U.S.\$10 of aggregate face amount of Exchangeable Certificates held by such Certificateholder at close of business on the Clearing System Business Day immediately preceding the Settlement Date (excluding any Exchangeable Certificates accepted for purchase pursuant to the Tender Offer).
Existing Certificates	The Ordinary Certificates and Exchangeable Certificates.
Existing Security Documents	All instruments, agreements and documents whereby a security interest was created in certain assets of Dana Gas in order to secure the obligations of Dana Gas under the Purchase Undertaking.
Existing Transaction Documents	The agreements, deeds and documents pertaining to the Existing Certificates, including: (i) the Purchase Undertaking, (ii) the Mudarabah Agreement, (iii) the Declaration of Trust, (iv) the Sale Undertaking, (v) the Paying, Calculation and Exchange Agency Agreement, (vi) the Security Agency Agreement, (vii) the Existing Security Documents and (viii) any other agreement, deed or document pertaining to the Existing Certificates.
Extraordinary Resolutions	The Extraordinary Resolutions to be proposed and considered at the Meetings, as set out in “ <i>Appendix 2: Form of Notice of Meetings</i> ”.
Form of Proxy	An instrument in writing in the English language in the form available from the specified office of Deutsche Bank Luxembourg S.A., in its capacity as registrar in respect of the Existing Certificates (the “ Original Registrar ”) and signed by a Certificateholder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Original Registrar not later than 48 hours before the time fixed for the relevant Meeting, appointing any other person (including Beneficial Owners of the relevant Existing Certificates) as proxy to attend and vote at the relevant Meeting on his or its behalf in respect of the Existing Certificates held by such Certificateholder.

Ineligible Certificateholder	A Certificateholder who is not an Eligible Certificateholder.
Irish Listing Authority	The Central Bank of Ireland, in its capacity as the competent listing authority.
Litigation Dismissal Agreement	The litigation dismissal agreement dated 11 May 2018 between Dana Gas and certain members of the Ad Hoc Committee (and to which the Original Issuer, the Original Delegate, the Original Principal Security Agent and certain shareholders of Dana Gas are envisaged to accede) with respect to the settlement and termination and/or discharge of all currently pending litigation including the costs of such litigation and other costs incurred by the relevant members of the relevant Ad Hoc Committee, the Original Issuer, the Original Delegate and the Original Principal Security Agent.
Meetings	The meeting of the holders of the Ordinary Certificates to be held at 2:00 p.m. (UAE time) on 13 June 2018, or any such adjourned meeting and the meeting of the holders of the Exchangeable Certificates to be held at 3:00 p.m. (UAE time) on 13 June 2018, or any such adjourned meeting, with each such meeting being held at the offices of Latham & Watkins LLP, Level 3, Precinct Building 1, Dubai International Financial Centre, Dubai to consider and vote on the Extraordinary Resolutions.
Minimum Required Amount	Certificateholders must hold U.S.\$45,000 of the relevant Existing Certificates to be able to receive the New Certificates.
Mudarabah Agreement	The amended and restated mudarabah agreement dated 8 May 2013 made between Dana Gas and the Original Issuer (in its capacity as trustee).
New Agents	The New Principal Paying Agent, the New Registrar and the New Transfer Agent.
New Certificates	The 4 per cent. certificates due 2020 to be issued by the New Issuer on the Settlement Date. Detailed terms and conditions of the New Certificates are set out in the Preliminary Listing Particulars.
New Delegate	BNY Mellon Corporate Trustee Services Limited.
New Issuer	Nile Delta Sukuk Ltd, a limited liability company incorporated under the laws of the Cayman Islands.
New Principal Paying Agent	The Bank of New York Mellon, London Branch.
New Registrar	The Bank of New York Mellon SA/NV, Luxembourg Branch.
New Security Agents	BNY Mellon Corporate Trustee Services Limited, in its capacity as principal security agent and SHUAA Capital psc in its capacity as local security agent.
New Transaction Documents	The agreements, deeds and documents pertaining to the New Certificates, as described in the Preliminary Listing Particulars.
New Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Notice	The notice dated 22 May 2018, given to Certificateholders in accordance with the Conditions and the Declaration of Trust and by delivery to the Clearing Systems, convening the Meetings, as set out in “ <i>Appendix 2: Form of Notice of Meetings</i> ”.
Offer	The Tender Offer and/or the Consent Solicitation, as applicable.

Ordinary Certificates	U.S.\$425,040,000 Ordinary Certificates due 2017 constituted by the Declaration of Trust. The Common Code for the Restricted Ordinary Certificates is 091469928 and the ISIN is XS0914699284. The Common Code for the Unrestricted Ordinary Certificates is 091426684 and the ISIN is XS0914266845.
Ordinary Certificates Initial Special Distribution Amount	In respect of each Certificateholder, an amount (rounded to the nearest U.S.\$0.01, with half units being rounded upwards) equal to U.S.\$0.45 per U.S.\$10 of aggregate face amount of Ordinary Certificates held by such Certificateholder at close of business on the Clearing System Business Day immediately preceding the Settlement Date (excluding any Ordinary Certificates accepted for purchase pursuant to the Tender Offer).
Original Agents	The Original Principal Paying and Exchange Agent, the Original Registrar, the Original Transfer Agent and Replacement Agent, the Original Local Agent and the Original Calculation Agent.
Original Calculation Agent	Conv-Ex Advisors Limited
Original Delegate	Deutsche Trustee Company Limited
Original Egyptian Security Agent	Commercial International Bank (Egypt) S.A.E.
Original Issuer	Dana Gas Sukuk Limited, a private company incorporated as a limited liability company under the laws of Jersey (in its capacity as issuer or trustee in respect of the Existing Certificates, as the context may require).
Original Listing Particulars	The listing particulars published in respect of the Existing Certificates dated 8 May 2013.
Original Local Agent	Bank of Sharjah PJSC.
Original Principal Paying and Exchange Agent	Deutsche Bank AG, London Branch.
Original Principal Security Agent	Deutsche Bank AG, Abu Dhabi Branch.
Original Registrar	Deutsche Bank Luxembourg S.A.
Original Security Agents	The Original Principal Security Agent and the Original Egyptian Security Agent.
Original Transfer Agent and Replacement Agent	Deutsche Bank Luxembourg S.A
Paying, Calculation and Exchange Agency Agreement	The amended and restated paying, calculation and exchange agency agreement dated 8 May 2013 between, among others, the Original Issuer, Dana Gas, the Original Delegate, the Original Principal Paying and Exchange Agent, the Original Transfer Agent and Replacement Agent and the Original Calculation Agent.
Preliminary Listing Particulars	The preliminary listing particulars, attached hereto as “ <i>Appendix 1: Preliminary Listing Particulars</i> ”, to be issued by the New Issuer in final form in respect of the New Certificates on or before the Settlement Date.

Proposed Amendments and Waivers	Certain proposed amendments and waivers in respect of (i) the Conditions of each series of Existing Certificates, (ii) the Declaration of Trust pursuant to which each series of Existing Certificates were constituted and (iii) certain other Existing Transaction Documents relating to the Existing Certificates, in each case, to be effected in accordance with the resolutions set forth in paragraphs (a), (b) and (c) (as applicable) of each Extraordinary Resolution.
Purchase Price	U.S.\$8.80 per U.S.\$10 in face amount of Existing Certificates accepted for purchase.
Purchase Undertaking	The amended and restated purchase undertaking dated 8 May 2013 made by Dana Gas in favour of the Original Issuer (in its capacity as trustee).
QIB	Qualified institutional buyer within the meaning of Rule 144A under the Securities Act.
Sale Undertaking	The amended and restated sale undertaking dated 8 May 2013 made by the Original Issuer (in its capacity as trustee) in favour of Dana Gas.
Securities Act	U.S. Securities Act of 1933, as amended.
Security Agency Agreement	The amended and restated security agency agreement dated 8 May 2013 between, among others, the Original Issuer, Dana Gas and the Original Principal Security Agent.
Settlement Deed	The deed, dated on the Settlement Date, executed between Dana Gas, the Original Delegate, the Original Issuer and the other parties thereto, whereby the arrangements relating to the Existing Certificates are terminated.
Settlement Date	The Clearing System Business Day falling no more than ten (10) Clearing System Business Days after the Effective Date, as specified in the Call Notice.
Shareholder Approval	The approval by the shareholders of Dana Gas, obtained at a duly convened and properly held extraordinary general meeting, of Dana Gas's entry into, and performance of, the Litigation Dismissal Agreement and the New Transaction Documents to which it is a party, the issuance of the New Certificates and the consummation on the Settlement Date of the other transactions contemplated hereby.
Sharjah Dismissal Documents	Documents to be filed by Dana Gas and certain shareholders of Dana Gas with the Sharjah courts as required to obtain the full, final and irrevocable termination, dismissal and/or discharge of certain proceedings in the Sharjah courts in accordance with the Litigation Dismissal Agreement.
Special Distribution Amount	<p>In respect of:</p> <ul style="list-style-type: none"> the Ordinary Certificates, an amount equal to the sum of the Ordinary Certificates Initial Special Distribution Amount and the Additional Special Distribution Amount; and the Exchangeable Certificates, an amount equal to the sum of the Exchangeable Certificates Initial Special Distribution Amount and the Additional Special Distribution Amount.
Tabulation Agent	The Bank of New York Mellon, London Branch.

Target Acceptance Amount	Existing Certificates with an aggregate face amount of U.S.\$175,000,000 that Dana Gas proposes to purchase pursuant to the Tender Offer, as such amount may be varied by Dana Gas in its sole discretion, in accordance with the terms and conditions of the Offers.
Tender Instruction	<p>An electronic instruction submitted or delivered through Euroclear or Clearstream by a Direct Participant, specifying the amount of Existing Certificates that the Certificateholder is offering to tender for purchase pursuant to the Tender Offer.</p> <p>A Tender Instruction will automatically authorise and appoint the Tabulation Agent to attend the relevant Meeting on behalf of the Certificateholder and to vote in favour of the relevant Extraordinary Resolution in respect of the Existing Certificates held by that Certificateholder and validly offered for tender.</p>
Tender Instruction Deadline	11:00 a.m. London time on 25 June 2018 (subject to any extension).
Tender Offer	The invitation by Dana Gas to each Certificateholder to tender their Existing Certificates, up to the Target Acceptance Amount, for a cash payment, as set out in this Tender Offer and Consent Solicitation Memorandum.
Total Cash Utilisation Amount	The sum of (i) the aggregate Purchase Price paid by Dana Gas in the Tender Offer, (ii) the aggregate Early Participation Fee paid to the Certificateholders, (iii) the aggregate Cash Settlement Amount and the aggregate Special Distribution Amount, and (iv) the Costs Reimbursement Amount.
Transaction	The Proposed Amendments and Waivers, the Consent Solicitation and the Tender Offer.
U.S. Person	U.S. Person as defined in Regulation S under the Securities Act.
U.S.\$, U.S. dollars or dollars	Are all references to United States dollars.
UAE	United Arab Emirates.
Voting Only Instruction	<p>An electronic voting and blocking instruction in respect of the Existing Certificates in the form specified in the applicable Clearing System Notice for submission by Direct Participants to the Tabulation Agent via the relevant Clearing System and submitted in accordance with the requirements of such Clearing System by the relevant deadlines in order for Certificateholders whose Existing Certificates are held through Euroclear and Clearstream to be able to participate in the Consent Solicitation.</p> <p>A Voting Only Instruction will automatically authorise and appoint the Tabulation Agent to attend the relevant Meeting on behalf of the relevant Certificateholder and to vote in accordance with such instruction in respect of the Existing Certificates the subject of the Voting Only Instruction.</p>
Voting Instruction Deadline	11:00 a.m. (London time) on 11 June 2018 (subject to any extension).

RISK FACTORS AND OTHER CONSIDERATIONS

This section does not describe all of the risks of participating in the Offers. There may be additional risks and uncertainties relating to Dana Gas' business that are not currently known to Dana Gas, or that it currently deems immaterial, but may also have a material adverse effect on Dana Gas' business, results of operation and financial condition. If any, or any combination of these risks actually occurs, Dana Gas' business, reputation, financial condition and/or results of operations could be adversely affected. In such case, the price of the New Certificates may decline and investors could lose all or part of their investment.

Before making a decision whether to participate in the Offers and deliver an Electronic Instruction and/or otherwise vote in favour of, or against, the Extraordinary Resolutions, Certificateholders should carefully consider, in the light of their own financial circumstances and investment objectives, all of the information in this Tender Offer and Consent Solicitation Memorandum and, in particular, the factors set out below, as well as the factors in the section headed "*Risk Factors*" in the Preliminary Listing Particulars.

None of the Original Issuer, the New Issuer, Dana Gas, the Original Delegate, the New Delegate, the Tabulation Agent, the Original Agents, the New Agents, the Original Security Agents nor the New Security Agents has made or will make any assessment of the merits of the Tender Offer or the Consent Solicitation or of the impact of the Tender Offer or the Consent Solicitation on the interests of holders either as a class or as individuals. The Original Issuer expresses no opinion and is remaining neutral toward the Tender Offer. Each Certificateholder is responsible for undertaking an analysis of the implications of the Offers and should consult its own tax, accounting, financial and legal advisers regarding the suitability to it of the tax or accounting consequences of participating or declining to participate in the Offers.

Certificateholders will be bound by the majority

An Extraordinary Resolution that has been duly passed is binding on all Certificateholders of that series of Existing Certificates, notwithstanding that an individual Certificateholder may not have submitted an Electronic Instruction, may not have been present at a Meeting or may have voted against the relevant Extraordinary Resolution. Upon the passing of both of the Extraordinary Resolutions, the exercise of the Mandatory Call Feature included in the Conditions as a result thereof and the satisfaction of the other Effectiveness Conditions, each Eligible Certificateholder (other than a Certificateholder whose Existing Certificates have been accepted for purchase pursuant to the Tender Offer) will receive the New Certificates, and the other amounts described elsewhere in this Tender Offer and Consent Solicitation Memorandum, regardless of whether such Certificateholder had voted against the relevant Extraordinary Resolution or not voted at all.

Certificateholders that do not tender their Existing Certificates at or prior to the Early Participation Deadline may not be able to participate in the Tender Offer.

In the event of an Early Tender Scenario, Certificateholders that do not tender their Notes at or prior to the Early Participation Deadline may not be able to participate in the Tender Offer. If the aggregate face amount of Existing Certificates validly tendered and not withdrawn is less than the Target Acceptance Amount as of the Early Participation Deadline, Certificateholders who validly tender Existing Certificates after the Early Participation Deadline may be subject to proration (such proration as set out above), whereas Certificateholders who validly tender Existing Certificates at or prior to the Early Participation Deadline will not be subject to proration (such proration as set out above). Furthermore, if the aggregate face amount of Existing Certificates validly tendered and not withdrawn is equal to or greater than the Target Acceptance Amount as of the Early Participation Deadline, Certificateholders who validly tender Existing Certificates after the Early Participation Deadline will not have any of their Existing Certificates accepted for purchase.

Responsibility for complying with the procedures of the Tender Offer and Consent Solicitation

Certificateholders are responsible for complying with all of the procedures in respect of their participation in the Offers. None of the Original Issuer, the New Issuer, Dana Gas, the Original Delegate, the New Delegate, the Original Agents, the New Agents, the Original Security Agents, the New Security Agents nor the Tabulation Agent assumes any responsibility for informing any Certificateholders of irregularities with respect to the participation of such Certificateholder in the Tender Offer and Consent Solicitation.

No assurance that the Tender Offer or the Consent Solicitation will be completed. The completion of the Tender Offer and the Consent Solicitation is conditional and the Tender Offer and the Consent Solicitation may be terminated or withdrawn.

No assurance can be given that the Tender Offer or the Consent Solicitation will be completed. Implementation of the Proposed Amendments and Waivers is conditional upon the satisfaction or waiver of the Effectiveness Conditions. No assurance can be given that the relevant conditions will be satisfied.

Dana Gas may reject tenders of Existing Certificates in its sole discretion for any reason and Dana Gas is under no obligation to any Certificateholder to furnish any reason or justification for refusing to accept any tender of Existing Certificates.

In addition, Dana Gas may, in its sole discretion, extend, re-open, amend, terminate and/or withdraw the Tender Offer at any time and may, in its sole discretion, waive any of the Conditions to the Tender Offer after the date of this Tender Offer and Consent Solicitation Memorandum. The Original Issuer may, in its sole discretion, extend, re-open, amend, terminate and/or withdraw the Consent Solicitation at any time and may, in its sole discretion, waive conditions to the Consent Solicitation after the date of this Tender Offer and Consent Solicitation Memorandum.

Existing Certificates held through the Clearing Systems

In relation to the delivery or revocation of Electronic Instructions or otherwise making arrangements for the giving of voting instructions, in each case, through the Clearing Systems, Certificateholders holding Existing Certificates in Euroclear or Clearstream should note the particular practice and policy of the relevant Clearing System, including any earlier deadlines set by such Clearing System.

Compliance with distribution restrictions

Certificateholders are referred to the distribution restrictions in “*Distribution Restrictions*” and the agreements, acknowledgements, representations, warranties and undertakings in “*Procedures for Participating in the Tender Offer and the Consent Solicitation—Agreements, acknowledgements, representations, warranties and undertakings to be given on submission of an Electronic Instruction*”, which Certificateholders will be deemed to make on submission of an Electronic Instruction.

Differences between the Existing Certificates and the New Certificates

At the Effective Time, the Mandatory Call Feature will be automatically exercised and, on the Settlement Date, the Existing Certificates will be exchanged for the New Certificates. There are a number of significant differences between the Existing Certificates and the New Certificates.

The full terms and conditions of the New Certificates are set out in the Preliminary Listing Particulars (see “*Terms and Conditions of the Certificates*” in the Preliminary Listing Particulars attached hereto). In particular, attention is also drawn to the section headed “*Risk Factors*” in the Preliminary Listing Particulars.

Blocking of Existing Certificates

When considering whether to provide an Electronic Instruction pursuant to the Offers, Certificateholders should take into account that restrictions on the transfer of the Existing Certificates will apply from the time of delivery or submission of the Electronic Instruction. A Certificateholder will, on submitting an Electronic Instruction, agree that its Existing Certificates will be blocked in the relevant Clearing System from the date the relevant Electronic Instruction is submitted or delivered until the earlier of: (i) the date of any termination of the Tender Offer or the Consent Solicitation (as applicable); or (ii) the date on which the Electronic Instruction is validly revoked.

Instructions will be irrevocable except in the limited circumstances described in “*Terms of the Tender Offer and the Consent Solicitation—Certificateholders’ Rights of Revocation*”.

Uncertainty as to the trading market for the New Certificates

Dana Gas does not intend to make any application other than for (i) the admission to listing of the New Certificates on the Official List of the Irish Stock Exchange trading as Euronext Dublin and (ii) the admission to trading of the New Certificates on the Global Exchange Market of the Irish Stock Exchange trading as Euronext Dublin. The New Certificates are securities for which there is currently no trading market and for which there can be no assurance of future liquidity. Prices of New Certificates may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Certificateholders are urged to contact their brokers to obtain the

best available information as to the potential market price of the New Certificates and for advice concerning the impact of any exchange of their Existing Certificates for New Certificates.

Responsibility for assessing the merits of the Tender Offer and Consent Solicitation and consulting advisers

Each Certificateholder is responsible for assessing the merits of the Tender Offer and the Consent Solicitation. None of the Original Issuer, the New Issuer, Dana Gas, the Original Delegate, the New Delegate, the Original Agents, the New Agents, the Original Security Agents, the New Security Agents nor the Tabulation Agent has made or will make any assessment of the merits of the Tender Offer or the Consent Solicitation or of the impact of the Tender Offer and/or the Consent Solicitation on the interests of holders either as a class or as individuals.

Certificateholders should therefore consult their own tax, accounting, financial and legal advisers regarding the suitability to them of the tax or accounting consequences of participating or declining to participate in the Tender Offer or the Consent Solicitation and an investment in the New Certificates.

A U.S. investor may recognise gain but not loss on the exchange upon exercise of the Mandatory Call Feature

The exchange of the New Certificates (along with the Cash Settlement Amount and, if any, the Early Participation Fee) for the Existing Certificates upon exercise of the Mandatory Call Feature may be treated as a “recapitalisation” for U.S. federal income tax purposes. In such case, a U.S. investor may recognise gain, if any, to the extent of the amount of Cash Settlement Amount and the Early Participation Fee, but may not recognise any loss. Alternatively, if the exchange is not treated as a “recapitalisation” for U.S. federal income tax purposes, a U.S. investor may recognise full gain or loss from the exchange. While not clear, the Special Distribution Amount is likely to be treated as a payment of interest income. See “*Taxation—U.S. Taxation*”.

Please also refer to the risk factors included in the Preliminary Listing Particulars entitled “*The New Certificates may be issued with original issue discount for U.S. federal income tax purposes*” and “*The U.S. Internal Revenue Service may treat the New Certificates as interests in a grantor trust for U.S. federal income tax purposes, which may result in the Trustee and U.S. investors being subject to significant penalties*” with respect to certain tax risks inherent in the ownership and disposition of the New Certificates.

Certificateholders holding less than the Minimum Required Amount

A Certificateholder that holds an aggregate face amount of a series of the Existing Certificates that is less than the Minimum Required Amount must acquire such further number of that series of Existing Certificates as is necessary for it to hold relevant Existing Certificates in an amount at least equal to the Minimum Required Amount (being U.S.\$45,000 of the relevant Existing Certificates), which it is required to do before it will be able to become eligible to receive New Certificates pursuant to the exercise of the Mandatory Call Feature. If any such Certificateholder does not acquire such further number, it will not be entitled to receive New Certificates pursuant to the exercise of the Mandatory Call Feature. See “*Terms of the Tender Offer and the Consent Solicitation—Ineligible Certificateholders*”.

BACKGROUND TO AND PURPOSE OF THE TENDER OFFER AND THE CONSENT SOLICITATION

Since June 2017, Dana Gas has been engaged in litigation in relation to the Existing Certificates before the courts of England, Sharjah and the British Virgin Islands. Dana Gas' independent legal advisers have advised that the terms of the Existing Certificates are not compliant with UAE law and *Sharia'h* principles and therefore are void and unenforceable. Accordingly, Dana Gas instituted legal action in the Sharjah courts for a declaration to that effect and seeking liquidation of the Mudarabah and a reconciliation of the amounts paid. Certain Certificateholders opposed these declarations. For further details on the litigation concerning the Existing Certificates, please see the Preliminary Listing Particulars.

With a view to bringing all of the litigation to an end, and providing its investors with the opportunity to realise value, Dana Gas is offering to purchase for cash Existing Certificates up to the Target Acceptance Amount and at the same time, the Original Issuer is soliciting Consents from the holders of the Existing Certificates to provide those Certificateholders who do not tender their Existing Certificates (or whose Existing Certificates are not accepted for tender), with the New Certificates, which are structured to be fully compliant with *Sharia'h* principles and UAE law.

As a result of the Tender Offer, and exchange of the Existing Certificates for the New Certificates pursuant to the Consent Solicitation, Dana Gas will be able to bring to an end the uncertainty and the litigation proceedings in England, Sharjah and the British Virgin Islands and it is an express condition to the effectiveness of the Proposed Amendments and Waivers that all parties to the litigation effect a withdrawal of such litigation. This will avoid potentially protracted and expensive litigation and associated value erosion to all stakeholders of Dana Gas and allow the management of Dana Gas to focus all its resources on Dana Gas' core businesses.

Dana Gas has allocated a significant amount of cash, in an amount equal to U.S.\$335,000,000, for the Offers. In the event that not all of this cash is utilised in the satisfaction of the Offers, Dana Gas has committed, in the purchase undertaking relating to the New Certificates (as described in the Preliminary Listing Particulars), to utilise any of the Allocated Amount (to the extent the Allocated Amount exceeds U.S.\$10 million) to purchase New Certificates in any manner permitted by law and, to the extent that any of the Allocated Amount has not been fully utilised in the purchase of the New Certificates on or before the date falling nine (9) months after the Settlement Date, to use the balance of the Allocated Amount (to the extent such balance of the Allocated Amount exceeds U.S.\$10 million), as soon as practicable after the date falling nine (9) months after the Settlement Date, to redeem New Certificates.

With respect to the New Certificates, Dana Gas believes that it is offering attractive terms to the Certificateholders, and these terms include (i) an increase in the profit rate from 4 per cent. to 6 per cent. in the event that Dana Gas fails, on or before 31 October 2019, to buy back New Certificates in a face amount equal to at least 20 per cent. of the face amount of Existing Certificates exchanged for New Certificates in the Exchange, and (ii) several other covenants dealing with the business and operations of Dana Gas. For the detailed terms and conditions of the New Certificates, see the Preliminary Listing Particulars.

TERMS OF THE TENDER OFFER AND CONSENT SOLICITATION

Overview

Dana Gas is inviting all Certificateholders (subject to the offer restrictions described in “*Distribution Restrictions*”) to offer to tender for purchase for cash payment, up to the Target Acceptance Amount, their holdings of such Existing Certificates. The Original Issuer is concurrently seeking consents from the holders of the Existing Certificates to approve Extraordinary Resolutions, which include certain amendments and waivers of the Conditions of each series of Existing Certificates that, subject to the satisfaction of the Effectiveness Conditions, will, *inter alia*, result in the Existing Certificates held by Eligible Certificateholders being exchanged for the New Certificates and the receipt by the holders of the Existing Certificates (other, for the avoidance of doubt, than with respect to any Existing Certificates that have previously been accepted for purchase in the Tender Offer) of the Cash Settlement Amount and the Special Distribution Amount.

The exchange of the Existing Certificates for New Certificates will be effected through the implementation of a Mandatory Call Feature and the Original Issuer is hereby soliciting Consents from Certificateholders to approve, at the Meetings, the Extraordinary Resolutions to sanction, among other things, the Proposed Amendments and Waivers, as more fully described in “*Extraordinary Resolutions*”.

An offer to tender Existing Certificates for purchase can only be made through a validly submitted Tender Instruction. Certificateholders who only wish to vote in respect of the relevant Extraordinary Resolution (without submitting a Tender Instruction) can submit a Voting Only Instruction. The submission of a Tender Instruction or an Affirmative Voting Only Instruction by a Certificateholder will appoint the Tabulation Agent (or its representative) to act as its proxy and attend the relevant Meeting and vote in favour of the relevant Extraordinary Resolution. The submission of an Electronic Instruction is irrevocable, except in the limited circumstances described in “*Certificateholders’ Right of Revocation*”.

The completion of the Consent Solicitation is conditional on the satisfaction of the Effectiveness Conditions. The acceptance for purchase of Existing Certificates tendered pursuant to the Tender Offer is not dependent upon the satisfaction of the Effectiveness Conditions.

Tender Offer

Dana Gas invites Certificateholders (subject to the offer and distribution restrictions set out in “*Distribution Restrictions*”, and on the terms and subject to the conditions contained in this Tender Offer and Consent Solicitation Memorandum) to tender their Existing Certificates for purchase by Dana Gas for a cash payment. Dana Gas proposes that it will purchase Existing Certificates with an aggregate face amount of up to the Target Acceptance Amount, although Dana Gas reserves the right, in its sole discretion, to accept more than the Target Acceptance Amount for purchase pursuant to the Tender Offer.

Certificateholders that validly submit Tender Instructions to offer their Existing Certificates for tender pursuant to the Tender Offer will, to the extent their Existing Certificates are accepted for purchase, and subject to the Costs Reimbursement Arrangements, receive consideration of U.S.\$8.80 per U.S.\$10 in face amount of Existing Certificates for such Existing Certificates. The Purchase Price will be paid on the Settlement Date or, in the event of an Early Tender Scenario, on the Early Tender Scenario Settlement Date.

Such Certificateholders may also be entitled to receive an Early Participation Fee, as described under “*Early Participation Deadline and Early Participation Fee*”.

The Purchase Price payable to Certificateholders will be in addition to any Early Participation Fee that may be payable. See “*Early Participation Deadline and Early Participation Fee*”. No other amount will be received by Certificateholders with respect to the Existing Certificates that are accepted for purchase by Dana Gas pursuant to the Tender Offer. Such Certificateholders will not be entitled to receive the Cash Settlement Amount or the Special Distribution Amount on the Settlement Date with respect to any Existing Certificates that are accepted for purchase pursuant to the Tender Offer. Such Certificateholders will also not be entitled to receive any New Certificates in respect of any Existing Certificate accepted for purchase pursuant to the Tender Offer.

Dana Gas is not under any obligation to accept any tender of Existing Certificates for purchase pursuant to the Tender Offer and may reject tenders of Existing Certificates that it considers in its sole discretion not to have been validly tendered in the Tender Offer. Dana Gas is under no obligation to any relevant Certificateholder to furnish any reason or justification for refusing to accept such tenders. For example, tenders of Existing Certificates may be rejected and not accepted and may be treated as not having been validly tendered in the Tender Offer if any such tender does not comply with the requirements of a particular jurisdiction.

Conversely, Dana Gas will at all times also have the discretion to accept for purchase any Existing Certificates tendered in the Tender Offer, the tender of which, in the sole opinion of Dana Gas, may otherwise be invalid, unless such tender is not legal or permissible under mandatory provisions of applicable laws.

All (i) Existing Certificates validly tendered and accepted for purchase by Dana Gas in the Tender Offer and (ii) Existing Certificates otherwise held by Dana Gas (if any), shall, immediately upon completion of the Tender Offer, be surrendered to the Original Principal Paying and Exchange Agent for cancellation in accordance with clause 18 (*Cancellation of Certificates*) of the Paying, Calculation and Exchange Agency Agreement, Condition 6.20 (*Cancellation*) of the Exchangeable Certificates and Condition 6.7 (*Cancellation*) of the Ordinary Certificates, as applicable.

Scaling

Dana Gas proposes that it will purchase Existing Certificates up to the Target Acceptance Amount.

If Dana Gas accepts any Existing Certificates for purchase pursuant to the Tender Offer and the aggregate face amount of Existing Certificates validly tendered is greater than the Target Acceptance Amount, Dana Gas intends to accept such Existing Certificates for purchase on a *pro rata* basis (other than as set out in the section “*Priority Payments*” immediately below), with each such tender of Existing Certificates being scaled by a factor equal to: (i) the Target Acceptance Amount divided by (ii) the aggregate face amount of the Existing Certificates that have been validly tendered pursuant to the Tender Offer. Each tender of Existing Certificates that is scaled in this manner will be rounded down to the nearest integral multiple of the specified denomination of the Existing Certificates. Dana Gas will only accept tenders of Existing Certificates subject to scaling to the extent such scaling will not result in the relevant Certificateholder transferring Existing Certificates to Dana Gas in an aggregate face amount that is less than the minimum specified denomination of the Existing Certificates.

A Certificateholder shall only be entitled to participate in the Tender Offer such that following any purchase of their Existing Certificates pursuant to the Tender Offer (including after any scaling), such Certificateholder either holds no further Existing Certificates, or continues to hold in its account with the relevant Clearing System Existing Certificates in a face amount outstanding of at least the Minimum Required Amount.

Certificateholders who did not participate in the Tender Offer or whose Existing Certificates were not accepted for purchase by Dana Gas will receive, for each U.S.\$10 in face amount of Existing Certificates held by such Certificateholder: (i) in the case of Eligible Certificateholders only, U.S.\$8 in aggregate face amount of the New Certificates; (ii) the Cash Settlement Amount; (iii) the Special Distribution Amount; and (iv) (in the case of Certificateholders whose Tender Instructions or Affirmative Voting Only Instructions (as the case may be) were received by the Tabulation Agent prior to the Early Participation Deadline), the Early Participation Fee, in each case, subject to the satisfaction of the Effectiveness Conditions and the Costs Reimbursement Arrangements.

The acceptance of any Existing Certificates for purchase pursuant to the Tender Offer is not subject to the satisfaction of the Effectiveness Conditions. In the event of an Early Tender Scenario, Dana Gas may in its sole discretion, purchase, up to the Target Acceptance Amount, at the Purchase Price, Existing Certificates that have been validly tendered for purchase by Certificateholders in the Tender Offer (including any Existing Certificates in respect of which Certificateholders who validly submitted Affirmative Voting Only Instructions indicated in such Affirmative Voting Only Instructions that their Existing Certificates should be accepted for purchase by Dana Gas in an Early Tender Scenario). If the aggregate face amount of Existing Certificates validly tendered in such circumstances is greater than the Target Acceptance Amount, Dana Gas intends to accept such Existing Certificates for purchase on a *pro rata* basis (other than as set out in the section “*Priority Payments*” immediately below), such that each such tender of Existing Certificates will be scaled by a factor equal to: (i) the Target Acceptance Amount divided by (ii) the aggregate face amount of the Existing Certificates that have been validly tendered (including any Existing Certificates in respect of which Certificateholders who validly submitted Affirmative Voting Only Instructions indicated in such Affirmative Voting Only Instructions that their Existing Certificates should be accepted for purchase by Dana Gas in an Early Tender Scenario). Each purchase of Existing

Certificates that is scaled in this manner will be rounded down to the nearest integral multiple of the specified denomination of the Existing Certificates.

Priority Payments

All Existing Certificates that are tendered for purchase prior to the Early Participation Deadline will have priority over any Existing Certificates that are tendered for purchase after the Early Participation Deadline (the “**Priority Payment**”). Accordingly, if the aggregate face amount of Existing Certificates tendered for purchase prior to the Early Participation Deadline equals or exceeds the Target Acceptance Amount, no Existing Certificates tendered for purchase after the Early Participation Deadline will be accepted for purchase.

So long as the other terms and conditions described herein (including, without limitation, the Conditions to the Tender Offer) are satisfied, Dana Gas may accept for purchase all Existing Certificates validly tendered up to the Target Acceptance Amount (including any Existing Certificates in respect of which Certificateholders who validly submitted Affirmative Voting Only Instructions indicated in such Affirmative Voting Only Instructions that their Existing Certificates should be accepted for purchase by Dana Gas in an Early Tender Scenario) at or prior to the Early Participation Deadline, and will only prorate such Existing Certificates if the aggregate face amount of the Existing Certificates validly tendered and not withdrawn exceeds the Target Acceptance Amount. If the aggregate face amount of Existing Certificates validly tendered and not withdrawn is less than the Target Acceptance Amount as of the Early Participation Deadline, Certificateholders who validly tender Existing Certificates after the Early Participation Deadline may be subject to proration (as set out herein), whereas Certificateholders who validly tender Existing Certificates at or prior to the Early Participation Deadline will not be subject to proration (as set out herein). Furthermore, if the aggregate face amount of Existing Certificates validly tendered and not withdrawn is equal to or greater than the Target Acceptance Amount as of the Early Participation Deadline, Certificateholders who validly tender Existing Certificates after the Early Participation Deadline will not have any of their Existing Certificates accepted for purchase.

Conditions to the Tender Offer

Notwithstanding any other provision of the Tender Offer and in addition to (and not in limitation of) Dana Gas’ rights to terminate, extend, re-open or amend the Tender Offer in its sole discretion, Dana Gas shall not be required to accept for payment, purchase or pay for, and may delay the acceptance for purchase of and payment for, any validly tendered Existing Certificates, in each event subject to applicable securities law, and may terminate the Tender Offer, if any of the following has occurred (the “**Conditions to the Tender Offer**”):

- (i) there shall have been instituted or threatened or be pending any action, proceeding or investigation (whether formal or informal) (or there shall have been any material adverse development to any action or proceeding currently instituted, threatened or pending) before or by any court, governmental, regulatory or administrative agency or instrumentality, or by any other person, in connection with the Tender Offer that, in the judgment of Dana Gas, in its discretion, either (A) is, or is reasonably likely to be, materially adverse to the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of Dana Gas, or (B) would or might prohibit, prevent, restrict or delay consummation of the Tender Offer;
- (ii) an order, statute, rule, regulation, executive order, stay, decree, judgment or injunction shall have been proposed, enacted, entered, issued, promulgated, enforced or deemed applicable by any court or governmental, regulatory or administrative agency or instrumentality that, in the judgment of Dana Gas, in its discretion, either (A) is, or is reasonably likely to be, materially adverse to the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of Dana Gas, or (B) would or might prohibit, prevent, restrict or delay consummation of the Tender Offer; or
- (iii) there shall have occurred or be likely to occur any other event affecting the business or financial affairs of Dana Gas that, in its judgment (at its discretion), would or might result in any of the consequences referred to in paragraph (i)(A) or (i)(B) above.

The foregoing Conditions to the Tender Offer are for the sole benefit of Dana Gas and may be asserted by Dana Gas regardless of the circumstances giving rise to any such condition (including any action or inaction by Dana Gas) and may be waived by Dana Gas with respect to any or all Existing Certificates subject to the Tender Offer, in whole or in part, at any time and from time to time, in the discretion of Dana Gas. All Conditions to the Tender Offer will, if any Existing Certificates are to be accepted for purchase promptly after the Meeting, be either satisfied or (to the extent such conditions are capable of being waived) waived by Dana Gas, in its discretion,

before the Settlement Date. If any of the Conditions to the Tender Offer are not satisfied or (to the extent such conditions are capable of being waived) waived at the Tender Instruction Deadline, Dana Gas may, in its discretion, terminate the Tender Offer or extend or amend the Tender Offer and continue to accept tenders. The failure by Dana Gas at any time to exercise any of the foregoing rights will not be deemed a waiver of any other right and each right will be deemed an ongoing right that may be asserted at any time and from time to time.

The Consent Solicitation

The Original Issuer is soliciting Consents from the Certificateholders (subject to the offer and distribution restrictions set out in “*Distribution Restrictions*”, and on the terms and subject to the conditions contained in this Tender Offer and Consent Solicitation Memorandum) to approve the Extraordinary Resolutions, which include approval of the Proposed Amendments and Waivers that would result, *inter alia*, in the exercise of the Mandatory Call Feature pursuant to which the New Certificates would be issued in exchange for the Existing Certificates (excluding any Existing Certificates accepted for purchase pursuant to the Tender Offer).

As a result of the exercise of the Mandatory Call Feature, on the Settlement Date, each Certificateholder (other than a Certificateholder whose Existing Certificates have been accepted for purchase pursuant to the Tender Offer) will receive, for each U.S.\$10 in face amount of Existing Certificates held by such Certificateholder: (i) in the case of Eligible Certificateholders only, U.S.\$8 in aggregate face amount of the New Certificates; (ii) the Cash Settlement Amount; (iii) the Special Distribution Amount; and (iv) (in the case of Certificateholders whose Tender Instructions or Affirmative Voting Only Instructions (as the case may be) were received by the Tabulation Agent prior to the Early Participation Deadline), the Early Participation Fee, in each case, subject to the Costs Reimbursement Arrangements.

Such Certificateholders may also be entitled to receive an Early Participation Fee as described under “*Early Participation Deadline and Early Participation Fee*”.

Electronic Instructions

Tender Offer

In order to participate in the Tender Offer, each Certificateholder must deliver a Tender Instruction through the relevant Clearing System, in accordance with the procedures of, and within the time limit specified by, the Clearing Systems for receipt by the Tabulation Agent by the Tender Instruction Deadline. The time limits specified by the relevant Clearing System may be earlier than the deadlines specified in this Tender Offer and Consent Solicitation Memorandum.

Certificateholders should note that, by delivering a Tender Instruction, they will agree that (subject to the rights of such Certificateholders to revoke their Electronic Instruction as provided in this Tender Offer and Consent Solicitation Memorandum) their Existing Certificates will be, and will remain, blocked in the relevant Clearing System and transfers thereof will be restricted, with effect from and including the date on which their Tender Instruction is received by the relevant Clearing System until the earlier of (i) the date of any termination of the relevant Offer; and (ii) the date on which the Tender Instruction is validly revoked, all in accordance with the normal operating procedures of such Clearing System, and after taking into account the deadlines imposed by such Clearing System.

The submission of a Tender Instruction by a Certificateholder will automatically authorise the Tabulation Agent (or its representative) to act as its proxy and vote in favour of the applicable proposed Extraordinary Resolutions. It will not be possible to offer to tender any Existing Certificates without at the same time providing a voting instruction in favour of the relevant Extraordinary Resolution (except that, where a Tender Instruction is submitted after the Voting Instruction Deadline, the voting instruction associated with such Tender Instruction will not be valid for the purposes of the Extraordinary Resolution).

Consent Solicitation

Certificateholders may participate in the Consent Solicitation by, *inter alia*, delivering, or arranging to have delivered on their behalf, via the relevant Clearing System a valid Electronic Instruction which is received by the Tabulation Agent prior to the Voting Instruction Deadline. Each Electronic Instruction must specify, among other things, the aggregate face amount of Existing Certificates to which such Electronic Instruction relates and the securities account number at the relevant Clearing System in which the Existing Certificates are held. The receipt of such Electronic Instruction by the relevant Clearing System will be acknowledged in accordance with the standard practices of such Clearing System and will result in the blocking of the relevant Existing Certificates in

the relevant Certificateholder's account in the relevant Clearing System so that no transfers may be effected in relation to such Existing Certificates during the Blocking Period.

Only Direct Participants may submit Electronic Instructions. Each Certificateholder that is not a Direct Participant must arrange for the Direct Participant through which such Certificateholder holds its Existing Certificates to submit an Electronic Instruction on its behalf to the relevant Clearing System or, in the case of a Form of Proxy, to the Tabulation Agent before the Voting Instruction Deadline.

A Certificateholder who submits an Affirmative Voting Only Instruction may specify in such Affirmative Voting Only Instruction that, in the event of an Early Tender Scenario, it wishes such Existing Certificates to be tendered for purchase pursuant to the Tender Offer.

Other procedures for participating in the Consent Solicitation

Holders may participate in the Consent Solicitation in any manner set out in Schedule 3 (*Provisions for meetings of Certificateholders*) of the Declaration of Trust. However, Certificateholders who wish to be eligible to receive the Early Participation Fee (in the circumstances in which it is payable as described herein) must submit an Affirmative Voting Only Instruction or Tender Instruction, and such Affirmative Voting Only Instruction or Tender Instruction must be received by the Tabulation Agent prior to the Early Participation Deadline as described in "*Early Participation Deadline and Early Participation Fee*".

Early Participation Deadline and Early Participation Fee

In the event that the Effectiveness Conditions are satisfied, Certificateholders who voted in favour of the Extraordinary Resolutions (whether through submission of Tender Instructions or Affirmative Voting Only Instructions) prior to the Early Participation Deadline will be entitled to receive the Early Participation Fee.

In the event of an Early Tender Scenario, the Early Participation Fee will only be paid with respect to Existing Certificates validly tendered and accepted for purchase (including any Existing Certificates that are accepted for purchase pursuant to Affirmative Voting Only Instructions wherein it was indicated in such Affirmative Voting Only Instructions that the Existing Certificates subject to such Affirmative Voting Only Instruction should be accepted for purchase by Dana Gas in an Early Tender Scenario) and with respect to which the relevant Electronic Instruction was received by the Tabulation Agent prior to the Early Participation Deadline.

The Early Participation Fee will be paid on the Settlement Date or, in the event of an Early Tender Scenario (subject to the preceding paragraph), on the Early Tender Scenario Settlement Date.

Dana Gas may extend the Early Participation Deadline for such period(s) as it may determine in its sole discretion. Any extension will be followed by a public announcement by Dana Gas issued through the Clearing Systems no later than 1:00 p.m., London time, on the first Business Day following any such extension.

Costs Reimbursement Arrangements

The Original Issuer, the Original Delegate, the Original Principal Security Agent and members of the Ad Hoc Committee have each incurred, and expect to continue to incur up to the Settlement Date, certain fees, costs and expenses, including in connection with the proceedings described in "*Background to and Purpose of the Tender Offer and the Consent Solicitation*" (the "**Proceedings**"), the Offers and their implementation, and the preservation of their rights under the Existing Transaction Documents.

Dana Gas has agreed, pursuant to the Litigation Dismissal Agreement, to pay the costs and expenses of the Original Issuer in relation to the Proceedings directly to the Original Issuer in full on the Settlement Date in accordance with clause 9 (*Remuneration and Indemnification of the Trustee and Delegate*) of the Declaration of Trust.

It is intended that fees, costs and expenses of the Original Delegate, the Original Principal Security Agent and members of the Ad Hoc Committee in relation to the Proceedings, the Offers and their implementation, and the preservation of their rights under the Existing Transaction Documents will be reimbursed to the relevant parties (i) directly by Dana Gas in an amount equal to the Costs Reimbursement Amount; and (ii) by way of deduction from any Cash Payments to be made by Dana Gas to the Certificateholders pursuant to the Tender Offer and/or the Consent Solicitation, in an aggregate amount up to the Additional Costs Reimbursement Amount. The Original Delegate and the Ad Hoc Committee shall confirm the amount of the Additional Costs Reimbursement Amount to Dana Gas in writing prior to completion of the Exchange.

Any Cash Payment to be made to Certificateholders by Dana Gas pursuant to the Tender Offer and/or the Consent Solicitation will be paid net of the Additional Costs Reimbursement Deduction Amount (as defined below)

applicable to the face amount of Certificates held by such Certificateholder. As one of the Effectiveness Conditions, Dana Gas will pay the aggregate of the Costs Reimbursement Amount and the Additional Costs Reimbursement Amount to the Escrow Agent, to be held in the Escrow Account until completion of the Exchange, in accordance with the terms of the Escrow Agreement. Upon completion of the Exchange, the Costs Reimbursement Amount and the Additional Costs Reimbursement Amount will be released from the Escrow Account by the Escrow Agent and applied in satisfaction of fees, costs and expenses incurred up to the Settlement Date by the Original Delegate, the Original Principal Security Agent and relevant members of the Ad Hoc Committee.

In the event that Dana Gas intends to proceed with an Early Tender Scenario, Dana Gas will (i) deduct an amount equal to the Additional Costs Reimbursement Fraction (assuming the Additional Costs Reimbursement Amount is US\$13,945,000) of the relevant face amount of Certificates accepted for tender in the Tender Offer (the “**Relevant Amount**”) from any Cash Payment made to Certificateholders whose outstanding Certificates have been accepted for purchase in the Tender Offer; and (ii) prior to completion of the Tender Offer, transfer the Additional Costs Reimbursement Deduction Amount in respect of such Certificates to the Escrow Agent, to be released and paid to the relevant parties promptly upon implementation of the Tender Offer in accordance with joint instructions of the Ad Hoc Committee and the Original Delegate.

Voting Instruction Deadline and Tender Instruction Deadline

The deadline for receipt of a Voting Only Instruction by the Tabulation Agent (and for voting instructions associated with a Tender Instruction to be considered valid for the purposes of the Extraordinary Resolutions) is 11:00 a.m. (London time) on 11 June 2018.

The deadline for receipt of a Tender Instruction by the Tabulation Agent is 11:00 a.m. (London time) on 25 June 2018. If a Tender Instruction is submitted after the Voting Instruction Deadline, the voting instruction associated with such Tender Instruction will not be valid for the purposes of the Meetings and/or the Extraordinary Resolutions.

Dana Gas may extend the Voting Instruction Deadline or a Tender Instruction Deadline for such period(s) as it may determine in its sole discretion, subject to a requirement that at no time can the Voting Instruction Deadline for a Voting Only Instruction be less than 48 hours prior to the relevant Meeting. Any extension will be followed by a public announcement by Dana Gas issued through the Clearing Systems no later than 1:00 p.m., London time, on the first Business Day following any such extension.

Conditionality of the Consent Solicitation and Early Tender Scenario

The effectiveness of the Proposed Amendments and Waivers (and the issuance of the New Certificates in exchange for the Existing Certificates resulting therefrom) is conditional on satisfaction of the Effectiveness Conditions (see “*The Effectiveness Conditions*”).

Notwithstanding any non-satisfaction of the Effectiveness Conditions, Dana Gas may, at any time after the Tender Instruction Deadline, in its sole discretion, purchase, up to the Target Acceptance Amount, at the Purchase Price, Existing Certificates that have been validly offered for purchase by Certificateholders (including Existing Certificates in respect of which the Certificateholders, in submitting Affirmative Voting Only Instructions, indicated that they would like to offer such Existing Certificates for purchase in an Early Tender Scenario).

If the aggregate face amount of Existing Certificates validly offered for tender in such circumstances is greater than the Target Acceptance Amount, Dana Gas intends to accept, subject to the Priority Payment, such Existing Certificates for purchase on a *pro rata* basis, such that each such tender of Existing Certificates will be scaled by a factor equal to: (i) the Target Acceptance Amount divided by (ii) the aggregate face amount of the Existing Certificates that have been validly tendered (including Existing Certificates in respect of which the Certificateholders, in submitting Affirmative Voting Only Instructions, indicated that they would like to offer such Existing Certificates for purchase in the event of an Early Tender Scenario). In an Early Tender Scenario, the Purchase Price will be paid on the Early Tender Scenario Settlement Date.

Extraordinary Resolutions

The Original Issuer is inviting each of the Ordinary Certificateholders and the Exchangeable Certificateholders, at separate Meetings, to approve, by an Extraordinary Resolution of each of the Ordinary Certificateholders and

the Exchangeable Certificateholders, respectively, pursuant to the Conditions and the Declaration of Trust, the following:

- (a) the amendment of the Conditions and the Existing Transaction Documents through the execution of the Amendment Deed to (i) include the Mandatory Call Feature and (ii) provide that any Existing Certificates held by Dana Gas be cancelled;
- (b) the approval of the form of the Amendment Deed, the Settlement Deed, the form of release document or documents in relation to each of the Existing Security Documents, the form of each other amendment and/or amendment and restatement of the Existing Transaction Documents and each New Transaction Document, each of which is in the form made available in the manner set forth in the Notice of Meeting;
- (c) the authorisation for the Original Issuer and the Original Delegate to make such amendments to the Existing Transaction Documents (including by way of amendment and restatement) and to execute the Settlement Deed on the Settlement Date and to instruct the Existing Security Agents to execute the release document or documents in relation to each of the Existing Security Documents, and such other new agreements or deeds in lieu of, or in addition to, the amendment of the Existing Transaction Documents, as are required or considered desirable to allow the issuance on the Settlement Date of the New Certificates upon the terms and conditions set out in full in the Preliminary Listing Particulars and the consummation on the Settlement Date of the other transactions contemplated hereby;
- (d) the authorisation of the New Issuer and the New Delegate to execute the New Transaction Documents and any other documents, as are required or considered desirable to allow the issuance on the Settlement Date of New Certificates upon the terms and condition set out in full in the Preliminary Listing Particulars and the consummation on the Settlement Date of the other transactions contemplated hereby;
- (e) the waiver of any past or subsisting: (i) Event(s) of Default under the Purchase Undertaking; (ii) Dissolution Event(s) under the Declaration of Trust; and (iii) breaches of, or defaults (howsoever described) under, any Existing Transaction Document, *provided that*, such waiver will be effective only from the date on which the New Certificates are issued and payment of the Cash Settlement Amount and the Special Distribution Amount has been made in full (subject to deduction of the applicable Additional Costs Reimbursement Deduction Amount in respect of the relevant Existing Certificates and, for the avoidance of doubt, the authorisation of the deduction of the applicable Additional Costs Reimbursement Deduction Amount in respect of the relevant Existing Certificates);
- (f) to authorise Dana Gas to appoint an independent *Sharia'h* advisor to provide to the Original Issuer and the Original Delegate a confirmation that the proposed amendment of the Conditions and the Existing Transaction Documents through the execution of the Amendment Deed may be made and, consequently, to dis-apply the requirement for Dana Gas to provide a copy of a confirmation from its *Sharia'h* board as set forth in Clause 14.2 (*Modifications*) of the Declaration of Trust;
- (g) the approval of the Litigation Dismissal Agreement and the authorisation for, and instruction to, the Original Issuer, the Original Delegate and the Original Principal Security Agent to accede to the Litigation Dismissal Agreement and perform their respective obligations thereunder, and authorisation for, and instruction to, the Original Issuer, the Original Delegate, the Original Principal Security Agent and the Original Egyptian Security Agent to sign the English Consent Order and for the Original Delegate to file the English Consent Order with the English courts in the manner contemplated by the Litigation Dismissal Agreement;
- (h) the withdrawal, in all jurisdictions where such proceedings are currently pending, of all litigation, suits and claims relating to the Existing Certificates and/or the Existing Transaction Documents to which the Original Issuer, the Original Delegate, the Original Security Agents and/or Dana Gas are currently a party;
- (i) to authorise, direct and empower the Original Issuer and the Original Delegate to do all such other acts and things and execute such deeds, agreements or documents as may be necessary or desirable to give effect to the relevant Extraordinary Resolution;
- (j) the instruction of the Original Delegate to instruct the Original Security Agents to take all applicable actions, including the release of the existing security; and
- (k) the discharge and exoneration of the Original Delegate, the Original Issuer and, following delivery of the New Certificates and payment of the Cash Settlement Amount and the Special Distribution Amount in full (subject to deduction of the applicable Additional Costs Reimbursement Deduction Amount in respect of the relevant Certificates), Dana Gas, from all liability to the Certificateholders or any other

person for which it may have become or may become liable in connection with the relevant Extraordinary Resolution and its implementation or the Existing Certificates; provided that, for the avoidance of doubt, this paragraph (l) shall not discharge or exonerate Dana Gas from any liability in connection with the New Certificates or the New Transaction Documents.

The above resolutions will be proposed to the Ordinary Certificateholders and the Exchangeable Certificateholders, at their respective Meetings, as an Extraordinary Resolution. Voting in favour of the relevant Extraordinary Resolution entails voting in favour of all of the resolutions (including the Proposed Amendments and Waivers). It will not be possible for Certificateholders to vote in favour of certain resolutions contained in the Extraordinary Resolution but not the others.

If both Extraordinary Resolutions are passed and the Proposed Amendments and Waivers become effective (upon satisfaction of the Effectiveness Conditions), the proposed modifications to the Conditions and the waivers will be binding on all Certificateholders, including those Certificateholders who did not vote in respect of, or voted against, the relevant Extraordinary Resolution. If one Extraordinary Resolution is passed but the other Extraordinary Resolution is not passed, neither Extraordinary Resolution will become effective, the Effectiveness Conditions will not have been satisfied, the Consent Solicitation will have failed and the Proposed Amendments and Waivers will not be implemented.

While the approvals contemplated by each Extraordinary Resolution (other than the resolution set out in paragraph (e) of the Extraordinary Resolution) will become effective immediately upon such Extraordinary Resolution being passed, each of the Proposed Amendments and Waivers shall only become effective on the Effective Date. The resolution set out in paragraph (e) of the Extraordinary Resolution shall become effective on the Settlement Date, upon the issuance of the New Certificates and the consummation on the Settlement Date of the other transactions contemplated by this Tender Offer and Consent Solicitation Memorandum.

Certificateholders should read carefully the details of the relevant Extraordinary Resolution to be considered at the Meetings set out in the Notice. Further information about the procedure for voting and the quorum requirements is set out in the “*Appendix 2: Form of Notice of Meetings*” of this Tender Offer and Consent Solicitation Memorandum.

Adjourned Meetings

If the requisite quorum of Certificateholders is not achieved at an initial Meeting, the Original Issuer may choose to adjourn such Meeting.

The quorum requirement for passing the Extraordinary Resolution is lower at any adjourned Meeting than it is at the initial Meeting (as set out in “*Procedures for Participating in the Tender Offer and the Consent Solicitation—Procedure in relation to the Meetings*”) and Certificateholders should familiarise themselves with these thresholds. By submitting a Tender Instruction or an Affirmative Voting Only Instruction, Certificateholders will appoint the Tabulation Agent (or its representative) as their proxy to vote in favour of the relevant Extraordinary Resolution at the relevant Meeting and any adjourned such Meeting.

The Proposed Amendments to the Existing Transaction Documentation

On the Effective Date, the Original Issuer, Dana Gas and the other parties thereto shall enter into the Amendment Deed to allow the issue on the Settlement Date of the New Certificates upon the terms and conditions set out in full in the Preliminary Listing Particulars, and the consummation on the Settlement Date of the other transactions contemplated hereby (including, without limitation, the retirement and discharge of the Original Delegate and the Original Security Agents and appointment of the New Delegate and New Security Agent. On the Settlement Date, the New Issuer, the New Trustee, Dana Gas and the New Delegate, among others, shall enter into the New Transaction Documents and any additional new agreements or deeds, as are required or considered desirable to allow the New Issuer to issue the New Certificates and the consummation on the Settlement Date of the other transactions contemplated hereby. Certificateholders should review the Preliminary Listing Particulars for details of the terms and conditions of the New Certificates and a description of the documents that will be executed on the Settlement Date.

Certificateholders may, at any time on and from the date of the relevant Notice during normal business hours on any weekday (Saturdays, Sundays and bank and other public holidays excepted) prior to and including the date of the Meetings, inspect copies of: (i) the form of the Amendment Deed; (ii) the Existing Transaction Documents; (iii) the form of the Existing Transaction Documents as amended and/or restated (including any agreements, deeds or instruments that may be executed in lieu of such amendment); and (iv) the form of the New Transaction Documents, at the specified office of the Tabulation Agent, at the offices of the Original Issuer at 26 New Street,

St. Helier, Jersey JE2 3RA, Channel Islands, and, from the time 15 minutes prior to and during the Meeting, at the place of the Meeting.

The Effectiveness Conditions

In order to become effective, the Proposed Amendments and Waivers are subject to the following conditions:

- (a) each Extraordinary Resolution having been duly passed at a duly convened and quorate Meeting of the holders of the Ordinary Certificates and holders of the Exchangeable Certificates, as applicable;
- (b) the Shareholder Approval and any other corporate approvals necessary for Dana Gas to enter into the New Transaction Documents to which it is a party, the issuance of the New Certificates and the consummation on the Settlement Date of the other transactions contemplated hereby, having been obtained;
- (c) the Litigation Dismissal Agreement, which is available for inspection as described in the Notice, and in the form made available at the Meeting, having been duly executed or acceded to (as the case may be) by Dana Gas, the Original Delegate, the Original Principal Security Agent, the Original Issuer, the relevant members of the Ad Hoc Committee and the relevant shareholders of Dana Gas;
- (d) the irrevocable dismissal or discharge of all proceedings before the Sharjah courts pursuant to the Sharjah Dismissal Documents and in accordance with the Litigation Dismissal Agreement;
- (e) the English Consent Order having been signed by each of the parties thereto and a signed copy having been provided to the Original Delegate together with an irrevocable instruction to the Original Delegate to hold the signed copy until the Settlement Date and to release it on the Settlement Date in accordance with the Litigation Dismissal Agreement;
- (f) the absence on the Effective Date of any laws, regulation, injunctions (including those obtained by Dana Gas, or by the shareholders of Dana Gas or on each of their respective behalves, whether in England, the UAE, the British Virgin Islands or any other jurisdiction) or actions or other proceedings, pending or threatened, which, in the case of any action or proceeding if adversely determined, would make unlawful or invalid or enjoin the implementation of the Extraordinary Resolutions and/or the Proposed Amendments and Waivers or the payment of the Cash Settlement Amount, the Special Distribution Amount, the Early Participation Fee or the Purchase Price;
- (g) the payment by Dana Gas of the aggregate of the Costs Reimbursement Amount and the Additional Costs Reimbursement Amount to the Escrow Agent, to be held in the Escrow Account until the Settlement Date, in accordance with the terms of the Escrow Agreement and the funds flow arrangements agreed between Dana Gas, the Ad Hoc Committee and the Original Delegate and evidence that all of the Original Issuer's legal costs and expenses in relation to the Proceedings and the Transaction have been paid in full, or will be paid in full at Completion, in accordance with clause 9 (*Remuneration and Indemnification of the Trustee and Delegate*) of the Declaration of Trust, in the manner agreed between the Original Issuer and Dana Gas; and
- (h) confirmation from Dana Gas that, at Completion: (a) Dar Al Sharia will issue a *Fatwa* in respect of the Transaction, (b) the New Transaction Documents (in the agreed form) will be entered into and (c) all other conditions precedent set forth in the New Transaction Documents will be satisfied.

Special Distribution Amount

On the Settlement Date, pursuant to the Mandatory Call Feature, Dana Gas will pay, or cause to be paid, to each Certificateholder (other than a Certificateholder whose Existing Certificates have been accepted for purchase pursuant to the Tender Offer), the Special Distribution Amount and Cash Settlement Amount (in each case, net of the relevant Additional Costs Reimbursement Deduction Amount).

Upon payment of the Purchase Price and Early Participation Fee (to the extent applicable) in respect of the Tender Offer and the payment of the Cash Settlement Amount, the Special Distribution Amount and the Early Participation Fee (to the extent applicable) (in each case subject to deduction of the applicable Additional Costs Reimbursement Deduction Amount) and the issuance of the New Certificates pursuant to the exercise of the Mandatory Call Feature, neither Dana Gas nor the Original Issuer, will be liable for any other amounts, or other obligations, under the Existing Certificates or the Existing Transaction Documents, including, for the avoidance of doubt, any accrued but unpaid periodic distribution amount.

The Mandatory Call Feature

The exercise of the Mandatory Call Feature would result in the face amount of the Existing Certificates held by Eligible Certificateholders being exchanged for the New Certificates, on an equal, *pro rata* basis, such that the aggregate face amount of New Certificates, together with the Cash Settlement Amount, is equal to the face amount of such Existing Certificates.

Minimum Required Amount

The New Certificates will be issued in denominations of U.S.\$36,000 and integral multiples of U.S.\$1 in excess thereof. Accordingly, in order to be eligible to receive the New Certificates, a Certificateholder must be eligible to receive, in accordance with the Terms of the Tender Offer and the Consent Solicitation, a face amount of New Certificates at least equal to the minimum denomination of U.S.\$36,000. Accordingly, and as a result of the Cash Settlement Amount, each Certificateholder must hold at least U.S.\$45,000 of Existing Certificates to be able to receive the New Certificates (such amount of Existing Certificates being the “**Minimum Required Amount**”). There is no minimum amount for Existing Certificates to be tendered for purchase pursuant to the Tender Offer although Dana Gas will not purchase Existing Certificates offered for tender unless the relevant Existing Certificateholder will, following such purchase, either hold (1) no Existing Certificates, or (2) Existing Certificates in an aggregate face amount which is not less than the Minimum Required Amount.

Delivery of New Certificates

Each Eligible Certificateholder will receive New Certificates in the form of interests in an Unrestricted Global Certificate or a Restricted Global Certificate in accordance with the certification procedure to be specified in the Call Notice.

Differences between the terms and conditions of the Existing Certificates and the terms and conditions of the New Certificates

There are significant differences between the terms and conditions of the Existing Certificates and the terms and conditions of the New Certificates.

The full terms and conditions of the New Certificates are set out in the Preliminary Listing Particulars. Certificateholders are advised to review the terms and conditions of the New Certificates in their entirety before making a decision whether to participate in the Tender Offer or the Consent Solicitation. In particular, attention is drawn to the risk factors set out in the Preliminary Listing Particulars.

Delivery of New Certificates and payment

The New Certificates will be delivered and an amount in cash equal to the Cash Settlement Amount and the Special Distribution Amount (net of the relevant Additional Costs Reimbursement Deduction Amount) will be paid in immediately available funds, in each case on the Settlement Date pursuant to the exercise of the Mandatory Call Feature. The Purchase Price and the Early Participation Fee (to the extent applicable) will be paid in immediately available funds, in each case on the Settlement Date or the Early Tender Scenario Settlement Date (as applicable).

The Purchase Price, the Cash Settlement Amount, the Special Distribution Amount and the Early Participation Fee (to the extent applicable) (net of the relevant Additional Costs Reimbursement Deduction Amount) will each be paid without deduction for or on account of any withholding taxes imposed by the UAE or Jersey.

The New Certificates will be delivered to Eligible Certificateholders, and any cash payments made, to the Clearing System accounts in which the relevant Existing Certificates are held (see “*Procedures for Participating in the Tender Offer and the Consent Solicitation*”). The delivery of such New Certificates and/or payment of such aggregate amounts to the Clearing Systems will discharge the obligation of Dana Gas and the Original Issuer to all Certificateholders in respect of the delivery of the New Certificates and payment and other obligations with respect to the Existing Certificates.

Provided that Dana Gas, or a person acting on Dana Gas’s behalf, delivers the New Certificates, and Dana Gas, or a person acting on Dana Gas’s behalf, makes full payment of the Cash Settlement Amount, the Special Distribution Amount and the Early Participation Fee (to the extent applicable) pursuant to the exercise of the Mandatory Call Feature, or makes full payment of the Purchase Price and Early Participation Fee (to the extent applicable) pursuant to the Tender Offer, in each case (net of the relevant Additional Costs Reimbursement Deduction Amount) to the Clearing Systems on or before the Settlement Date but subject to the Costs Reimbursement Arrangements, under no circumstances will any additional periodic distribution amounts be payable to a Certificateholder because of any delay in the delivery of the New Certificates by, or transmission of

funds from, the relevant Clearing System or any other intermediary with respect to such Existing Certificates of that Certificateholder.

For the avoidance of doubt, wherever the Certificateholders are expressed in this Tender Offer and Consent Solicitation Memorandum to receive any amount in consideration for every U.S.\$10 in face amount of Existing Certificates held by that Certificateholder and/or validly tendered and accepted for purchase pursuant to the Tender Offer (as applicable), the amount to be received shall be pro-rated in respect of each U.S.\$10 integral face amount of Existing Certificates held by that Certificateholder and/or validly tendered and accepted for purchase pursuant to the Tender Offer (as applicable).

Extension of certain dates related to the Tender Offer or the Consent Solicitation

Subject to applicable law, Dana Gas may, at its sole discretion (but without prejudice to the rights of Certificateholders pursuant to “*Certificateholders’ Right of Revocation*” below), extend the Early Participation Deadline, the Voting Instruction Deadline and/or the Tender Instruction Deadline by giving notice to the Certificateholders through the Clearing Systems and Bloomberg, subject to a requirement that at no time can the Voting Instruction Deadline be less than 48 hours prior to the relevant Meeting.

At any time when Dana Gas extends the Early Participation Deadline, the Voting Instruction Deadline and/or the Tender Instruction Deadline, it may, at the same time and in the same notice, extend the other dates set out herein.

Eligible Certificateholders

A Certificateholder who is an Ineligible Certificateholder may not receive New Certificates pursuant to the exercise of the Mandatory Call Feature. For the avoidance of doubt, an Ineligible Certificateholder may submit a Voting Only Instruction in respect of the Consent Solicitation or may submit a Tender Instruction as set out further under “*Ineligible Certificateholders*”.

Dana Gas reserves the right not to accept as validly given any certification as to eligibility given by a Certificateholder if it has reason to believe that such certification has not properly been given or is otherwise incorrect.

Certificateholders should also note that, without prejudice to any other right of action which may be available to Dana Gas, Dana Gas reserves the right to conduct whatever investigation it deems necessary (including requiring the delivery of evidence satisfactory to it as to a Certificateholder’s status as an Eligible Certificateholder or, as the case may be, an Ineligible Certificateholder) in order to satisfy itself that it is appropriate for it to deliver the New Certificates to a Certificateholder.

Certificateholders must satisfy themselves as to their status as an Eligible Certificateholder or otherwise. The form of Electronic Instruction requires the relevant Certificateholder to represent and warrant that it is an Eligible Certificateholder. Failure to do so will result in the Original Issuer treating the relevant Certificateholder as being an Ineligible Certificateholder unless the Original Issuer at its sole discretion determines otherwise.

As it may be unlawful in certain jurisdictions to deliver (or be deemed to have delivered) New Certificates to Certificateholders, Certificateholders who are residents, citizens, nationals of or have otherwise some form of connection with certain jurisdictions are required to inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with any other necessary formalities.

For the purposes of the Consent Solicitation:

“**Eligible Certificateholder**” means a person who is a Certificateholder and:

1. either (a) (i) is not a U.S. Person, is located and resident outside the United States and is participating in the Tender Offer or the Consent Solicitation (as applicable) from outside the United States or (b) (i) is acting on behalf of the beneficial owner of the Existing Certificates on a non-discretionary basis and has been duly authorised to so act and (ii) such beneficial owner has confirmed to it that it is not a U.S. Person, it is located and resident outside the United States and it is participating in the Tender Offer or the Consent Solicitation from outside the United States; or
2. certifies to the Tabulation Agent in its Tender Instruction and/or Voting Only Instruction (as applicable) that it is a QIB or an AI and can receive the New Certificates in reliance on the exemption from registration under Section 5 of the Securities Act provided by Section 4(a)(2) or another exemption therefrom; and

3. is not a person to whom it is unlawful to make the Tender Offer or the Consent Solicitation under the applicable securities laws, and it has not distributed or forwarded the Tender Offer and Consent Solicitation Memorandum or any other documents or materials relating to the Tender Offer, Consent Solicitation or Exchange to any person(s) to whom such distribution cannot be lawfully made, and that it has (before submitting, or arranging for the submission on its behalf, as the case may be, of the Electronic Instruction or other voting instruction in respect of the Existing Certificates it holds) complied with all laws and regulations applicable to it for the purpose of its participation in the Tender Offer or the Consent Solicitation; and
4. its participation in the Tender Offer or the Consent Solicitation and the acceptance by it of the Proposed Amendments and Waivers (including delivery of the New Certificates) will not result in a breach of any relevant laws or regulations in the jurisdiction in which it is resident or from which it is submitting an Electronic Instruction or other voting instruction.

Dana Gas reserves the right (at its sole discretion) to permit a Certificateholder who is *prima facie* an Ineligible Certificateholder to receive the New Certificates if requested by such Certificateholder provided the Original Issuer is satisfied that to do so would not contravene the applicable laws and regulations of any relevant jurisdiction.

Ineligible Certificateholders

Any holder of Existing Certificates who is not an Eligible Certificateholder is referred to herein as an “**Ineligible Certificateholder**”. Ineligible Certificateholders will not be able to receive New Certificates pursuant to the exercise of the Mandatory Call Feature. Any Certificateholder who is an Ineligible Certificateholder should immediately contact Dana Gas and the Original Issuer.

For the avoidance of doubt, an Ineligible Certificateholder may submit a Voting Only Instruction in respect of the Consent Solicitation or may submit a Tender Instruction and shall be required to certify to the Tabulation Agent when it submits such Voting Only Instruction and/or Tender Instruction that it is an Ineligible Certificateholder.

In the event that a Certificateholder fails to submit a valid Electronic Instruction by the Tender Instruction Deadline, such Certificateholder will be deemed to be an Ineligible Certificateholder and will not have any further opportunity after the Tender Instruction Deadline to represent and warrant that it is an Eligible Certificateholder and will not be able to receive New Certificates.

The Bank of New York Mellon, London Branch will act as custodian (the “**Custodian**”) of the New Certificates on behalf of such Ineligible Certificateholder. Dana Gas and the Custodian will make arrangements, as soon as is reasonably practicable, to sell such New Certificates on behalf of such Ineligible Certificateholder for an amount that can reasonably be obtained at the time of such sale of the New Certificates. Any proceeds realised from such sale of New Certificates, after deduction of all costs and expenses related to such sale, shall be transferred by the Custodian to the Ineligible Certificateholder on whose behalf such sale of New Certificates was conducted, and the relevant Ineligible Certificateholder shall thereafter have no claim against the Original Issuer or Dana Gas with respect to the Existing Certificates it previously owned or the New Certificates sold on behalf of such Ineligible Certificateholder. Any holder of Existing Certificates holding less than the Minimum Required Amount immediately prior to the Settlement Date shall be deemed to be an Ineligible Certificateholder.

For the avoidance of doubt, Ineligible Certificateholders will be entitled to receive payment of (i) the Purchase Price and Early Participation Fee (to the extent applicable) in respect of Existing Certificates tendered by such Ineligible Certificateholder pursuant to the Tender Offer and (ii) the Cash Settlement Amount, the Special Distribution Amount and the Early Participation Fee (to the extent applicable) upon exercise of the Mandatory Call Feature.

Announcements

Unless stated otherwise, announcements in connection with the Consent Solicitation will be made through the Clearing Systems in accordance with the Conditions and Bloomberg.

Copies of all such announcements, press releases and notices can also be obtained from the Tabulation Agent, the contact details for which are on the last page of this Tender Offer and Consent Solicitation Memorandum. Significant delays may be experienced where notices are delivered to the Clearing Systems and Certificateholders are urged to contact the Tabulation Agent for the relevant announcements during the course of the Tender Offer and Consent Solicitation. In addition, holders of Existing Certificates may contact the Tabulation Agent for information using the contact details on the last page of this Tender Offer and Consent Solicitation Memorandum.

Termination, Withdrawal and Amendment of the Tender Offer or the Consent Solicitation

Notwithstanding any other provision of the Tender Offer or the Consent Solicitation, Dana Gas (in relation to the Tender Offer) or the Original Issuer (in relation to the Consent Solicitation), subject to applicable laws, at its option and in its sole discretion, at any time may:

- (a) extend the Early Participation Deadline, Voting Instruction Deadline or Tender Instruction Deadline or re-open the Tender Offer or the Consent Solicitation, as applicable (in which case all references in this Tender Offer and Consent Solicitation Memorandum to such deadlines shall, unless the context otherwise requires, be to the latest time and date to which such deadline has been so extended);
- (b) otherwise amend the Tender Offer or the Consent Solicitation in any respect, as applicable (including, but not limited to, any amendment to the Purchase Price, the face amount of New Certificates to be received, the New Transaction Documents and/or the period of time between the Effective Date and the Settlement Date); and
- (c) terminate or withdraw the Tender Offer or the Consent Solicitation, as applicable.

Dana Gas or the Original Issuer, as applicable, will ensure that Certificateholders are notified in the manner provided for in this Tender Offer and Consent Solicitation Memorandum of any such extension, re-opening, amendment, termination or withdrawal as soon as is reasonably practicable after the relevant decision is made. Copies of all such announcements, press releases and notices can also be obtained from the Tabulation Agent, the contact details for whom are on the last page of this Tender Offer and Consent Solicitation Memorandum.

If this Tender Offer and Consent Solicitation Memorandum is amended in a manner determined by Dana Gas or the Original Issuer, as applicable, that would constitute a material change, it will, pursuant to applicable law, extend the Voting Instruction Deadline, Tender Instruction Deadline, Effective Date and/or Effective Time, as so required. The minimum period during which the Tender Offer or the Consent Solicitation will remain open following a material change in the terms of this Tender Offer and Consent Solicitation Memorandum or in the information concerning the Tender Offer or the Consent Solicitation (other than a change in consideration or a change in percentage of the applicable Certificates sought) will depend upon the facts and circumstances of such change, including the relative materiality of the terms or information changes.

Neither Dana Gas nor the Original Issuer, as applicable, will amend, waive or withdraw the Tender Offer or the Consent Solicitation, as applicable, in respect of Existing Certificates at any time following the declaration by Dana Gas of the occurrence of the Effective Time.

Certificateholders' Rights of Revocation

If Dana Gas or the Original Issuer, as applicable, amends the terms of the Tender Offer or the Consent Solicitation in any way that is materially prejudicial, in Dana Gas' sole opinion, to the interests of the Certificateholders that have already submitted Electronic Instructions before the announcement of such amendment, Dana Gas or the Original Issuer, as applicable, will make an announcement that Electronic Instructions already submitted may be revoked at any time from the date and time of such announcement until 5:00 p.m. (London time) on the second Business Day following such announcement (subject to the earlier deadlines required by the Clearing Systems and any intermediary through which Certificateholders hold their Existing Certificates).

Certificateholders wishing to exercise any such right of revocation must do so in accordance with the procedures set out in "*Procedures for Participating in the Tender Offer and the Consent Solicitation*". Beneficial owners of Existing Certificates that are held through an intermediary are advised to check with such entity when it would require to receive instructions to revoke an Electronic Instruction, in order to meet the above deadline.

For the avoidance of doubt, any Certificateholder who does not exercise any such right of revocation in the circumstances and in the manner specified above, shall be deemed to have waived such right of revocation and its original Electronic Instruction will remain effective.

The exercise of any such right of revocation will be effective for the purposes of revoking the instruction given by the relevant Certificateholder for the appointment of one or more representatives of the Tabulation Agent as the relevant Certificateholder's proxy to vote at the Meetings on such Certificateholder's behalf, only if a valid revocation instruction is received by the Tabulation Agent no less than 48 hours before the Meeting.

Allocated Amount

In the event that the New Certificates are issued, Dana Gas may apply the Allocated Amount (to the extent the Allocated Amount exceeds U.S.\$10 million), to purchase New Certificates in any manner permitted by law and

shall, to the extent that any of the Allocated Amount has not been fully utilised in the purchase of the New Certificates on or before the date falling nine (9) months after the Settlement Date, use the balance of the Allocated Amount (to the extent such balance of the Allocated Amount exceeds U.S.\$10 million), as soon as practicable after the date falling nine (9) months after the Settlement Date, to redeem the New Certificates in accordance with Condition 6.3 (*Redemption at the Option of the Trustee*) of the terms and conditions of the New Certificates, as described in the Preliminary Listing Particulars.

Governing Law

The Tender Offer and Consent Solicitation and any Electronic Instruction and any non-contractual obligations arising out of or in connection with the foregoing shall be governed by and construed in accordance with English law. By submitting an Electronic Instruction, the relevant Certificateholder irrevocably and unconditionally agrees for the benefit of the Original Issuer, Dana Gas, the Original Delegate, the New Delegate and the Tabulation Agent that the courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Tender Offer or the Consent Solicitation, or any of the documents referred to above and that, accordingly, any suit, action or proceedings arising out of or in connection with the foregoing may be brought in such courts and in no other courts.

PROCEDURES FOR PARTICIPATING IN THE TENDER OFFER AND CONSENT SOLICITATION

Certificateholders who need assistance with respect to the procedures for participating in the Tender Offer and Consent Solicitation should contact the Tabulation Agent, the contact details for whom are on the last page of this Tender Offer and Consent Solicitation Memorandum.

Summary of action to be taken

In order to participate in the Tender Offer or the Consent Solicitation, each Certificateholder must deliver, or arrange to have delivered on its behalf, Electronic Instructions through the Clearing Systems in accordance with the procedures of, and within the time limit specified by, the Clearing Systems for receipt by the Tabulation Agent by the Voting Instruction Deadline and/or the Tender Instruction Deadline (as applicable).

Certificateholders are advised to check with any bank, securities broker or other intermediary through which they hold Existing Certificates when such intermediary would require to receive instructions to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Consent Solicitation in order to meet the deadlines specified in this Tender Offer and Consent Solicitation Memorandum. **The deadlines set by any such intermediary and each Clearing System for the submission and withdrawal of Electronic Instructions will be earlier than the relevant deadlines specified in this Tender Offer and Consent Solicitation Memorandum.**

Valid Instructions

The offer of Existing Certificates by a Certificateholder for purchase pursuant to a Tender Instruction or the submission of a Voting Only Instruction in relation to the Consent Solicitation will be deemed to have occurred upon receipt by the Tabulation Agent from the relevant Clearing System of a valid Electronic Instruction submitted in accordance with the requirements of such Clearing System. By delivering a Tender Instruction in respect of any Existing Certificates, each Certificateholder will automatically authorise and appoint the Tabulation Agent (or its representative) to act as its proxy and vote in favour of the relevant Extraordinary Resolution in respect of such Existing Certificates.

The Electronic Instruction must specify the amount of Existing Certificates being offered for tender or voting in relation to the relevant Extraordinary Resolution. In the case of Affirmative Voting Only Instructions, the Certificateholder must indicate whether or not such Existing Certificates are being offered for purchase at the Purchase Price in the event of an Early Tender Scenario.

The Existing Certificates which are the subject of Electronic Instructions shall thereupon be blocked in the relevant Clearing System until the end of the Blocking Period. During the Blocking Period, any Existing Certificates which are subject to such Electronic Instruction may not be transferred.

A valid Electronic Instruction, upon receipt by the relevant Clearing System and the Tabulation Agent, will constitute a binding agreement between the relevant Certificateholder and Dana Gas or the Original Issuer, as the case may be, in accordance with its terms, and subject to the conditions, set out in this Tender Offer and Consent Solicitation Memorandum and the Electronic Instruction.

Only Direct Participants may submit Electronic Instructions. Each Certificateholder that is not a Direct Participant must arrange for the Direct Participant through which such Certificateholder holds its Existing Certificates to submit an Electronic Instruction on its behalf to the relevant Clearing System.

By delivering an Electronic Instruction through the Clearing Systems to the Tabulation Agent, Direct Participants are deemed to authorise the relevant Clearing System to disclose their identity, holdings and Clearing System account details to the Tabulation Agent for disclosure to the Original Issuer and Dana Gas.

The failure of any person to receive a copy of this Tender Offer and Consent Solicitation Memorandum or any announcement made or notice issued in connection with the Tender Offer or the Consent Solicitation shall not invalidate any aspect of the Tender Offer or the Consent Solicitation. No acknowledgement of receipt of any Electronic Instruction and/or other documents will be given by Dana Gas, the Original Issuer, the Tabulation Agent or any other person.

In order to be valid, an Electronic Instruction must, among other things, certify to the Tabulation Agent whether the relevant Certificateholder is (i) an Eligible Certificateholder or an Ineligible Certificateholder and (ii) in the case of an Eligible Certificateholder, whether it is a US Person.

Agreements, acknowledgements, representations, warranties and undertakings to be given on submission of an Electronic Instruction

By submitting an Electronic Instruction, the relevant Certificateholder and any Direct Participant submitting such Electronic Instruction on such Certificateholder's behalf shall be deemed to agree, and acknowledge, represent, warrant and undertake, to the Original Issuer, the New Issuer, Dana Gas, the Original Delegate, the New Delegate and the Tabulation Agent at the time of submission of the Electronic Instruction and the time of passing of the Extraordinary Resolution (if a Certificateholder or Direct Participant is unable to make any such agreement or acknowledgement or give any such representation, warranty or undertaking, such Certificateholder or Direct Participant should contact the Tabulation Agent immediately) that:

- (a) it has received this Tender Offer and Consent Solicitation Memorandum and has reviewed and considered the terms of the Tender Offer and/or the Consent Solicitation (as applicable) as described in this Tender Offer and Consent Solicitation Memorandum;
- (b) it assumes all the risks inherent in participating in the Tender Offer and/or the Consent Solicitation (as applicable) and has undertaken an appropriate analysis of the implications of the Consent Solicitation, including the passing of the relevant Extraordinary Resolutions, without relying on the Original Issuer, the New Issuer, Dana Gas, the Original Delegate, the New Delegate, the Original Agents, the New Agents, the Original Security Agents, the New Security Agents or the Tabulation Agent;
- (c) none of the Original Issuer, the New Issuer, Dana Gas, the Original Delegate, the New Delegate nor the Tabulation Agent nor any of their respective affiliates, directors or employees has made any recommendation as to whether to participate in the Tender Offer or the Consent Solicitation or vote on the relevant Extraordinary Resolution, and the Original Issuer expresses no opinion and is remaining neutral toward the Tender Offer;
- (d) upon the terms and subject to the conditions of the Tender Offer or the Consent Solicitation, as applicable, it thereby: (i) votes in favour of or against the relevant Extraordinary Resolution in respect of the number of Existing Certificates blocked in its account in the relevant Clearing System; or (ii) offers to sell the specified face amount of the specified number of Existing Certificates blocked in its account in the relevant Clearing System for the Purchase Price; or (iii) votes in favour of the relevant Extraordinary Resolution in respect of the number of Existing Certificates blocked in its account in the relevant Clearing System provided that, in the event of an Early Tender Scenario, it offers to sell the specified face amount of the specified number of Existing Certificates blocked in its account in the relevant Clearing System for the Purchase Price;
- (e) its tender of Existing Certificates, subject to the terms and conditions of the Offers generally, constitutes a grant of all necessary authority to the Tabulation Agent and an irrevocable instruction to the Tabulation Agent to complete, execute and deliver any forms of transfer, certificates of titles and other documents at the discretion of such Tabulation Agent in relation to the Existing Certificates tendered hereby in favour of Dana Gas or such other person or persons as Dana Gas may direct, and to execute all such other documents and to do all such other acts and things as may be in the opinion of such Tabulation Agent necessary or expedient for the purposes of, or in connection with, the relevant Offer and to vest in Dana Gas such Existing Certificates;
- (f) no information has been provided to it by the Original Issuer, the New Issuer, Dana Gas, the Original Delegate, the New Delegate, the Original Agents, the New Agents, the Original Security Agents, the New Security Agents or the Tabulation Agent, or any of their respective directors or employees, with regard to the tax consequences for Certificateholders arising from the Tender Offer or the Consent Solicitation (other than as provided by Dana Gas and set forth in "*Taxation*") and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Tender Offer or the Consent Solicitation and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Original Issuer, the New Issuer, Dana Gas, the Original Delegate, the New Delegate, the Original Agents, the New Agents, the Original Security Agents, the New Security Agents or the Tabulation Agent, or any of their respective directors or employees, or any other person in respect of such taxes and payments;
- (g) it is an Eligible Certificateholder and is not a person to whom it is unlawful to make an invitation pursuant to the Tender Offer or the Consent Solicitation under applicable securities laws and it has (before submitting, or arranging for the submission on its behalf, as the case may be, of the Electronic Instruction in respect of any Existing Certificates) complied with all laws and regulations applicable to it for the purposes of its participation in the Tender Offer and/or the Consent Solicitation (as applicable);

- (h) each Electronic Instruction is being submitted in compliance with applicable laws and regulations of the jurisdiction in which the Certificateholder is located or in which it is resident and no registration, approval or filing with any regulatory authority of such jurisdiction is required in connection with each such instruction;
- (i) it has not taken or omitted to take any action in breach of the terms of the Tender Offer or the Consent Solicitation or which will or may result in the Original Issuer, the New Issuer, Dana Gas, the Tabulation Agent, the Original Delegate, the New Delegate or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Tender Offer or the Consent Solicitation;
- (j) it has full power and authority to vote in the relevant Meeting;
- (k) each Electronic Instruction is made on the terms and conditions set out in this Tender Offer and Consent Solicitation Memorandum;
- (l) the terms and conditions of the Tender Offer and/or the Consent Solicitation (as applicable) shall be deemed to be incorporated in, and form a part of, the Electronic Instruction which shall be read and construed accordingly, and the information given by or on behalf of such Certificateholder in the Electronic Instruction is true and will be true in all respects at the time of the relevant Meeting (and any adjourned such Meeting);
- (m) by blocking the relevant Existing Certificates in the relevant Clearing System, it will be deemed to consent, in the case of a Direct Participant, to have such Clearing System provide details concerning its identity to the Tabulation Agent (and for the Tabulation Agent to provide such details to Dana Gas and/or the Original Issuer and their respective legal advisers);
- (n) it gives instructions for the appointment of one or more representatives of the Tabulation Agent to act as its proxy to vote in favour of the relevant Extraordinary Resolution (in the case of a Tender Instruction or an Affirmative Voting Only Instruction) or to vote against the relevant Extraordinary Resolution, as the case may be, at the relevant Meeting (including any adjourned such Meeting) in respect of all the Existing Certificates blocked in its account in the relevant Clearing System and agrees that it will not make any arrangements to abstain from voting in respect of the relevant Extraordinary Resolution;
- (o) it agrees to ratify and confirm each and every act or thing that may be done or effected by the Original Issuer or Dana Gas, any of their respective directors or any person nominated by any of them in the proper exercise of his or her powers and/or authority hereunder in connection with the implementation of the relevant Extraordinary Resolution (if passed);
- (p) it agrees to do all such acts and things as shall be necessary and execute any additional documents deemed by the Original Issuer and Dana Gas to be desirable, in each case to perfect any of the authorities expressed hereunder in connection with the implementation of the relevant Extraordinary Resolution (if passed);
- (q) all authority conferred or agreed to be conferred pursuant to its acknowledgements, agreements, representations, warranties and undertakings, and all of its obligations shall be binding upon its successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives, and shall not be affected by, and shall survive, its death or incapacity or that of the party on whose behalf such holder is acting;
- (r) it accepts that neither the Original Issuer nor Dana Gas is under any obligation to accept an Electronic Instruction pursuant to the Tender Offer and/or the Consent Solicitation (as applicable), and accordingly any Electronic Instruction may be accepted or rejected by either the Original Issuer or Dana Gas in its sole discretion and for any reason and accepts that the Original Issuer or Dana Gas shall not be liable to any person for the failure to accept any Electronic Instructions in respect of the Existing Certificates pursuant to the Tender Offer or the Consent Solicitation (as applicable);
- (s) it shall indemnify the Original Issuer, the New Issuer, Dana Gas, the Original Delegate, the New Delegate, the Existing Agents, the New Agents and the Tabulation Agent against all and any losses, costs, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any of the terms of, or any of the acknowledgements, representations, warranties and/or undertakings given pursuant to, the Tender Offer or the Consent Solicitation (as applicable) by any such holder; and
- (t) it represents, warrants and confirms to each of the Original Issuer, the New Issuer, the Original Delegate, the New Delegate, the Existing Agents, the New Agents and the Tabulation Agent that it has received

independent financial and/or legal and/or other professional advice to its satisfaction, has undertaken an appropriate analysis of the implications of the passing of the relevant Extraordinary Resolution, has reviewed, considered and satisfied itself as to the implications of each Existing Transaction Document and New Transaction Document, and has not relied on the Original Issuer, the New Issuer, the Original Delegate, the New Delegate, the Existing Agents, the New Agents or the Tabulation Agent in any respect in relation to any such matters.

Binding

A valid Electronic Instruction, upon receipt by the relevant Clearing System and the Tabulation Agent, will constitute a binding agreement between the relevant Certificateholder and Dana Gas in accordance with its terms, and subject to the conditions, set out in this Tender Offer and Consent Solicitation Memorandum and the Electronic Instruction.

Separate Exchange Instructions

A separate Electronic Instruction must be completed on behalf of each beneficial owner of the Existing Certificates. A separate Electronic Instruction must also be completed in respect of each holding of Ordinary Certificates and Exchangeable Certificates.

Electronic Instructions other than in accordance with the procedures set out in this section will not be accepted

Except as set out under “*Irregularities*” below, Dana Gas will only accept valid Electronic Instructions in accordance with the procedures set out in this section “*Procedures for Participating in the Tender Offer and the Consent Solicitation*”. Certificateholders should only send Electronic Instructions to the Tabulation Agent.

Irrevocability

The submission of a valid Electronic Instruction in accordance with the procedures set out in this section “*Procedures for Participating in the Tender Offer and the Consent Solicitation*” will be irrevocable (except in the limited circumstances described in “*Terms of the Tender Offer and the Consent Solicitation— Certificateholders’ Rights of Revocation*”).

Irregularities

All questions as to the validity, form, eligibility and valid revocation (including times of receipt) of any Electronic Instruction will be determined by Dana Gas or the Original Issuer, as the case may be, in its sole discretion, which determination shall be final and binding.

Each of Dana Gas and the Original Issuer reserves the absolute right to reject any and all Electronic Instructions and Electronic Revocation Instructions not in proper form or for which any corresponding agreement would, in the opinion of Dana Gas or the Original Issuer, as applicable, be unlawful. Each of Dana Gas and the Original Issuer also reserves the absolute right to waive any defects, irregularities or delay in the submission of any and all Electronic Instructions or Electronic Revocation Instructions.

Any defect, irregularity or delay must be cured within such time as Dana Gas determines, unless waived by it. The Electronic Instruction or Electronic Revocation Instruction will be deemed not to have been made until such defects, irregularities or delays have been cured or waived. None of the Original Issuer, the New Issuer, Dana Gas nor the Tabulation Agent shall be under any duty to give notice to Certificateholders of any defects, irregularities or delays in any Electronic Instruction or Electronic Revocation Instruction, nor shall any of them incur any liability for failure to give such notice.

Procedure in relation to the Meetings

The Notice as set out in “*Appendix 2: Form of Notice of Meetings*” in this Tender Offer and Consent Solicitation Memorandum will, on or around the date of this Tender Offer and Consent Solicitation Memorandum, be delivered via the Clearing Systems.

At the respective Meetings, the Extraordinary Resolutions set out in the Notices will be proposed. The procedures for voting at the Meetings are described in the respective Notices.

By delivering an Electronic Instruction, Certificateholders will instruct the Tabulation Agent to appoint a person nominated by the Tabulation Agent to vote on their behalf at the relevant Meeting. Such proxy appointment will only be valid if the relevant Electronic Instruction is received by the Tabulation Agent by the Voting Instruction Deadline.

Certificateholders who do not give an Electronic Instruction in connection with the relevant Extraordinary Resolution can attend and vote in person at the relevant Meeting or appoint a person other than the Tabulation Agent's nominee to attend and vote on their behalf at the Meeting or make other arrangements to vote at the Meeting by following the procedures outlined in the Notice.

The quorum at an initial Meeting is two or more Certificateholders (or a single Certificateholder while the Existing Certificates are in global form), proxies or representatives holding or representing more than half of the aggregate face amount of the relevant series of Existing Certificates for the time being outstanding. If the required quorum is not obtained at the initial Meeting, it will be adjourned to a date that is not less than fourteen (14) days nor more than forty-two (42) days after the date of the initial Meeting (subject to a notice period of at least ten (10) days (exclusive of the day on which the notice is given and the day on which the adjourned Meeting is to be held)). The quorum at an adjourned Meeting is two (2) or more Certificateholders (or a single Certificateholder while the Existing Certificates are in global form), proxies or representatives regardless of the face amount of outstanding Existing Certificates held or represented by them.

To be passed at any Meeting, each Extraordinary Resolution requires a majority consisting of not less than three quarters of the persons voting upon a show of hands or, if a poll is duly demanded, then by a majority consisting of not less than three quarters of the votes cast on such poll. For the avoidance of doubt, abstentions shall not be treated as "votes cast" for such purposes.

If passed, the Extraordinary Resolution shall be binding upon all Certificateholders of the relevant class of Existing Certificates, whether present or not present at the Meeting at which it is passed and whether or not voting.

TAXATION

In view of the number of different jurisdictions where tax laws may apply to a Certificateholder, this Tender Offer and Consent Solicitation Memorandum does not discuss the tax consequences to Certificateholders of the Tender Offer, or the Consent Solicitation or the receipt of the Cash Settlement Amount, Special Distribution Amount, the Early Participation Fee or the Purchase Price. The Preliminary Listing Particulars contains a general description of certain tax considerations relating to the New Certificates. However, this does not purport to be a complete analysis of all tax considerations relating to the New Certificates.

Each Certificateholder is urged to consult its own professional advisers regarding these possible tax consequences under the laws of the jurisdictions that apply to it as a result of the Tender Offer and the Consent Solicitation, including the receipt of the New Certificates, the Purchase Price, the Early Participation Fee, the Cash Settlement Amount and the Special Distribution Amount (as applicable). Each Certificateholder is liable for its own taxes and has no recourse to the Original Issuer, the New Issuer, Dana Gas, the Original Delegate, the New Delegate or the Tabulation Agent with respect to taxes arising in connection with the Tender Offer or the Consent Solicitation.

U.S. Taxation

The following discussion is a summary of material U.S. federal income tax consequences of the tender of the Existing Certificates, the exchange of the Existing Certificates for the New Certificates and the Cash Settlement Amount upon exercise of the Mandatory Call Feature (the “**Mandatory Call Exchange**”), and the receipt of the Early Participation Fee and Special Distribution Amount, but does not purport to be a complete analysis of all potential tax effects. This discussion does not address the tax consequences of the receipt of the Costs Reimbursement Amount and Additional Costs Reimbursement Amount. For the U.S. federal income tax consequences of the ownership and disposition of the New Certificates, please refer to the discussion titled “*U.S. Taxation*” under the Preliminary Listing Particulars regarding the New Certificates, which discussion shall be considered incorporated herein by reference. This discussion is limited to consequences relevant to a U.S. Holder (as defined below), and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or foreign tax laws. This summary is based upon the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the U.S. Internal Revenue Service (the “**IRS**”) have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the Tender Offer, the Mandatory Call Exchange, or the receipt of the Early Participation Fee and Special Distribution Amount or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder’s particular circumstances or to holders subject to special treatment under the U.S. federal income tax laws, such as financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. Holders whose functional currency is not the U.S. dollar, tax-exempt organisations, regulated investment companies, real estate investment trusts, partnerships or other pass through entities (or investors in such entities), persons liable for alternative minimum tax or the Medicare tax on certain net investment income, persons holding the Existing Certificates or New Certificates (together with an “Existing Certificate,” a “**Certificate**”) as part of a “straddle,” “hedge,” “conversion transaction” or other integrated transaction, and persons subject to special tax accounting rules as a result of any item of gross income with respect to the Certificates being taken into account in an applicable financial statement. In addition, this discussion is limited to the New Certificates received pursuant to the Mandatory Call Exchange. The discussion assumes that Dana Gas has not previously been a “passive foreign investment company” for U.S. federal income tax purposes.

For purposes of this discussion, a “**U.S. Holder**” is a beneficial owner of a Certificate that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity taxable as a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia; (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person. If any entity treated as a partnership for U.S. federal income tax purposes holds the Certificates, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A holder that is a partnership, and partners in such partnerships, should consult their tax advisors regarding the tax consequences of the ownership and disposition of the New Certificates.

Holders of Existing Certificates should consult their tax advisors concerning the tax consequences of tendering their Existing Certificates and exchanging their Existing Certificates pursuant to the Mandatory Call Exchange in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of U.S. federal estate and gift tax laws and state, local, foreign or other tax laws.

Classification of the New Certificates

The determination of whether an obligation or other security represents debt, equity, or some other instrument or interest for U.S. federal income tax purposes is based on all the relevant facts and circumstances. It is not clear whether the New Certificates should be treated as debt or equity, and if it is debt, whether it is debt of Dana Gas or debt of the Issuer. Other alternative characterisations may also be possible. For example, the arrangement under which the Issuer issues the New Certificates could be treated as a grantor trust for U.S. federal income tax purposes and the New Certificates could be treated as interests in a grantor trust. Unless indicated otherwise, this disclosure assumes the Existing Certificates are, and the New Certificates will be, treated as representing the debt of Dana Gas. However, the analysis is subject to significant ambiguity and the IRS may apply a different treatment. No ruling will be sought from the IRS regarding this or any other aspect of the tax treatment of the exchange pursuant to the Mandatory Call Exchange or the New Certificates. If the New Certificates were not treated as debt of Dana Gas, U.S. Holders will likely be subject to tax consequences that are materially different from the consequences described below.

U.S. Holders are strongly urged to consult their tax advisors regarding the characterisation of the New Certificates for U.S. federal income tax purposes.

Treatment of the Mandatory Call Exchange and Tender Offer

The exchange of the Existing Certificates pursuant to the Mandatory Call Exchange will be a taxable exchange for U.S. federal income tax purposes, unless the exchange qualifies as a “recapitalisation” within the meaning of Section 368(a)(1)(E) of the Code.

The Mandatory Call Exchange generally would constitute a recapitalisation if the Existing Certificates and the New Certificates are treated as “securities” (as defined under the Code) and, assuming as described above, they are both treated as issued by Dana Gas. It is not clear whether the Existing Certificates and the New Certificates constitute securities. An instrument is a “security” for these purposes if, based on all the facts and circumstances, the instrument constitutes a meaningful investment in the issuer of the instrument. Although there are a number of factors that may affect the determination of whether a debt instrument is a “security,” one of the most important factors is the original term of the instrument, or the length of time between the issuance of the instrument and its maturity. In general, instruments with an original term of more than ten years are likely to be treated as “securities,” and instruments with an original term of less than five years are less likely to be treated as “securities.” In addition, the convertibility of a debt instrument into stock of the issuer may argue in favour of “security” treatment because of the holder’s possible equity participation in the issuer. It is unclear whether the Existing Certificates or the New Certificates qualify as “securities,” and holders are encouraged to consult their own tax advisors regarding that determination. If the Existing Certificate and the New Certificate constitute securities of Dana Gas, the Mandatory Call Exchange would generally be treated as a recapitalisation. If the Mandatory Call Exchange constituted a recapitalisation, a U.S. Holder would generally not recognise any loss on the Mandatory Call Exchange, but any gain would be recognised in an amount equal to the lesser of (i) the amount of gain (i.e., the excess of the issue price of the New Certificates (as defined below) and the Cash Settlement Amount and, subject to the discussion below, the Early Participation Fee, if any, received (excluding the Special Distribution Amount, which will likely be taxable as interest income) (as adjusted by the Additional Costs Reimbursement Deduction Amount, to the extent applicable) over the U.S. holder’s tax basis in the Existing Certificates) and (ii) the amount of “boot” equal to the Cash Settlement Amount and, subject to the discussion below, the Early Participation Fee (as adjusted by the Additional Costs Reimbursement Deduction Amount, to the extent applicable) (together, as so adjusted, “**Cash Amount**”) received. A U.S. Holder’s basis in an Existing Certificate will generally be its initial tax basis increased by the amount of original issue discount and any market discount included in the U.S. Holder’s income with respect to the Existing Certificate and decreased by any previously amortised bond premium. If the Mandatory Call Exchange constitutes a recapitalisation, a U.S. Holder’s basis in the New Certificates would generally be the same as the U.S. Holder’s basis in the Existing Certificates, decreased by the amount of the Cash Amount and increased by the amount of any gain recognised in connection with the Mandatory Call Exchange. A U.S. Holder’s holding period in the New Certificates for U.S. federal income tax purposes would generally include the holding period in the Existing Certificates with respect to which the such New Certificates and the Cash Amount were distributed. To the extent there is any market

discount on the Existing Certificates, while not clear, any previously accrued market discount not already included in income should carry over to the New Certificates.

If the Mandatory Call Exchange is not a recapitalisation and instead treated as a taxable exchange, a U.S. Holder would recognise gain or loss in an amount equal to the difference, if any, between the amount realised by the U.S. Holder in the Mandatory Call Exchange and the U.S. Holder's adjusted tax basis in the Existing Certificates (as described above). The amount realised by a U.S. Holder will generally be the sum of the Cash Amount received by the U.S. Holder and the issue price of the New Certificates (as defined below). The amount realised does not include the Special Distribution Amount, which, although not free from doubt, will likely be taxable as interest income to the extent not previously included in income (as discussed below). Subject to market discount discussed below, gain or loss recognised by a U.S. Holder on the Mandatory Call Exchange will be capital gain or loss and will be long-term capital gain or loss if the New Certificates were held by the U.S. Holder for more than one year. Gain or loss realised by a U.S. Holder on the Mandatory Call Exchange generally will be U.S. source. The deductibility of capital losses is subject to limitations. Any gain will be treated as ordinary income to the extent of any market discount on the Existing Certificates not already included in income. The U.S. Holder's holding period in the New Certificates that are received in the Mandatory Call Exchange would begin on the day after the Mandatory Call Exchange, and the U.S. Holder's tax basis in the New Certificates would be equal to the issue price of the New Certificates. The issue price of the New Certificates will generally depend on whether the New Certificates or the Existing Certificates for which the New Certificates are exchanged are "publicly traded" within the meaning of the applicable U.S. Treasury Regulations. So long as there is any sale price or a firm or indicative quote available during a 31-day period ending fifteen (15) days after the Mandatory Call Exchange, the New Certificates will be treated as publicly traded within the meaning of the applicable U.S. Treasury Regulations, and the issue price of the New Certificates will be based on their fair market value.

If a U.S. Holder tenders any portion of its Existing Certificates pursuant to the Tender Offer but does not exchange any Existing Certificates pursuant to the Exchange Offer, Existing Certificates that are tendered pursuant to the Tender Offer should be treated as sold in a taxable exchange in return for cash and taxed in a manner similar to the preceding paragraph. If a U.S. Holder both tenders a portion of its Existing Certificates pursuant to the Tender Offer and exchanges a portion of its Existing Certificates pursuant to the Exchange Offer, the tax treatment is not entirely clear. It is possible that the tender pursuant to the Tender Offer and the exchange pursuant to the Exchange Offer are treated as standalone transactions, where the former is treated as a taxable transaction as described in the first sentence of this paragraph whereas the latter is treated as an exchange treated as described in the foregoing paragraphs. Alternatively, it is possible that the tender pursuant to the Tender Offer and the exchange pursuant to the Exchange Offer are treated together as a single exchange and subject to the tax consequences described in the foregoing paragraphs; in that event, if such exchange is treated as a recapitalisation, the cash received in the Tender Offer would constitute additional boot. U.S. Holders are strongly urged to consult their tax advisors regarding the tax consequences of participating in both the Tender Offer and the Exchange Offer.

The U.S. federal income tax treatment of the Early Participation Fee is not entirely clear. Dana Gas intends to take the position that the Early Participation Fee should be treated as additional consideration received in exchange for the Existing Certificates. It is possible, however, that the Early Participation Fee may be treated as interest or a separate fee rather than as additional consideration for the Existing Certificates. U.S. Holders should consult their tax advisors regarding the proper U.S. federal income tax treatment of the Early Participation Fee.

While not clear, the Special Distribution Amount is likely to be treated as a payment of ordinary income. In such case, a U.S. Holder will be required to include it as interest income unless it was previously included as such.

Information Reporting and Backup Withholding

In general, any proceeds from the Tender Offer and Mandatory Call Exchange received by a U.S. Holder may be required to be reported to the IRS unless the U.S. Holder is an exempt recipient and, when required, demonstrates this fact. In addition, a U.S. Holder that is not an exempt recipient may be subject to backup withholding unless it provides a taxpayer identification number and otherwise complies with applicable certification requirements.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the appropriate information is timely furnished to the IRS.

APPENDIX 1

PRELIMINARY LISTING PARTICULARS



NILE DELTA SUKUK LTD

(an exempted company incorporated in the Cayman Islands with limited liability)

U.S.\$[●] Certificates due 2020

Nile Delta Sukuk Ltd (in its capacity as issuer and as trustee, the “**Trustee**”) proposes to issue U.S.\$[●] certificates due [●] 2020 (the “**Certificates**”) on or about [●] 2018 (the “**Closing Date**”).

The Certificates will be constituted by a declaration of trust (the “**Declaration of Trust**”) dated the Closing Date between, *inter alios*, the Trustee, Dana Gas PJSC (“**Dana Gas**” or the “**Company**”) and BNY Mellon Corporate Trustee Services Limited as delegate (the “**Delegate**”). Pursuant to the Declaration of Trust, the Trustee will declare that it will hold the Trust Assets (as defined herein) upon trust absolutely for the holders of the Certificates (the “**Certificateholders**”) *pro rata* according to the face amount of Certificates held by each Certificateholder. The Trust Assets will include any proceeds of enforcement of the Security (as defined herein) to be granted by Dana Gas and others pursuant to the Security Documents (as defined herein).

Periodic Distribution Amounts (as defined herein) shall be payable by the Trustee on the outstanding face amount of the Certificates from (and including) the Closing Date to, but excluding, the Scheduled Redemption Date (as defined herein) on 31 July, 31 October, 31 January and 30 April in each year, commencing on [●] 2018 (each, a “**Periodic Distribution Date**”). Periodic Distribution Amounts in respect of the Certificates shall be paid subject to and in accordance with the terms and conditions of the Certificates (the “**Conditions**”) at a rate of 4 per cent. per annum with respect to Periodic Distribution Amounts payable prior to the Profit Rate Reset Date (as defined herein), and a rate of either 4 per cent. per annum or 6 per cent. per annum thereafter, as determined in accordance with the Conditions.

Unless previously redeemed or purchased and cancelled in the circumstances described in Condition 6.2 (*Dissolution Event – Early Redemption*), Condition 6.3 (*Redemption at the Option of the Trustee*), Condition 6.4 (*Redemption for Change of Control*), Condition 6.5 (*Redemption for Taxation Reasons*) and Condition 6.6 (*Redemption for Total Loss Event*), the Certificates will be redeemed at the Redemption Amount (as defined herein) on 31 October 2020 (the “**Scheduled Redemption Date**”).

This document constitutes the listing particulars (the “**Listing Particulars**”) in respect of the admission of the Certificates to the Official List (“**Official List**”) of the Irish Stock Exchange Plc trading as Euronext Dublin (“**Euronext Dublin**”) and to trading on the Global Exchange Market of Euronext Dublin. Application has been made to Euronext Dublin for the approval of this document as Listing Particulars. Application has been made to Euronext Dublin for the Certificates to be admitted to the Official List and trading on the Global Exchange Market which is the exchange-regulated market of Euronext Dublin. There can be no assurance that any such application will be successful or that any such listing will be granted or maintained. The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EU. The Bank of New York Mellon SA/NV, Dublin Branch is acting solely in its capacity as listing agent for the Trustee in connection with the Certificates and is not itself seeking admission of the Certificates to trading on the Main Securities Market or the Global Exchange Market of Euronext Dublin.

The Certificates will be limited recourse obligations of the Trustee. Investing in the Certificates involves certain risks as more fully described in the section entitled “Risk Factors” beginning on page 22.

Delivery of the Certificates in book-entry form will be made on the Closing Date. The Certificates will be issued in the form of global certificates in registered form in minimum denominations of U.S.\$36,000 (the “**Specified Denomination**”) and integral multiples of U.S.\$1 in excess thereof. On the Closing Date, the global certificates representing the Certificates will be registered in the name of a nominee for, and deposited with, a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream**”).

The Certificates have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or the securities laws of any other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Certificates are being offered only (1) within the United States to: qualified institutional buyers (“QIBs”) as defined in, and in reliance on, Rule 144A under the Securities Act (“Rule 144A”); and (ii) to persons who are “accredited investors” (each, an “AI”) within the meaning of, and pursuant to, Regulation D under the Securities Act; and (2) to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”). For further details about eligible offerees and further restrictions on resales and transfers of the Certificates, please see “Transfer Restrictions”.

The date of these Listing Particulars is [●] 2018.

These Listing Particulars have been prepared for the purpose of giving information with regard to the Trustee, Dana Gas and the Certificates. Each of Dana Gas and the Trustee, having taken all reasonable care to ensure that such is the case, confirms that the information contained in these Listing Particulars is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. Accordingly, each of Dana Gas and the Trustee accepts responsibility for the information contained in these Listing Particulars.

No person has been authorised to give any information or to make any representation regarding the Trustee and Dana Gas respectively, or the Certificates, other than as contained in these Listing Particulars or as approved for such purpose by the Trustee or Dana Gas in connection with the offering of the Certificates. Any such representation or information should not be relied upon as having been authorised by the Trustee or Dana Gas. Neither the delivery of these Listing Particulars nor the offering, sale, transfer or delivery of any Certificate shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (economic, political, financial or otherwise) of the Trustee or Dana Gas since the date of these Listing Particulars.

The Certificates have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “SEC”), any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Certificates or the accuracy or adequacy of these Listing Particulars. Any representation to the contrary is a criminal offence in the United States.

These Listing Particulars do not constitute an offer of, or an invitation to subscribe for or purchase, any Certificates. The Certificates may not be offered, sold, delivered or transferred directly or indirectly, and these Listing Particulars may not be circulated, in any jurisdiction except in accordance with the legal requirements applicable to such jurisdiction.

The distribution of these Listing Particulars and the offering, sale, transfer and delivery of Certificates in certain jurisdictions may be restricted by law. Persons into whose possession these Listing Particulars come are required by the Trustee and Dana Gas to inform themselves about and to observe any such restrictions. These Listing Particulars may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful. For a description of certain restrictions on transferability and resale of the Certificates, see “*Transfer Restrictions*”.

Neither these Listing Particulars nor any other information supplied in connection with the Certificates is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation by the Trustee, the Delegate, the Agents (as defined in the Conditions) or Dana Gas that any recipient of these Listing Particulars should purchase any of the Certificates. Each investor contemplating purchasing or subscribing for any Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee and Dana Gas.

Investors who are in any doubt about the contents of these Listing Particulars should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser.

AVAILABLE INFORMATION

Each person receiving these Listing Particulars acknowledges that no person has been authorised to give any information or to make any representation concerning the Certificates offered hereby other than as contained herein and, if given or made, such other information or representation should not be relied upon as having been authorised by Dana Gas, the Delegate or the Agents.

Neither the Trustee nor Dana Gas is required to file periodic reports under Sections 13 or 15 of the United States Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”), nor is either of them exempt from such reporting pursuant to Rule 12g3-2(b) thereunder. To permit compliance with Rule 144A in connection with resale or other transfer of the Certificates, each of the Trustee and Dana Gas has agreed in the Declaration of Trust to provide to any holder of Certificates, or any prospective purchaser of Certificates, upon request, the information required to be provided by Rule 144A(d)(4), if at the time of the request, it is not a reporting company under Section 13 or Section 15(d) of the U.S. Exchange Act, or is not exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

So long as the Certificates are admitted to listing on the Global Exchange Market of Euronext Dublin, and the rules and regulations of such stock exchange so require, each of the Trustee and Dana Gas will procure that

copies of the following documents will be available for inspection and/or collection free of charge, during normal business hours on any weekday (excluding public holidays) from the registered office of the Trustee and from the specified office of the Principal Paying Agent:

- (a) the constitutional documents of the Trustee and Dana Gas;
- (b) the three years' most recently publicly available audited financial statements of Dana Gas beginning with the financial statements for the year ended 31 December 2015, and the respective auditors' report thereon; and
- (c) the pronouncement issued by Dar Al Sharia Legal & Financial Consultancy.

Prospective Certificateholders should not rely on the pronouncement referred to above in deciding whether to make an investment in the Certificates and should consult their own *Shari'ah* advisers as to whether the proposed transaction described in the pronouncement referred to above is in compliance with *Shari'ah* principles.

NOTICE TO U.S. INVESTORS

THE CERTIFICATES ARE BEING ISSUED IN THE UNITED STATES IN RELIANCE UPON ONE OR MORE EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT AND ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. AS A PROSPECTIVE INVESTOR, YOU SHOULD BE AWARE THAT YOU MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. PLEASE REFER TO THE SECTIONS IN THESE LISTING PARTICULARS ENTITLED "SUBSCRIPTION AND SALE" AND "TRANSFER RESTRICTIONS".

Each holder of the Certificates will be deemed to have made the representations, warranties and acknowledgements that are described in these Listing Particulars under "*Transfer Restrictions*". The Certificates have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the issuer of any Certificate may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Certificates, see "*Transfer Restrictions*".

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

No invitation, whether directly or indirectly, may be made to any member of the public of the Cayman Islands to subscribe for any Certificates and these Listing Particulars shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for the Certificates.

ENFORCING CIVIL LIABILITIES AGAINST NON-U.S. PERSONS

The Certificates, the Declaration of Trust, the Purchase Undertaking and the Agency Agreement (among others) are governed by English law and disputes in respect of them may be settled by arbitration under the Arbitration Rules of the London Court of International Arbitration (the "**LCIA Rules**") in London, England. In addition, actions in respect of the Certificates and the other English law governed documents may be brought in the courts of England or the courts of the Dubai International Financial Centre (the "**DIFC**"), at the option of the relevant party or parties specified as having such option therein.

Dana Gas is a public joint stock company incorporated in the Emirate of Sharjah under the laws of the United Arab Emirates ("**UAE**"). All of Dana Gas' directors and officers reside outside of the United States. In addition, all or substantially all of Dana Gas' assets are located outside of the United States. As a result, it may be impossible for holders of the Certificates to effect service of process within the United States on Dana Gas and its directors and officers or to enforce against any of them in the United States courts, judgments obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States or any State or territory within the United States. In addition, there is doubt as to the enforceability, in original actions in UAE courts, of liabilities predicated in whole or in part on the U.S. federal securities laws. See "*Risk Factors – Risks Relating to the Certificates – Enforcing U.S. Judgments Against Dana Gas*".

In the absence of any bilateral treaty for the reciprocal enforcement of foreign judgments, the courts of Sharjah are unlikely to enforce a United States or English court judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the Certificates. Investors may have difficulties in enforcing any foreign court judgments or arbitral awards against Dana Gas by way of obtaining an execution order from the courts of Sharjah. See “– Risk Factors –Risks Relating to the Certificates – Enforcing foreign judgments and arbitral awards in the UAE”.

FORWARD-LOOKING STATEMENTS

Some statements in these Listing Particulars may be deemed to be forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. Forward-looking statements include, but are not limited to, all statements other than statements of historical facts concerning Dana Gas’ plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward-looking statements. When used in this document, the words “aims”, “anticipates”, “believes”, “continue”, “could”, “estimates”, “expects”, “forecast”, “guidance”, “intends”, “may”, “plans”, “potential”, “predicts”, “projected”, “seeks”, “should”, “target” or “will”, or the negative of such terms or other comparable terminology, generally identify forward-looking statements.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Dana Gas cautions you that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that Dana Gas’ actual results of operations, including Dana Gas’ financial condition and liquidity and the development of the industry in which Dana Gas operates, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in these Listing Particulars. In addition, even if Dana Gas’ results of operations, including its financial condition and liquidity and the development of the industry in which Dana Gas operates, are consistent with the forward-looking statements contained in these Listing Particulars, those results or developments may not be indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to:

- price fluctuations in hydrocarbon markets and related fluctuations in demand for such products;
- operational limitations, including equipment failures, labour disputes, technological limitations, operational hazards and processing limitations;
- the availability or cost of transportation routes and traders’ fees charged for arranging transportation;
- the competitiveness of the hydrocarbon exploration and production industry;
- changes in governmental regulation, including regulatory changes affecting the availability of permits, and governmental actions that may affect operations or Dana Gas’ planned expansion;
- the reliance on Dana Gas’ joint venture partners to comply with the obligations under the relevant licenses or the agreements pursuant to which the assets are operated and agreed work programs are completed in accordance with their terms;
- the availability of debt financing, including under Dana Gas’ existing facilities;
- unfavourable changes in economic or political conditions in Egypt and/or Iraq;
- unplanned events or accidents affecting Dana Gas’ operations or facilities;
- incidents or conditions affecting the export of crude oil and gas; and
- reservoir performance, drilling results and implementation of Dana Gas’ oil expansion plans.

These forward-looking statements are contained in the sections of these Listing Particulars entitled “*Overview of the Offering*”, “*Risk Factors*”, “*Dana Gas – Business Description*”, “*Dana Gas – Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and other sections of these Listing Particulars. Dana Gas has based these forward-looking statements on the current view of Dana Gas’ management with respect to future events and financial performance. Although Dana Gas believes that the expectations, estimates and

projections reflected in Dana Gas' forward-looking statements are reasonable as at the date of these Listing Particulars, if one or more of the risks or uncertainties materialise, including those which Dana Gas has identified in these Listing Particulars, or if any of Dana Gas' underlying assumptions prove to be incomplete or inaccurate, Dana Gas' actual results of operation may vary from those expected, estimated or predicted.

These forward-looking statements speak only as at the date of these Listing Particulars. Without prejudice to any requirements under applicable laws and regulations, each of Dana Gas, the Delegate, the Agents and the Trustee expressly disclaims any obligation or undertaking to disseminate after the date of these Listing Particulars any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward-looking statement is based.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the financial information herein has been derived from the audited consolidated financial statements of Dana Gas for each of the financial years ended 31 December 2015, 31 December 2016 and 31 December 2017.

The financial statements of Dana Gas have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board, consistently applied.

Unless otherwise indicated, the balance sheet, statement of income and cash flow financial information included in these Listing Particulars relating to Dana Gas has been derived:

- in the case of the three month periods ended 31 March 2017 and 2018, from the unaudited financial statements of Dana Gas as at and for the three month period ended 31 March 2018 (which includes comparative financial information for the three month period ended 31 March 2017);
- in the case of the years ended 31 December 2016 and 2017, from the audited financial statements of Dana Gas as at and for the financial year ended 31 December 2017 (which includes comparative financial information as at and for the financial year ended 31 December 2016); and
- in the case of the year ended 31 December 2015, from the audited financial statements of Dana Gas as at and for the financial year ended 31 December 2016 (which includes comparative financial information as at and for the financial year ended 31 December 2015).

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

Non-IFRS Financial Measures

These Listing Particulars contain non-IFRS measures and ratios, including EBITDAX, that are not required by, or presented in accordance with, IFRS. Dana Gas uses these measures to measure operating performance in presentations to its directors and as a basis for strategic planning and forecasting. In addition Dana Gas presents these non-IFRS measures because it believes that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. Dana Gas believes that EBITDAX is useful to investors in evaluating its operating performance and its ability to incur and service its indebtedness because they:

- are widely used by investors in the oil and gas industry to measure a company’s operating performance before depreciation, amortisation and impairment losses/adjustments among other items, which can vary substantially from company to company depending upon accounting methods, book value of assets, capital structure and the method by which assets were acquired, among other factors; and
- help investors to more meaningfully evaluate and compare the results of Dana Gas’ operations from period to period by removing the effect of its capital structure from its operating structure.

EBITDAX and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. They have limitations as analytical tools, and should not be considered in isolation or as a substitute for analysis of Dana Gas’ operating results as reported under IFRS. These non-IFRS measures are not measurements of Dana Gas’ performance or liquidity under IFRS and should not be considered as alternatives to operating profit or profit for the year or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles, or as alternatives to cash flow from operating, investing or financing activities. You should exercise caution in comparing EBITDAX as reported by Dana Gas to EBITDAX of other companies.

EBITDAX is commonly defined as earnings before interest, taxes, depreciation, impairment losses/adjustments, depletion, and amortisation and exploration costs. Dana Gas further adjusts for investment and finance income and change in fair value of investment property.

Dana Gas presents a reconciliation of each of the non-IFRS measures to the most directly comparable measure calculated and presented in accordance with IFRS and discusses its limitations. For a reconciliation of these non-IFRS measures, see *“Selected Financial Information”*.

Certain numerical figures set out in these Listing Particulars, including financial data presented in millions or thousands and percentages describing market shares, have been subject to rounding adjustments and, as a result, the totals of the data in these Listing Particulars may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in *“Dana Gas – Management’s Discussion and Analysis of Financial Condition and Results of Operations”* are calculated using the numerical data in Dana Gas’ consolidated financial statements or the tabular presentation of other data (subject to rounding) contained in these Listing Particulars, as applicable, and not using the numerical data in the narrative description thereof.

Certain Reserves Information

Unless otherwise indicated, the reserves data presented in these Listing Particulars has been estimated, as at 31 December 2017, at Dana Gas’ request by Gaffney Cline & Associates (*“GCA”*). GCA is an international oil and gas consultancy specialising in petroleum asset evaluation and economic analysis, which has prepared its estimates in accordance with resource definitions jointly set out by the Society of Petroleum Engineers, World Petroleum Council, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers in March 2007 in the *“Petroleum Resources Management System”* (*“PRMS”*). Thus, proved reserves presented herein may differ from reserves that might be estimated according to definitions used by other companies in the industry or the SEC.

Pursuant to the classifications and definitions provided by the PRMS, **“proved reserves”** is defined as those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations. If deterministic methods are used, the term **“reasonable certainty”** is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90 per cent. probability that the quantities actually recovered will equal or exceed the estimate; **“probable reserves”** is defined as those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves; and **“possible reserves”** is defined as those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than probable reserves.

Information in these Listing Particulars that is derived or reproduced from a report by GCA dated February 2018 (the **“GCA Report”**) has been inserted in the form and context in which it is included in the GCA Report, with the consent of GCA. GCA’s principal place of business is at Bentley Hall, Blacknest, Alton, Hampshire GU34 4PU, United Kingdom. For more information on GCA, please visit the following website: <http://www.gaffney-cline.com>.

For more information on Dana Gas’ reserves and resources and the reserves and resources definitions that Dana Gas uses, see *“Available Information”*.

Hydrocarbon Data

General

Unless otherwise stated herein, the estimates set forth in these Listing Particulars of Dana Gas’ proven, probable and possible reserves and resources are based on reports prepared for Dana Gas by GCA, in accordance with the standards established by the PRMS.

Each of the reports referenced in these Listing Particulars use the following estimates:

- crude oil in standard millions of barrels (**“MMbbl”**) (a barrel being the equivalent of 42 U.S. gallons); and
- natural gas and natural gas liquids in billions of cubic feet (**“Bcf”**) at standard temperature and pressure bases.

The actual number of barrels of crude oil produced, shipped or sold may vary from the barrel equivalents (“boe”) of crude oil presented herein, as a tonne of heavier crude oil will yield fewer barrels than a tonne of lighter crude oil. Dana Gas’ conversion of data from tonnes into barrels and from cubic feet into boe may differ from that data used by other companies. Dana Gas has assumed a conversion rate of 6 Bcf to 1 MMboe.

There are a number of uncertainties inherent in estimating quantities of proved, probable and possible reserves, including many factors beyond Dana Gas’ control, such as commodity pricing. Therefore, the reserve information in the GCA Report each represent only estimates. Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact manner. The accuracy of any reserve estimate is a function of a number of variable factors and assumptions many of which are beyond Dana Gas’ control, including the quality of available data and of engineering and geological interpretation and judgment. As a result, estimates of different engineers may vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, due to the inherent uncertainties and the necessarily limited nature of reservoir data and the inherently imprecise nature of reserves estimates, the initial reserve estimates are often different from the quantities of oil and natural gas that are ultimately recovered. The meaningfulness of such estimates depends primarily on the accuracy of the assumptions upon which they were based. Thus, investors should not place undue reliance on the ability of the GCA Report to predict actual reserves or on comparisons of similar reports concerning companies established in other economic systems. In addition, except to the extent that Dana Gas acquires additional properties containing proved, probable and possible reserves or conduct successful exploration and development activities, or both, Dana Gas’ proved, probable and possible reserves will decline as reserves are produced.

Potential investors should note that the GCA Report has not calculated estimated proved, probable and possible reserves under the standards of reserves measurement applied by the SEC for any of the relevant periods reviewed in these Listing Particulars, or otherwise. SEC’s standards of reserves measurement differs from PRMS.

Industry and Other Information

In these Listing Particulars, Dana Gas relies on and refers to information regarding its business and the markets in which it operates and competes. The market data and certain economic and industry data and forecasts used in these Listing Particulars were obtained from internal surveys, market research, governmental and other publicly available information, independent industry publications and reports prepared by industry consultants including GCA. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Dana Gas believes that these industry publications, surveys and forecasts are reliable but Dana Gas has not independently verified them and cannot guarantee their accuracy or completeness. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in these Listing Particulars.

Elsewhere in these Listing Particulars, statements regarding the oil and gas industry, Dana Gas’ position in the industry, its market share and the market shares of various industry participants are not based on published statistical data or information obtained from independent third parties, but are based solely on Dana Gas’ experience, its internal studies and estimates, and its own investigation of market conditions. In addition, Dana Gas believes that data regarding the oil and gas industry and its market position and market share within such industry provides general guidance, but is inherently imprecise. See also “*Presentation of Financial and Other Information – Certain Reserves Information*”.

Dana Gas cannot assure you that any of the assumptions underlying these statements are accurate or correctly reflect its position in the industry and none of Dana Gas’ internal surveys or information have been verified by any independent sources. Dana Gas does not make any representation or warranty as to the accuracy or completeness of this information. All of the information set forth in these Listing Particulars relating to the operations, financial results or market share of Dana Gas’ competitors has been obtained from information made available to the public in such companies’ publicly available reports and independent research, as well as from Dana Gas’ experience, internal studies, estimates and investigation of market conditions. Dana Gas has not independently verified this information and cannot guarantee its accuracy.

Trademarks

Each of the trademarks, service marks and trade names that Dana Gas uses in conjunction with the operation of its business is registered and/or pending registration, as appropriate for the needs of its relevant business. Each trademark, trade name or service mark of any other company appearing in these Listing Particulars is the property of its owners.

Currency Presentation

All references in these Listing Particulars to “**U.S. dollars**”, “**U.S.\$**” and “**\$**” refer to United States dollars being the legal currency for the time being of the United States of America, all references to “**dirham**” and “**AED**” refer to UAE dirham being the legal currency for the time being of the UAE, all references to “**Egyptian pounds**” and “**EGP**” refer to Egyptian pounds being the legal currency for the time being of Egypt and all references to “**euro**”, “**EUR**” and “**€**” refer to the Euro being the legal currency for the time being of the euro area.

The dirham has been pegged to the U.S. dollar since 22 November 1980. The mid-point between the official buying and selling rates for the dirham is at a fixed rate of AED3.6725 = U.S.\$1.00.

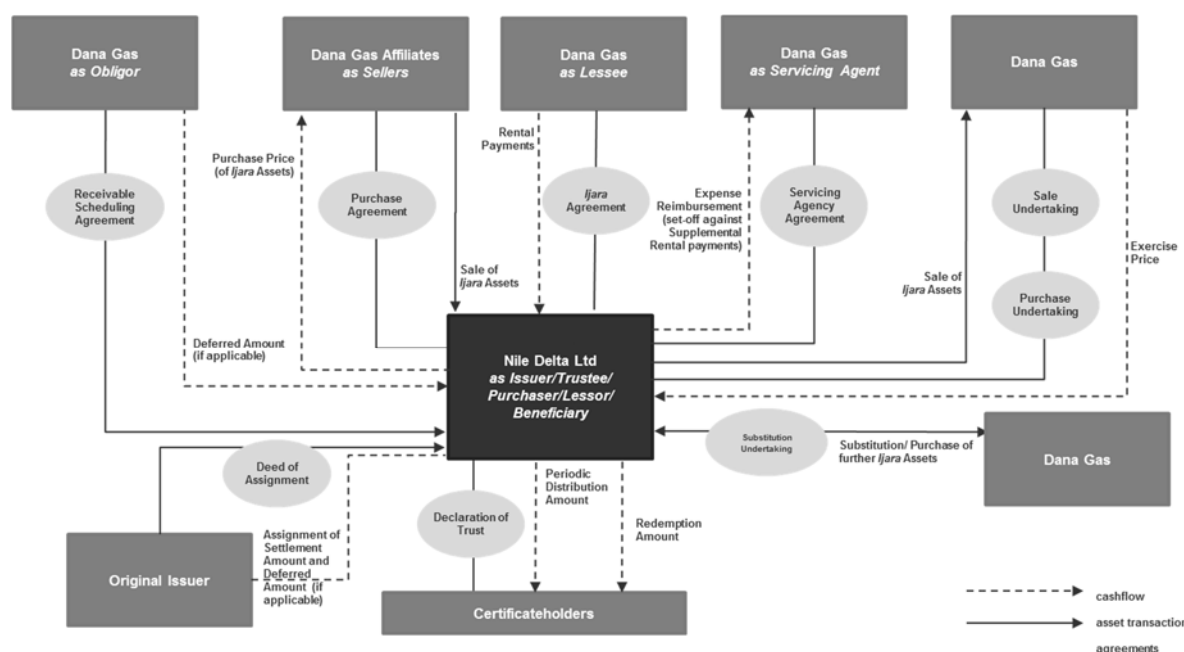
Definitions

Please refer to the section of these Listing Particulars entitled “*Glossary*” for a list of defined terms used in these Listing Particulars.

STRUCTURE DIAGRAM AND CASH FLOWS

The following is an overview of the structure and cash flows relating to the Certificates. This overview does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in these Listing Particulars. Potential investors should read the entire Listing Particulars, especially the risks in relation to investing in the Certificates discussed under “Risk Factors”.

Unless otherwise defined or unless the context otherwise requires, capitalised terms used in the following summary shall have the meanings given to them in the section entitled “Summary of the Transaction Documents”.



Cash Flows

Set out below is a simplified description of the principal cash flows underlying the transaction. Potential investors are referred to the Conditions and the detailed descriptions of the relevant Transaction Documents set out under “Summary of the Transaction Documents” for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

On the Closing Date, pursuant to the Deed of Assignment, the Original Issuer will assign the Settlement Amount and the Deferred Amount (if applicable) owed to it by Dana Gas pursuant to the Settlement Deed to the Trustee. The value of the Settlement Amount will be determined based on the outstanding face amount of the Existing Certificates immediately prior to the effective date of the Settlement Deed.

On the Closing Date, Dana Gas, together with certain Affiliates of Dana Gas, will enter into the Purchase Agreement in order to transfer the *Ijara* Assets to the Trustee at the Purchase Price, which will be at least equal to the value of the *Ijara* Assets as of the date of the Purchase Agreement and which will be no less than 60 per cent. of the aggregate face amount of the Certificates as at the Closing Date and will be set-off against the Settlement Amount. If applicable, the Deferred Amount will be rescheduled pursuant to the Receivable Scheduling Agreement and will remain owed by Dana Gas to the Trustee and will be paid on a deferred basis on the Scheduled Redemption Date, or prior thereto in whole or in part on an Early Redemption Date, Optional Redemption Date, Tax Redemption Date, Change of Control Put Date, Total Loss Redemption Date or Cancellation Date, as applicable. The Trustee, as Lessor, will appoint Dana Gas as Servicing Agent pursuant to the Servicing Agency Agreement to carry out certain obligations with respect to the *Ijara* Assets and the Deferred Amount (together, the “*Wakala Assets*”), including the obligation to (i) ensure on behalf of the

Trustee that the *Wakala* Assets are properly insured; (ii) undertake the performance of all Major Maintenance and Structural Repair in respect of the *Ijara* Assets; and (iii) carry out payment of any proprietorship or other relevant taxes charged, levied or claimed in respect of the *Wakala* Assets. The Lessor will reimburse the Servicing Agent for any expenses incurred by it in undertaking these duties.

Periodic Distributions

The Trustee (in its capacity as the Lessor) will lease the *Ijara* Assets to Dana Gas (in its capacity as the Lessee) pursuant to the *Ijara* Agreement. The Lessee will pay rental payments in respect of the *Ijara* Assets to the Trustee (as Lessor). The amount of each rental payment will be no less than the Periodic Distribution Amount payable for the corresponding period under the Certificates which the Trustee will use to pay the Certificateholders on each Periodic Distribution Date.

Redemption of the Certificates

Pursuant to the Purchase Undertaking, the Trustee has the right, on the Scheduled Redemption Date, an Early Redemption Date or a Change of Control Put Date, to exercise its rights under the Purchase Undertaking and require Dana Gas (in its own corporate capacity as Obligor and not in any other capacity) to purchase all of its rights, title, interests, benefits and other entitlements (if any) in and to the relevant *Ijara* Assets at the relevant Exercise Price or the Change of Control Exercise Price (as the case may be).

Pursuant to the Sale Undertaking, Dana Gas may, on a Tax Redemption Date or an Optional Redemption Date exercise its rights under the Sale Undertaking to require the Trustee to sell or transfer (as applicable) to Dana Gas all or the relevant part (as applicable) of its rights, title, interests, benefits and other entitlements (if any) in and to the relevant *Ijara* Assets at the relevant Exercise Price.

The Deferred Amount, if any, or a portion thereof, as applicable, will be paid into the Transaction Account on the Business Day prior to the Scheduled Redemption Date, or prior thereto on the Business Day prior to an Early Redemption Date, Optional Redemption Date, Tax Redemption Date, a Change of Control Put Date, a Total Loss Redemption Date or a Cancellation Date.

The aggregate of the Exercise Price and the Deferred Amount will be equal to the outstanding face amount of the Certificates plus any accrued and unpaid Periodic Distribution Amounts owing to the Certificateholders. The Trustee will use the Exercise Price and the Deferred Amount to pay the Redemption Amount to the Certificateholders.

Pursuant to the Sale Undertaking, Dana Gas may also, in the event that Dana Gas wishes to cancel any Certificate purchased in accordance with Condition 6.8 (*Cancellation*), require the Trustee to transfer and convey the relevant *Ijara* Assets to Dana Gas as identified by Dana Gas. The consideration provided by Dana Gas for such exercise of the Sale Undertaking shall be the cancellation of the relevant Certificates.

Pursuant to the Substitution Undertaking, Dana Gas has the right to require the Trustee to transfer, convey and deliver all of the Trustee's rights, title, interests, benefits and other entitlements (if any) in and to the Substituted *Ijara* Assets to Dana Gas in exchange for the grant by Dana Gas to the Trustee of the New *Ijara* Assets, on the condition that the value of such New *Ijara* Assets is equal to or greater than the value of the Substituted *Ijara* Assets on the relevant Substitution Date.

OVERVIEW OF DANA GAS

Introduction

Dana Gas is an independent gas company with established operations in the Middle East and North Africa (the “**MENA Region**”) across most of the components of the natural gas industry from exploration and production, processing and transportation, to the sale and marketing of natural gas and its by-products, such as LPG, condensate and propane, as feedstock and fuel to the industrial and power sectors. For the year ended 31 December 2017, Dana Gas’ revenue and EBITDAX were U.S.\$450 million and U.S.\$334 million, respectively. Dana Gas is listed on the ADX and, as at 31 December 2017, had a market capitalisation of approximately U.S.\$1,542 million.

Since its establishment in 2005, Dana Gas has expanded rapidly to become a medium-sized regional energy company. As at 31 December 2017, Dana Gas and its wholly-owned subsidiaries employed around 145 employees and 34 contractors, and the companies in which Dana Gas has a joint venture interest employed around 978 employees and 406 contractors, of which Dana Gas’ net interest was 605 employees and 350 contractors. The vast majority of these employees and contractors are based in Egypt, the Kurdistan Region of Iraq and Sharjah.

Dana Gas has an issued and fully paid up share capital of 6,976,623,422 common shares of AED1.00 each. All shares are of the same class and carry equal voting rights. Only one shareholder of Dana Gas, Crescent Petroleum Company International Limited (“**Crescent**”) (which owns 19.04 per cent. as at 31 December 2017), owns more than 5 per cent. of the share capital of Dana Gas. The remaining shares are held by a number of high net worth individuals, institutions and retail investors across the Gulf Cooperation Council (“**GCC**”) countries and internationally. In accordance with UAE law, a minimum of 51 per cent. of the share capital of Dana Gas must be held by UAE nationals and/or GCC nationals and/or legal entities fully controlled by UAE nationals and/or GCC nationals.

Business Overview

Dana Gas has built gas businesses in Egypt, the Kurdistan Region of Iraq and the UAE. Each of these businesses is intended to be an individual profit centre, as well as to allow for the integration between upstream, midstream and downstream business segments (as explained below). Dana Gas believes that it is able to obtain more value from upstream business assets when they are combined with midstream and downstream opportunities, and *vice versa*. Dana Gas believes that this integration allows it to maximise the value extracted from its assets by participating in all aspects of the natural gas chain.

Upstream Segment

The “upstream segment”, which constitutes the significant majority of Dana Gas’ business in terms of revenue, primarily includes gas exploration and production and encompasses Dana Gas’ activities in Egypt through its wholly-owned subsidiary Dana Gas Egypt Ltd. (“**Dana Gas Egypt**”); in the Kurdistan Region of Iraq through the activities of Dana Gas and Pearl Petroleum Company Limited (“**Pearl**”), in which Dana Gas holds a 35 per cent. shareholding; and in the UAE through its wholly-owned subsidiaries Dana Gas Sharjah Offshore Ltd. and Dana Gas Explorations FZE (“**DG Zora**”).

- **Egypt:** Dana Gas engages in the production of natural gas in Egypt under a production sharing regime with the Government of Egypt, through its wholly-owned subsidiary Dana Gas Egypt, which operates in three concession areas in the Nile Delta region of Egypt known as the El Manzala, West El Manzala and West El Qantara concessions and two exploration blocks, known as the North El Salhiya (Block 1) and North El Arish (Block 6). Through its partnership with BP Exploration (Delta) limited (“**BP**”), Dana Gas Egypt also has a non-operational interest in El Matariya (Block 3). A total of 14 development leases have been granted to Dana Gas Egypt: three under the El Manzala concession; nine under the West El Manzala concession and two under the West El Qantara concession.
- **Kurdistan Region of Iraq:** Dana Gas, as joint operator and as a shareholder in Pearl, is engaged in the appraisal, development and production of petroleum and gas resources from within the Khor Mor and Chemchemical gas fields in the Kurdistan Region of Iraq, under an arrangement with the Kurdistan Regional Government (“**KRG**”).

- United Arab Emirates:** Dana Gas is engaged in the exploration, development and production of gas and condensate in the UAE through its 100 per cent. interest in the Sharjah Western Offshore concession and the Ajman concession, under a royalty regime with the Government of Sharjah and Government of Ajman, respectively. DG Zora, a wholly-owned subsidiary of Dana Gas, is the legal holder of the concession interests. The Sharjah Western Offshore concession covers a total area of over 1,000 sq km and includes part of the Zora gas field, which is located approximately 33 km offshore and has established gas reserves. The Ajman concession covers a total area of 260 sq km and also includes part of the Zora Gas Field. The Zora gas field is located in a unitized development area which straddles the two concession areas.

The table below sets out the details of the average daily production levels of Dana Gas by geographic segment during the years ended 31 December 2016 and 31 December 2017:

	Year ended 31 December 2016		
	Gas (boed)	Condensate and oil (boed)	LPG (boed)
Egypt:			
El Manzala	2317	263	205
West El Manzala	23902	4550	2356
West El Qantara	3196	508	267
EBGDCo ⁽¹⁾	-	-	739
Kurdistan Region of Iraq:			
Khor Mor ⁽²⁾	17909	4644	3411
Chemchemal	0	0	0
United Arab Emirates:			
Zora Gas Field	2545	199	0

Note:

- (1) Dana Gas' share in EBGDCo is 26.4 per cent.
- (2) Production levels relate to Pearl, in which Dana Gas has a 35 per cent. shareholding.

	Year ended 31 December 2017		
	Gas (boed)	Condensate and oil (boed)	LPG (boed)
Egypt:			
El Manzala	1,831	234	122
West El Manzala	26,627	5,391	1,964
West El Qantara	2,753	393	168
EBGDCo ⁽¹⁾	-	-	669
Kurdistan Region of Iraq:			
Khor Mor ⁽²⁾	17,460	4,510	3,775
Chemchemal	0	0	0
United Arab Emirates:			
Zora Gas Field	1,537	98	-

Note:

- (1) Dana Gas' share in EBGDCo is 26.4 per cent.
- (2) Production levels relate to Pearl, in which Dana Gas has a 35 per cent. shareholding.

Midstream Segment

The “midstream segment” includes the transportation and processing of natural gas and gas liquids, including liquefied natural gas (“LNG”), liquefied petroleum gas (“LPG”) and condensates. This encompasses gas processing plants in El Wastani and South El Manzala in Egypt operated by Dana Gas Egypt, an LPG processing plant in Khor Mor in the Kurdistan Region of Iraq owned by Pearl and jointly operated by Dana Gas and Crescent and its effective interest in a gas liquids extraction plant in the Ras Shukheir area of the Gulf of Suez region in Egypt owned and operated by Egyptian Bahraini Gas Derivative Company S.A.E. (“EBGDCo”), which became operational in August 2012, and gas transmission and reception facilities in the UAE owned and operated by UGTC.

Downstream Segment

The “downstream segment” involves the sale of gas and liquids to end-user industries, including the petrochemicals business, and captures Dana Gas' ownership of natural gas and petroleum resources by-products, which includes its gas resource ownership and merchant operations in Dubai, Sharjah and the Northern Emirates. It also incorporates Dana Gas' plans in relation to the development and promotion of gas-related petrochemical and industrial complexes (“Gas Cities”). Gas Cities are intended to be integrated industrial cities designed for the systematic and comprehensive utilisation of natural gas as fuel and feedstock and maximise industrial output, proposed to be developed by Gas Cities Limited, a joint

venture company established by Dana Gas and Crescent. Gas Cities Limited is currently pursuing opportunities for the development of Gas City projects in the MENA Region and Sub-Saharan Africa.

Competitive Strengths

Dana Gas believes that its competitive strengths are as follows:

A strategically positioned independent gas company with strong local relationships

Dana Gas is an independent gas company with established operations in the MENA Region. Dana Gas has a track record of significant operating experience in the UAE, Egypt and the Kurdistan Region of Iraq. It has also developed strong relationships with local governmental entities, including the Government of Sharjah, the Egyptian Ministry of Petroleum and Mineral Resources and the KRG, and strategic partnerships with local and international oil and gas companies, such as the Egyptian Natural Gas Holding Company (“EGAS”) and the Arab Petroleum Investments Corporation (“APICORP”) in the case of the EBGDCo joint venture in Egypt (see “*Dana Gas – Business Description – Business Segments – Egypt – Production Facilities - Egypt*”) and OMV Upstream International GmbH (“OMV”), MOL Hungarian Oil and Gas PLC (“MOL”) and RWE Middle East Holdings BV (“RWE Middle East”) in the case of the Pearl joint venture in the Kurdistan Region of Iraq (see “*Dana Gas – Business Description – Business Segments – Kurdistan Region of Iraq*”).

Dana Gas believes that its track record and relationships provide it with access to opportunities to capitalise on the growing importance of natural gas. This growth and expansion is combined with economic diversification and rapidly growing populations. The MENA Region has an established gas exploration and production industry, and with environmental considerations growing in importance, demand for natural gas is increasing. Natural gas demand in the MENA Region has more than doubled in the last decade and is expected to grow even faster going forward, with hundreds of billions of dollars of investments required in the natural gas industry across the region (see “*Dana Gas – Business Description – Strategy – Focus on the natural gas business in the MENA Region*”).

Dana Gas believes that each of these factors combine to provide it with a viable platform to grow its upstream portfolio in Egypt, Iraq, the UAE and the MENA Region generally.

Track record of efficient production and reserve growth

Dana Gas’ management and technical team has demonstrated execution capability through strong production and reserve growth in Dana Gas’ development leases. The Khor Mor and Chemchemal fields in the Kurdistan Region of Iraq were reviewed by a Pearl appointed external independent petroleum consultant as at 31 December 2015 and the consultant’s report confirmed that these fields have the potential to be the largest gas fields in the Kurdistan Region of Iraq and indeed in the whole of Iraq. Dana Gas has been producing from the Khor Mor field since 2008. Dana Gas Egypt originally had three producing development leases in El Manzala and two exploration blocks, West El Manzala and West El Qantara, in 2007. Dana Gas Egypt now has 14 producing development leases under three concession agreements, and recorded an exploration and development drilling success rate of more than 90 per cent during the 2015-2016 drilling campaign. As of 31 December 2017, Dana Gas Egypt successfully drilled 19 wells under the gas production enhancement agreement (“GPEA”) entered into between Dana Gas, EGAS and EGPC in August 2014. In 2017, Dana Gas achieved an important milestone with the first international sale of condensate under the GPEA, with approximately 150,000 barrels of condensate loaded on 15 April 2017. Three further condensate cargos were loaded on 15 July 2017, 10 October 2017 and 10 January 2018.

Board and management team with strong local representation complemented by regionally based experienced personnel

The board of directors of Dana Gas (the “**Board of Directors**”), the international advisory board of Dana Gas (the “**International Advisory Board**”) and major shareholders of Dana Gas, which comprise leading industry figures from across the GCC region, the wider Arab world and the West, have extensive oil and gas experience as well as strong ties to the countries in which Dana Gas operates, and extensive experience working in those countries. This combined industry and regional expertise enables Dana Gas to develop beneficial working relationships with local companies, governments, local authorities and communities, supporting its international growth. Dana Gas’ current Chairman, Vice-Chairman and Chief Executive Officer have decades of combined oil and gas experience, including a long history of managing and

financing oil and gas operations in the MENA Region. Additionally, Dana Gas' senior management team has extensive industry experience, including with, among others, Shell Saudi Arabia, Serica Energy plc, Erin Energy, Sasol E&P International, Shell Egypt and Petro Canada.

Dana Gas' management team has a strong reputation in the oil and gas industry, having expanded Dana Gas' market position and profitability since Dana Gas' establishment in 2005. This expansion has, in turn, increased Dana Gas' profile within the industry, enabling Dana Gas to recruit and retain industry veterans and experienced personnel, including strong technical and engineering teams. In addition, in all operational locations, Dana Gas benefits from full-service offices staffed primarily by locally-based employees. This local presence provides Dana Gas with direct insight into local issues, as well as allowing Dana Gas to react to operational matters promptly and effectively.

A private sector strength

Dana Gas believes that as a medium-sized private sector entity it has the flexibility to capitalise on opportunities within the countries in which it operates and to respond quickly through streamlined decision making to tailor solutions to the needs of its customers across the Natural Gas Value Chain, while having the resources available to it to complete challenging operations. Dana Gas believes that its responsiveness and flexibility in accessing and delivering a solution tailored to the specific requirements of the KRG was an important consideration in being awarded a contract entitled "Heads of Agreement" in relation to the Khor Mor and Chemchemal gas fields (the "**Petroleum Development Agreement**") to develop and produce natural gas in the Kurdistan Region of Iraq and to supply natural gas to the Erbil and Sulaymaniya power stations. Due to the lean structure of Dana Gas' management, Dana Gas was successfully able to develop the natural gas fields and to lay over 180 km of pipeline in a relatively short timeframe in order to enable gas to flow to the power stations by October 2008 since project initiation in April 2007.

Poised to take advantage of future opportunities

Dana Gas believes that, in the MENA Region, its structure complements the strategic aspirations of the regional national oil companies ("**NOCs**") and international oil companies ("**IOCs**"). As discussed above, Dana Gas' track record and relationships, its accomplished Board of Directors and senior management team and diversified regional shareholding enable Dana Gas to efficiently enter new markets that IOCs and regional NOCs may, for various reasons, be reluctant or unable to enter. Dana Gas therefore believes that by developing partnerships and alliances, it can further develop a network of strategic partnerships and cooperation agreements in the Middle East, North Africa and South Asia (the "**MENASA Region**").

In connection with the negotiation of the settlement agreement entered into with the KRG (the "**KRG Settlement Agreement**") at the end of August 2017, Pearl committed to expanding its investment and operations in the Kurdistan Region of Iraq, which will consist of the installation of a multi-well drilling program in both the Khor Mor and Chemchemal fields, and of additional gas processing and liquids extraction facilities. On 30 January 2018, Pearl entered into a 10-year gas sales agreement with the KRG, pursuant to which the parties agreed the terms for the supply and sale of additional quantities of gas in the Khor Mor field produced from a debottlenecking project in the Kurdistan Region of Iraq, which has secured an amount of U.S.\$25.9 million in third-party financing. The gas sales agreement enables an increase in delivered gas production from the Khor Mor field by an anticipated 80 million cubic feet of sales gas per day before the end of 2018, from the current level of 305 million cubic feet per day. Pearl is on track to increase the daily production of natural gas and condensates in the Kurdistan Region of Iraq by approximately 20 per cent. by the end of 2018 and 170 per cent. by the end of 2021. As part of the KRG Settlement Agreement, Pearl has been allocated additional exploration blocks known as "Block 19" and "Block 20" in the Kurdistan Region of Iraq representing further growth potential. Amendments to the Petroleum Development Agreement are expected to significantly improve the value of further investment opportunities and enable production increases in the Kurdistan Region of Iraq in the coming years (see "*Dana Gas – Business Description – Material Agreements Relating to Dana Gas' Assets – Petroleum Development Agreement*").

Strong corporate governance

Dana Gas strongly believes in the role of proper corporate governance and its importance in defining appropriate strategic objectives and business plans. In April 2006, a few months after the incorporation of Dana Gas, Dana Gas commissioned the World Bank's advisory group, the International Finance Corporation, to assess corporate governance practices within Dana Gas with a view to improving the

efficiency and effectiveness of the Board of Directors by strengthening the control environment and ensuring that Dana Gas' disclosure and transparency practices were consistent with international standards. To this end, Dana Gas continues to develop and apply policies in relation to environmental and social responsibilities and corporate governance.

The Board of Directors is committed to ensuring long-term value growth for its shareholders and strongly believes in the role of corporate governance in the realisation of continued growth and in defining appropriate strategic objectives and the business plans furthering such growth. The Board of Directors and senior management of Dana Gas implement and follow-up corporate governance practices as a means to developing and improving the standards of transparency, internal control and professional conduct and to enhance the confidence of shareholders and investors.

Strategy

Dana Gas' goal is to be the leading private-sector integrated natural gas company combining upstream, midstream and downstream business segments operating in the MENASA Region, with a reputation for safety and cost efficiency and to continue to increase its development portfolio across key gas-producing regions. Dana Gas intends to achieve its goal by focusing on the following core strategies:

Focus on the natural gas business in the MENA Region

Dana Gas is focused on the natural gas business and believes that this focus provides it with a competitive advantage over energy investment companies in the MENA Region which have a less focused energy portfolio. The International Energy Agency reports that the countries in the MENA Region together have 41 per cent. of the world's proven gas reserves.

Dana Gas has defined its sphere of operation as being in those countries in the MENA Region with the most immediate and significant need for investment in the natural gas industry. Dana Gas intends to focus on sustainable growth in the MENA Region across the Natural Gas Value Chain. One such opportunity in the MENA Region is reflected in Dana Gas' involvement in the development and promotion of Gas Cities, which are intended to be integrated industrial cities designed for the systematic and comprehensive utilisation of natural gas as fuel and feedstock.

Leverage development track record and continue to focus on operating efficiency

Dana Gas seeks to be the operator on the majority of its projects and will continue to do so, such that it can develop drilling programs and optimisation projects that add value through reserve and production growth and future operational synergies. In addition, Dana Gas seeks to maximise its value by leveraging its technical track record and experienced workforce. Dana Gas also believes the concentration of its interests within certain project areas provides it with the opportunity to capture economies of scale by utilising existing infrastructure and expertise in new projects. Dana Gas' management team is also focused on continuous improvement of Dana Gas' operating efficiency and has significant experience in successfully converting early-stage resource opportunities into reserves with value potential, as evidenced by Dana Gas' discovery of a number of new fields in Egypt from its exploration activities. Dana Gas will continue to exert downward pressure on its finding and development costs and which Dana Gas anticipates, together with its low cost structure, will contribute to higher margins.

Focus on asset preservation

As a result of acquisitions and expansion in recent years, Dana Gas' operations have grown significantly, increasing its participation in the MENA Region in accordance with its previously defined strategy. Given the current unsettled economic and political environment in a number of the countries in which it operates, Dana Gas' strategy is to re-invest cash flows that arise through receivable collections into activities that will preserve and protect the value of its assets.

Focus on being a full-service provider

Dana Gas is focused on being a full-service provider along the Natural Gas Value Chain, which encompasses exploration, production, processing and marketing activities in Egypt, the Kurdistan Region of Iraq and the UAE. Dana Gas believes that this positioning and ability set it apart and differentiate it from the competition. For example IOCs operating in the region are often focused on the export of natural gas rather than domestic

industrial use and NOCs in the region are often focused on specific sectors or within confined national boundaries. Dana Gas also engages in contract arrangements in the upstream business segment that give it access to midstream and downstream opportunities, as is the case in the Kurdistan Region of Iraq.

Participation in partnerships and joint ventures

It is Dana Gas' strategy to continue to grow its reserve and production portfolio, as it has done previously through partnerships with local companies and accretive acquisitions. In balance with Dana Gas' established production and development platform, it has also assembled an exploration portfolio, including within its development leases in Egypt. Dana Gas intends to continue creating quality opportunities, pursuing a full-cycle exploration and production business model of re-investing a portion of internally generated revenues to deliver organic reserves development growth. The natural gas business requires large long-term investments. Strategic partnerships and alliances are an integral part of Dana Gas' business strategy. Dana Gas seeks to leverage its regional strengths by building partnerships with both NOCs as well as IOCs, in a manner that will enable it to capture opportunities and enter new markets in the MENASA Region.

In addition, over the past few years Dana Gas has gained a reputation in the regions in which it operates for its technical, operational and financial capabilities, making it an attractive partner in the exploration and development of assets. Dana Gas believes that increasing governmental promotion of local participation in the development of natural resources places it in a favourable position in key areas of operation, creating unique opportunities for growth.

Recent Developments

KRG Settlement Agreement

On 30 August 2017, Dana Gas, along with Crescent and Pearl (the consortium which hold petroleum rights in the Kurdistan Region of Iraq), together the "Consortium", reached a settlement with the KRG in respect of the arbitration proceedings which it originally brought against the KRG on 21 October 2013 at the LCIA, in accordance with the dispute resolution mechanism of the Petroleum and Development Agreement. The parties mutually agreed to fully and finally settle all their differences amicably by terminating the arbitration and related court proceedings and releasing all remaining claims between them, including the substantial damages asserted by the Consortium against the KRG, while implementing a mechanism for the settlement of U.S.\$2.239 billion total debt due from the KRG as at 30 August 2017. As part of the KRG Settlement Agreement, KRG partially settled the outstanding amount of trade receivables amounting to U.S.\$1.98 billion (of which Dana Gas' share amounted to U.S.\$695 million) as of 30 August 2017 by payment of U.S.\$1 billion (of which Dana Gas' share was U.S.\$350 million) in cash with the residual receivables being converted to petroleum costs and classified as oil and gas interests under property, plant & equipment. The petroleum costs are outstanding costs recoverable by Pearl from future revenues generated from the areas under the Petroleum Development Agreement.

On 11 September 2017, MOL issued a default notice under the terms of the joint venture agreement entered into by the shareholders of Pearl, alleging that the actions of Dana Gas and Crescent in concluding the KRG Settlement Agreement amounts to a breach of the shareholders' agreement. Dana Gas and Crescent reject the allegations and the validity of the default notice and have initiated arbitration proceedings in the LCIA in order to obtain a formal declaration to resolve the matter. The arbitration hearing is scheduled to commence in November 2018.

Following the entry into the KRG Settlement Agreement, Pearl entered into a 10-year gas sales agreement with the KRG on 30 January 2018, Pearl entered into a 10-year gas sales agreement with the KRG, pursuant to which the parties agreed the terms for the supply and sale of additional quantities of gas in the Khor Mor field produced from a debottlenecking project in the Kurdistan Region of Iraq, which has secured an amount of U.S.\$25.9 million in third-party financing. The gas sales agreement enables an increase in delivered gas production from the Khor Mor field by an anticipated 80 million cubic feet of sales gas per day before the end of 2018, from the current level of 305 million cubic feet per day. Pearl is on track to increase the daily production of natural gas and condensates in the Kurdistan Region of Iraq by approximately 20 per cent. by the end of 2018 and 170 per cent. by the end of 2021.

Litigation Proceedings

Dana Gas is currently involved in litigation proceedings in the UAE and UK that challenge the validity of the Existing Certificates and the related transaction documents. An injunction in support of those proceedings was also obtained from the British Virgin Islands (“BVI”) court, although on 23 March 2018 Dana Gas instructed its BVI lawyers to take steps in the BVI court to have the injunction lifted. Due to what Dana Gas alleges to be the evolution and continual development of Islamic financial instruments and their interpretation, Dana Gas has received legal advice stating that the Existing Certificates are unlawful under UAE law and not compliant with *Shari’ah* principles and are therefore void and unenforceable. Accordingly, Dana Gas has instituted legal action in the UAE courts (and UK courts) for declarations to that effect, seeking liquidation of the Existing Certificates and nullification of the related transaction documents and a reconciliation of the amounts paid. Certain holders of the Existing Certificates have, in turn, opposed those declarations.

On 17 November 2017, the English High Court declared that the purchase undertaking entered into in connection with the Existing Certificates is valid and enforceable in accordance with its terms pursuant to English Law. Dana Gas applied to overturn the 17 November judgment but the English High Court rejected its application on 1 February 2018 and further ordered that all remaining issues of English and UAE law in relation to the Certificates should be determined by the English Courts. On 22 February 2018, Dana Gas filed an appeal to the English Court of Appeal to set aside the English High Court’s decision regarding the validity of the purchase undertaking and to obtain an order declaring that Dana Gas’ purported obligation to pay the exercise price under the purchase undertaking has been discharged. Such appeal was rejected by the English Court of Appeal on 20 March 2018. Meanwhile, upon the application of certain of Dana Gas’s shareholders, the Sharjah court has served orders on Dana Gas to, among other things, suspend the enforcement in the UAE of the judgments issued on 1 February 2018 by the English High Court. However, in order to allow time for proper notification of the proceedings on the parties, the hearing was adjourned until 20 May 2018. On 26 March 2018, upon the application of a further shareholder of Dana Gas, the Sharjah court issued an anti-suit injunction against certain parties, including one of the largest holders of the Existing Certificates, from directly or indirectly taking any proceedings against Dana Gas or its shareholders in the UAE and the UK.

On 4 April 2018, the English High Court granted an injunction against Dana Gas at the request of one of the holders of the Existing Certificates. The injunction instructed Dana Gas, among other things, to (i) comply with the undertakings in the purchase undertaking; (ii) refrain from liquidating the *mudarabah* assets; and (iii) not declare any dividend or other distribution in respect of its share capital. Dana Gas sought to set aside the 4 April order on 10 April 2018. Following a return date hearing on 27 April 2018, that application was refused and the injunction was continued. On 16 April 2018, the Sharjah court issued a further anti-suit injunction against all holders of the Existing Certificate and future certificate holders from taking any action against Dana Gas or its shareholders in the UAE, UK or elsewhere based on the decisions or orders of the English High Court and ordered the suspension of the enforcement of the 4 April order and all other English High Court decisions and orders pending determination by the UAE courts as to whether the English court orders are eligible for enforcement in the UAE. On 18 April 2018, Dana Gas’ shareholders proceeded to vote in favour of a 5 per cent. cash dividend payment at the annual general meeting, despite the English High Court order prohibiting it to do so. As an alternative to the payment of the dividend, on 27 April 2018, the English High Court decided that Dana Gas may, if it so elected, transfer any potential dividend to an English bank account, held in escrow for the shareholders of Dana Gas, pending resolution of the litigation proceedings. The transfer of dividend monies to any account other than the officially nominated Abu Dhabi Securities Exchange account is not permitted pursuant to regulations promulgated by the SCA. On 30 April 2018, Dana Gas announced that it would pay the dividend into the Abu Dhabi Securities Exchange account in order to avoid violating UAE laws or contravening the regulations of the SCA. At a case management conference on 4 May 2018, directions were made for the resolution of all remaining issues of English and UAE law by the English Court and a trial is fixed for 3 September 2018.

The Sharjah court proceedings set to determine the validity of the Existing Certificates, the purchase undertaking and the other related transaction documents pursuant to UAE Law were due to commence at a hearing on 25 December 2017. However, the hearing has now been scheduled for 29 May 2018, although Dana Gas has been restricted from participating in these proceedings as a result of an anti-suit injunction obtained by one of the holders of the Existing Certificates. The English High Court has also directed Dana Gas to discontinue these proceedings. The Sharjah Court has directed Dana Gas to maintain and proceed with the same proceedings (see “Dana Gas – Business Description – Litigation and Arbitration – Litigation – Existing Certificates”).

Restructuring of the Existing Certificates

On 3 May 2017, Dana Gas announced that it would commence restructuring discussions with holders of its U.S.\$425,040,000 9 per cent. ordinary certificates (the “**Ordinary Certificates**”) and U.S.\$425,040,000 7 per cent. exchangeable certificates (the “**Exchangeable Certificates**”) each due in October 2017 (the Ordinary Certificates and Exchangeable Certificates, together the “**Existing Certificates**”, each an “**Existing Series**”). On 11 May 2018, Dana Gas entered into a binding lock-up and standstill agreement (the “**Lock-up and Standstill Agreement**”) with an ad-hoc committee comprising certain holders of the Existing Certificates (the “**Ad Hoc Committee**”) in connection with the proposed restructuring of the Existing Certificates. On the same date, Dana Gas and certain members of the Ad Hoc Committee at that time involved in the litigation proceedings relating to the Existing Certificates entered into a litigation dismissal agreement (the “**Litigation Dismissal Agreement**”). The Litigation Dismissal Agreement provided a mechanism for the settlement and termination and/or discharge of all litigation pending at that time in the UAE and UK relating to the Existing Certificates, including the costs of such litigation and other costs incurred, as a condition precedent to the issuance of the Certificates.

As part of the proposed restructuring, Dana Gas agreed to (i) invite holders of the Existing Certificates to offer to tender to Dana Gas their outstanding Existing Certificates for a cash payment and (ii) solicit consents from the holders of the Existing Certificates to, *inter alia*, certain proposed amendments and waivers of certain terms and conditions of the Existing Certificates pursuant to a tender offer and consent solicitation memorandum. The Certificates described in these Listing Particulars have been issued as part of the restructuring of the Existing Certificates and in accordance with the terms agreed between Dana Gas and the members of the Ad Hoc Committee in the Lock-up and Standstill Agreement.

Results of Operations for the three months ended 31 March 2018 compared to the three months ended 31 March 2017

Dana Gas’ revenue for the three-month period ended 31 March 2018 was U.S.\$120 million, a 2 per cent. increase compared to U.S.\$118 million for the three-month period ended 31 March 2017. This increase was primarily due to an increase in realised hydrocarbon prices during the three-month period ended 31 March 2018. Realised prices increased by 14 per cent. in the three-month period ended 31 March 2018, contributing an additional U.S.\$12 million to total revenue. This additional revenue was partly offset by a decline in revenue by U.S.\$10 million from Egypt and the Zora gas field due to a decline in the production of those operations. Realised prices averaged U.S.\$57/bbl for condensate and U.S.\$33/boe for LPG compared to U.S.\$47/bbl and U.S.\$34/boe, respectively in the three-month period ended 31 March 2017.

Dana Gas’ operating costs for the three-month period ended 31 March 2018 were U.S.\$13 million, a 30 per cent. increase compared to U.S.\$10 million for the three-month period ended 31 March 2017. This increase was primarily due to higher allocation of general and administrative expenses to operating costs due to a decline in capital expenditure in Egypt during the three-month period ended 31 March 2018.

Dana Gas’ share of production for the three-month period ended 31 March 2018 was 5.9 million boe equivalent to 65,000 boepd, a decrease of 7 per cent. compared to 6.3 million boe equivalent to 69,900 boepd for the three-month period ended 31 March 2017. Production in Egypt and the Zora gas field decreased by 10 per cent. and 22 per cent., respectively, during the same period

Dana Gas’ net profit amount after tax was U.S.\$14 million for the three-month period ended 31 March 2018, a 27 per cent. increase compared to U.S.\$11 million for the three-month period ended 31 March 2017. This increase was mainly due to reversal of accruals made by Pearl for certain operating charges in prior years, which are no longer required following entry into the KRG Settlement Agreement.

Dana Gas’ earnings before interest, tax, depreciation and amortisation in the three-month period ended 31 March 2018 were U.S.\$71 million, a 3 per cent. increase compared to U.S.\$69 million for the three-month period ended 31 March 2017.

OVERVIEW OF THE OFFERING

The following overview does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in these Listing Particulars.

Words and expressions defined in “Terms and Conditions of the Certificates” shall have the same meanings in this overview, as the context may require.

Certificateholders should note that through a combination of the Ijara Agreement, the Purchase Undertaking, the Purchase Agreement and the Receivable Scheduling Agreement, the ability of the Trustee to pay and/or deliver amounts due under the Certificates will depend on Dana Gas. See “Risk Factors”.

Trustee	Nile Delta Sukuk Ltd, an exempted company with limited liability incorporated on 4 January 2018 under the laws of the Cayman Islands with registered number 331214 and its registered office at c/o MaplesFS Limited, PO Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands.
Ownership of the Trustee	The authorised share capital of the Trustee is U.S.\$50,000 consisting of 50,000 ordinary shares of U.S.\$1.00 each, of which 250 shares have been fully-paid and issued. The Trustee's entire issued share capital is held on trust for charitable purposes by MaplesFS Limited, as share trustee, under the terms of a share declaration of trust dated [●] 2018 (the “ Share Declaration of Trust ”).
Administration of the Trustee	The affairs of the Trustee are managed by MaplesFS Limited (the “ Trustee Administrator ”), who will provide, amongst other things, certain administrative services for and on behalf of the Trustee pursuant to a Corporate Services Agreement dated on or about [●] 2018 between, inter alia, the Trustee and the Trustee Administrator (the “ Corporate Services Agreement ”).
Dana Gas	Dana Gas PJSC, a public joint stock company incorporated under the laws of the UAE.
Purchaser	The Trustee (in its capacity as purchaser under the Purchase Agreement).
Sellers	Dana Gas and certain Affiliates of Dana Gas.
Lessee	Dana Gas (in its capacity as lessee under the <i>Ijara</i> Agreement).
Lessor	The Trustee (in its capacity as lessor under the <i>Ijara</i> Agreement).
Obligor	Dana Gas (in its capacity as obligor under the Purchase Undertaking and separate from any other capacity).
Servicing Agent	Dana Gas (in its capacity as servicing agent under the Servicing Agency Agreement).
Delegate	BNY Mellon Corporate Trustee Services Limited. Pursuant to the Declaration of Trust, the Trustee shall delegate all of its present and future, powers, trusts, authorities and discretions to the Delegate. In particular, the Delegate shall be entitled to (and, in certain circumstances, subject to being indemnified and/or secured and/or prefunded to its satisfaction, shall be obliged to), following a Dissolution Event, take any enforcement action in the name of the Trustee against Dana Gas (acting in any capacity) in accordance with the Conditions. The Trustee will act in accordance with the directions and instructions given to it by the Delegate in the exercise of the relevant delegated powers, following the delegation of powers becoming effective.
Principal Paying Agent	The Trustee has appointed The Bank of New York Mellon, London Branch as the principal paying agent (the “ Principal Paying ”).

	<p>Agent”). The principal paying agent may appoint further paying agents (together the “Paying Agents”) in accordance with the terms of the Agency Agreement.</p>
Transfer Agent	<p>The Trustee has appointed The Bank of New York Mellon SA/NV, Luxembourg Branch as transfer agent (the “Transfer Agent”, and, together with any further or other transfer agents appointed from time to time in respect of the Certificates, the “Transfer Agents”).</p>
Registrar	<p>The Bank of New York Mellon SA/NV, Luxembourg Branch</p>
Agents	<p>The Principal Paying Agent, any Paying Agents, the Transfer Agent and the Registrar. In acting under the Agency Agreement and in connection with the Certificates, the Agents shall act solely as agents of the Trustee and, in specified circumstances, the Delegate, and do not assume any obligations towards, or relationship of agency or trust for or with, any Certificateholders.</p>
Principal Security Agent	<p>BNY Mellon Corporate Trustee Services Limited.</p>
Local Security Agent	<p>SHUAA Capital psc.</p>
Security Agents	<p>The Principal Security Agent and the Local Security Agent.</p>
Summary of the Transaction Structure and Documents	<p>An overview of the structure of the transaction and the principal cash flows is set out under <i>“Structure Diagram and Cash flows”</i> and a description of the principal terms of the Transaction Documents is set out under <i>“Summary of the Transaction Documents”</i>.</p>
Certificates	<p>U.S.\$[●] certificates due 2020.</p>
Closing Date	<p>[●] 2018.</p>
Scheduled Redemption Date	<p>31 October 2020.</p>
Issue Price	<p>The issue price of the Certificates is deemed to be 100 per cent. of the aggregate face amount of the Certificates. However, no cash proceeds will be payable by the Certificateholders in connection with the issue of the Certificates. See <i>“Dana Gas – Business Description – Restructuring of the Existing Certificates”</i> for further details of the exchange of the Existing Certificates for the Certificates and certain cash amounts.</p>
Status	<p>Each Certificate represents an undivided ownership interest in the Trust Assets held on trust for the holders of such Certificates pursuant to the Declaration of Trust and will rank <i>pari passu</i>, without any preference, with the other Certificates in respect of payments received by or on behalf of the Trustee in respect of the Trust Assets, including any proceeds of enforcement of the Security.</p>
Security	<p>To secure Dana Gas’ payment obligations (acting in any capacity), Dana Gas and the other persons named below will grant security (and in respect of the Egyptian Assignment Agreement (as defined below), a contractual assignment agreement) in favour of the relevant Security Agent for the benefit of the Trustee, the Delegate, the Certificateholders, the relevant Security Agent and any Receiver (such security being the “Security”).</p> <p>The Security shall consist of the following:</p> <ul style="list-style-type: none"> (a) a first-ranking pledge in respect of 100 per cent. of the registered shares in Dana LNG Ventures Ltd. (the “Security Agreement”); (b) a first ranking pledge in respect of the share capital of Sajaa Gas Private Limited Company (“SajGas”) held by Dana Gas (the “SajGas Share Pledge”);

- (c) a first ranking pledge in respect of the share capital of United Gas Transmissions Company Limited (“UGTC”) held by Dana Gas (the “**UGTC Share Pledge**” and, together with the SajGas Share Pledge, the “**UAE Share Pledges**”);
- (d) a first-ranking mortgage over a plot of land in Sharjah adjacent to the SajGas’ facilities owned by SajGas (the “**UAE Mortgage**”); and
- (e) a conditional assignment of all present and future receivables owing to Dana Gas Egypt under certain gas sale agreements between Dana Gas Egypt and the relevant counterparty under the gas sale agreement (the “**Egyptian Assignment Agreement**”),

in the case of paragraph (a) above, in favour of the Principal Security Agent, and in the case of paragraphs (b) to (e) above, in favour of the Local Security Agent.

Dana Gas has provided, *inter alia*, that it shall (and shall procure that each Security Provider will) at its own expense, take all actions required to perfect the security created or intended to be created under or evidenced by the Security Documents (A) in the case of the UAE Mortgage, as soon as practicable and in any event on or before the date falling sixty (60) days after the Closing Date, and (B) in the case of each of the other Security Documents, as soon as practicable and in any event on or before the date falling forty-five (45) days after the Closing Date.

There are certain risks relating to the registration, enforcement and realisation of the Security – see “*Risk Factors – Risks Relating to the Security*”.

Form and Delivery of the Certificates

The Certificates will be issued in registered form and will be represented by (i) interests in an unrestricted global certificate without coupons attached (the “**Unrestricted Global Certificate**”), and (ii) interests in a restricted global certificate, without coupons attached (the “**Restricted Global Certificate**”), which will, in each case, be deposited with, and registered in the name of a nominee of, a common depository for Euroclear and Clearstream. See “*Clearance and Settlement*”.

Definitive Certificates evidencing holdings of Certificates will only be issued in exchange for interests in the Global Certificates in certain limited circumstances.

See “*Summary of Provisions relating to the Certificates while in Global Form*” and “*Clearance and Settlement*”.

Clearance and Settlement

Holders of the Certificates will hold interests in the Global Certificates in book-entry form through each of Euroclear or Clearstream. Transfers within Euroclear or Clearstream will be in accordance with the usual rules and operating procedures of the relevant clearance system. See “*Clearance and Settlement*”.

Denominations

The Certificates will be issued in minimum denominations of U.S.\$36,000 and integral multiples of U.S.\$1 in excess thereof.

Periodic Distribution Dates

31 July, 31 October, 31 January and 30 April in each year commencing on [●].

Periodic Distributions

On each Periodic Distribution Date, Certificateholders will receive a Periodic Distribution Amount, payable in cash, calculated based on the then applicable Profit Rate in accordance with the Conditions.

Profit Rate	<p>(a) For the period from and including the Closing Date to, and including, the Profit Rate Reset Date, 4 per cent. per annum; and</p> <p>(b) For the period from the Profit Rate Reset Date to, and including, the Scheduled Redemption Date:</p> <p>(i) to the extent that the aggregate face amount of the Certificates outstanding as at the Profit Rate Reset Date is less than or equal to [●]¹, 4 per cent. per annum; or</p> <p>(ii) otherwise, 6 per cent. per annum.</p>
Profit Rate Reset Date	31 October 2019.
Redemption	Unless previously redeemed or purchased and cancelled, the Certificates shall be redeemed in full by the Trustee on the Scheduled Redemption Date in cash for the aggregate principal amount of the Certificates then outstanding plus all unpaid accrued Periodic Distribution Amounts and all other accrued and unpaid amounts (if any) under the Conditions as of such date (the “ Redemption Amount ”). The Trust shall be dissolved only following such payment in full in respect of the Certificates.
Dissolution Event – Early Redemption	<p>Following the occurrence of a Dissolution Event, the Certificates may, subject to Condition 12 (<i>Dissolution Events</i>), be redeemed in full on the Early Redemption Date in cash for the Redemption Amount. The Trust shall only be dissolved following redemption of the Certificates in full.</p> <p>See Condition 6.2 (<i>Dissolution Event – Early Redemption</i>).</p>
Redemption at the Option of the Trustee	The Trustee may, at any time or times, on giving not less than twenty-eight (28) Business Days’ nor more than thirty-two (32) Business Days’ notice, redeem the Certificates in whole or in part, in cash, for the Redemption Amount, in the manner described in Condition 6.3 (<i>Redemption at the Option of the Trustee</i>).
Redemption for Change of Control	<p>Upon the occurrence of a Change of Control, and subject as more particularly set out in Condition 6.4 (<i>Redemption for Change of Control</i>), each Certificateholder will have the right to require the Trustee to redeem its Certificates in whole but not in part on the Change of Control Put Date at an amount equal to 101 per cent. of the aggregate face amount of the Certificates to be redeemed on such date plus all unpaid accrued Periodic Distribution Amounts and other accrued and unpaid distribution amounts (if any) due and payable under the relevant Conditions in respect of the Certificates as at the Change of Control Put Date.</p> <p>A “Change of Control” occurs when (i) an Offer in respect of the Shares (other than a scheme of arrangement which effects the interposition of a limited liability company between the shareholders of Dana Gas existing immediately prior to the scheme of arrangement and Dana Gas and which satisfies certain conditions, as more particularly described in Condition 21.1 (<i>Definitions</i>) (the “Newco Scheme”)) has been recommended by the board of directors of Dana Gas; (ii) an Offer (other than a Newco Scheme) in respect of the Shares has become or been declared unconditional in all respects and Dana Gas becomes aware that the right to cast more than 50 per</p>

¹ To be equal to 60% of the face amount of the Existing Certificates that will be allocated to the New Certificates, whether through election or scale-back

cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Shareholders has or will become unconditionally vested in the offeror and/or any associates(s) of the offeror; or (iii) an event occurs which has a like or similar effect.

See Condition 6.4 (*Redemption for Change of Control*).

Redemption for Taxation Reasons

Where either (a) the Trustee has or will become obliged to pay additional amounts pursuant to Condition 10 (*Taxation*), or (b) the Trustee has or will become obliged to pay additional amounts under the Transaction Documents, in either case as a result of any change in, or amendment to, the laws or regulations of the UAE or the Cayman Islands (or any change in the application or official interpretation of such laws or regulations) becoming effective on or after the Closing Date and, in each case, such obligation cannot be avoided by the Trustee or Dana Gas, as the case may be, taking reasonable measures available to it, provided that certain conditions are satisfied, the Trustee will be entitled to redeem the Certificates in whole but not in part for the Redemption Amount.

See Condition 6.5 (*Redemption for Taxation Reasons*).

Redemption for Total Loss Event

The occurrence of a Total Loss Event will result in the redemption of the Certificates for the Redemption Amount and the consequent dissolution of the Trust following redemption of the Certificates in full. The Servicing Agent is responsible for ensuring that the *Ijara* Assets are properly insured. If a Total Loss Event occurs, the Servicing Agent undertakes to ensure that all insurance proceeds in respect thereof are paid directly into the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event and, subject to the terms of the Servicing Agency Agreement, to indemnify the Trustee for shortfalls in the insurance proceeds as set out in the Servicing Agency Agreement.

“**Total Loss Event**” means the total loss or destruction of, or damage to all of the *Ijara* Assets or any event or occurrence that renders all such *Ijara* Assets permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted in each case by any third party in respect of the *Ijara* Assets) the repair or remedial work in respect thereof is wholly uneconomical.

See Condition 6.6 (*Redemption for Total Loss Event*).

Purchase and Cancellation of Certificates

The Trustee, Dana Gas and any Subsidiary of Dana Gas may at any time purchase any Certificates in the open market or otherwise at any price (subject to the requirements (if any) of any stock exchange on which the Certificates may be admitted to listing and trading at the relevant time and subject in each case to compliance with applicable law and regulation) and all such purchased Certificates shall be surrendered to the Principal Paying Agent for cancellation and may not be held, re-issued or re-sold.

The Trust Assets

Pursuant to the Declaration of Trust, the Trustee will declare a trust for the benefit of the Certificateholders over all of its rights, title, interest and benefit, present and future, in, to and under the *Ijara* Assets, the Deferred Amount (if applicable) and each of the Transaction Documents (other than in relation to any representations given to the Trustee by the Obligor pursuant to any of the Transaction Documents) including any proceeds received in connection with the enforcement of the Security, all moneys, which may now be, or hereafter from time to time are, standing to the credit of the Transaction Account and all proceeds of any of the foregoing

(together, the “**Trust Assets**”).

Transaction Account

All payments by Dana Gas (in any capacity) to the Trustee for the Certificateholders under each Transaction Document to which it is party will be deposited into an account of the Trustee maintained in London for such purpose (the “**Transaction Account**”), details of which are set out in the Agency Agreement.

The Principal Paying Agent will maintain the Transaction Account on behalf of the Trustee. Distributions of moneys derived from the Trust Assets will be made to Certificateholders on a *pari passu* basis from funds standing to the credit of the Transaction Account.

Limited Recourse

Each Certificate represents an undivided ownership interest in the Trust Assets. No payment and/or delivery of any amount shall be made in respect of the Certificates by the Trustee or the Trust or any agents thereof except to the extent that, in the case of payments, funds are available therefor from the Trust Assets. Certificateholders have no recourse for the payment of any amount owing in respect of the Certificates against Dana Gas (to the extent it fulfils all of its obligations under the relevant Transaction Documents to which it is a party), or any of the Trustee, the Delegate or the Agents or the Trust to the extent the Trust Assets have been exhausted following which all obligations of the Trustee and the Trust shall be extinguished. Dana Gas has no recourse for the payment of any amount owing in respect of the Certificates against the Trustee, the Delegate, the Agents or the Trust and has expressly waived any such right to the extent it may exist in any jurisdiction.

If, following distribution of the net proceeds of the realisation of, or enforcement with respect to, the Trust Assets, there remains a shortfall in payments and/or deliveries due under the Certificates, no Certificateholder will be able to petition for, or join any other person in instituting proceedings for, the re-organisation, liquidation, winding up or receivership of any of the Trustee or Dana Gas (to the extent that each fulfils all of its obligations under the relevant Transaction Documents to which it is a party), or any of the Trust, the Delegate, the Agents or any of their affiliates as a consequence of such shortfall or otherwise.

See Condition 3.2 (*Limited Recourse*).

Withholding Tax

All payments in respect of the Certificates shall be made in full without withholding or deduction for, or on account of, any present or future taxes, levies, duties, fees, assessments or other charges of whatever nature, imposed, collected, withheld, assessed or levied by or on behalf of the UAE or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, and all charges, penalties or similar liabilities with respect thereto (“**Taxes**”), unless the withholding or deduction of such Taxes is required by law. In such event, the Trustee shall be required, save in the limited circumstances provided in Condition 10 (*Taxation*), to pay additional amounts so that the full amount which otherwise would have been due and payable under the Certificates (if no such withholding or deduction had been made or required to be made) is received by parties entitled thereto.

All payments to be made pursuant to the Transaction Documents shall be made without withholding or deduction for, or on account of Tax unless the withholding or deduction of such Taxes is required by law. In such event Dana Gas (acting in the relevant capacity) will be required, pursuant to the Transaction Documents to pay to the Trustee additional amounts (which amounts will be applied towards

	<p>payment in respect of the Certificates) so that the Trustee will receive the full amount which would otherwise be due and payable.</p>
Listing	<p>Applications have been made to list the Certificates on the Official List of Euronext Dublin and to admit them to trading on the Global Exchange Market of Euronext Dublin.</p>
Certificateholder Meetings	<p>A summary of the provisions for convening meetings of Certificateholders to consider matters relating to their interests as such is set out in Condition 16 (<i>Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination</i>).</p>
Tax Considerations	<p>See “<i>Tax Considerations</i>” for a description of certain U.S., UAE, the Cayman Islands and European Union tax considerations applicable to the Certificates.</p>
Transfer Restrictions	<p>The Certificates have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction. See “<i>Transfer Restrictions</i>” for a description of the restrictions on transferability and resale of Restricted Certificates represented by a Restricted Global Certificate.</p>
Governing Law and Jurisdiction	<p>The Deed of Assignment, the Declaration of Trust, the Agency Agreement, the Purchase Undertaking, the Sale Undertaking, the Substitution Undertaking, the Purchase Agreement, the <i>Ijara</i> Agreement, any Sale Agreements, any Substitution Transfer Agreements, the Settlement Deed, the Receivable Scheduling Agreement, the Servicing Agency Agreement, the Security Agreement, the Security Agency Agreement and the Certificates will be governed by English law and disputes in respect of them may be settled by arbitration under the LCIA Rules in London, England. In addition, actions in respect of the Certificates and the other English law governed documents may be brought in the courts of England or the courts of the DIFC, at the option of the relevant party or parties specified as having such option therein.</p> <p>The UAE Share Pledges and the UAE Mortgage will be governed by the laws of Sharjah and, to the extent applicable in Sharjah, the federal laws of the UAE, and disputes in respect of them may be settled by arbitration under the Rules of the DIFC-LCIA in the DIFC, Dubai, UAE, except in the case where disputes arise in connection with the enforcement of the Security under the relevant Security Documents, in which case such disputes shall be heard by the courts of Sharjah.</p> <p>The Egyptian Assignment Agreement will be governed by Egyptian law and disputes in respect of it may be settled by arbitration under the Rules of the DIFC-LCIA in the DIFC, Dubai, United Arab Emirates, except in the case where disputes arise in connection with the enforcement of the assignment made pursuant to the Egyptian Assignment Agreement, in which case such disputes shall be heard by the courts of Egypt.</p> <p>The Corporate Services Agreement and Share Declaration of Trust are governed by the laws of the Cayman Islands and are subject to the non-exclusive jurisdiction of the courts of the Cayman Islands.</p>

RISK FACTORS

The holding of Certificates may involve substantial risk and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of holding the Certificates. Before making an investment decision, prospective Certificateholders should carefully consider the risk factors relating to the Trustee, Dana Gas and Dana Gas' business and the industry and jurisdictions in which it operates and the risks relating to the Certificates, together with all other information contained in these Listing Particulars.

Each of the Trustee and Dana Gas believes that the factors described below represent the material risks of holding the Certificates, but the inability of the Trustee to pay any amounts on or in connection with any Certificate and/or the inability of Dana Gas to pay any amounts under the Transaction Documents may occur for other reasons and neither the Trustee nor Dana Gas represents that the statements below regarding the risks of holding any Certificate are exhaustive. Additional risks and uncertainties that are not currently known to the Trustee or Dana Gas, or that they currently deem immaterial, may also have a material adverse effect on the ability of the Trustee to pay any amounts on or in connection with the Certificates or the ability of Dana Gas to pay any amounts under the Transaction Documents. If any or a combination of these risks actually occurs, Dana Gas' business, reputation, financial condition and/or results of operations could be adversely affected. In such case, the price of the Certificates may decline and investors could lose all or part of their investment.

Risks Relating to the Trustee

The Trustee has no operating history

The Trustee was incorporated under the laws of the Cayman Islands on 4 January 2018 as an exempted company with limited liability. The Trustee will not engage in any business activity other than the issuance of Certificates, the acquisition of the Trust Assets as described herein, acting in the capacity of Trustee, the issuance of shares in its capital and other activities incidental or related to the foregoing as required under the Transaction Documents.

The Trustee has no material assets other than the Trust Assets, which will be held on trust for the Certificateholders, including its right to receive payments under the relevant Transaction Documents. The ability of the Trustee to pay amounts due on the Certificates will primarily be dependent upon receipt by the Trustee of all amounts due from Dana Gas under the relevant Transaction Documents. The Trustee is therefore subject to all the risks applicable to Dana Gas and its business.

Limited recourse

The Certificates are limited recourse obligations of the Trustee. Recourse to the Trustee is limited to the Trust Assets and proceeds of the Trust Assets are the sole source of payments for the Certificates. Upon occurrence of a Dissolution Event, the only remedy available to Certificateholders will be to require the Trustee to serve an Exercise Notice and exercise the option under the Purchase Undertaking to require Dana Gas to purchase the *Ijara* Assets at the Exercise Price, require Dana Gas to make payment of the Deferred Amount (if applicable) and to take steps to enforce the Security if Dana Gas fails to pay amounts due following service of an Exercise Notice. Certificateholders will otherwise have no recourse to any assets of the Trustee (including its directors and corporate services provider), the Delegate, Dana Gas (in each of its respective capacities under the Transaction Documents) or the Agents or any affiliate of any of the foregoing entities in respect of any shortfall in any amounts realised from the Trust Assets (to the extent that each fulfils its obligations under the relevant Transaction Documents to which it is a party). Dana Gas is obliged to make its payments under the Transaction Documents to which it is a party directly to the Trustee, and the Trustee, as trustee for the benefit of the Certificateholders, will have direct recourse against Dana Gas to recover payment due to the Trustee from Dana Gas pursuant to the Transaction Documents to which Dana Gas is a party. There can be no assurance that the proceeds of the realisation of, or the enforcement with respect to, the Trust Assets will be sufficient to make all payments due in respect of the Certificates.

After enforcing the rights in respect of the Trust Assets (in the manner described above) and distributing the net proceeds of such Trust Assets in accordance with Clause 6.9 (*Application of Proceeds from Trust Assets*) of the Declaration of Trust, the obligations of the Trustee in respect of the Certificates shall be satisfied and neither the Delegate nor any Certificateholder may take any further steps against the Trustee to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale

or other disposition of any of the Trust Assets except pursuant to the Transaction Documents. The sole right of the Trustee, the Delegate and the Certificateholders against Dana Gas shall be to enforce the obligation of Dana Gas to perform its obligations under the Transaction Documents to which it is a party, which shall (for the avoidance of doubt) include their rights to exercise the Purchase Undertaking in accordance with the provisions thereof and their right as Secured Parties to enforce the Security in accordance with the Declaration of Trust.

Risks Relating to Dana Gas

Dana Gas is facing challenges in collecting outstanding receivables in Egypt and the Kurdistan Region of Iraq

Ninety-four per cent. of Dana Gas' operations and interests in terms of revenue and profits are located in Egypt and the Kurdistan Region of Iraq.

Egypt

Political turmoil in Egypt since early 2011 has severely disrupted economic activity in Egypt, adversely impacting the value of the Egyptian pound, oil and gas production and trade and foreign investment, putting significant strains on the finances of the Egyptian government. The political turmoil in Egypt has also resulted in a reduction in the number of tourists visiting Egypt, which has badly affected one of the most important sectors of Egypt's economy. Tourist revenue decreased by 48.9 per cent. in the fiscal year ended 30 June 2016 to U.S.\$3.8 billion, as compared to U.S.\$7.4 billion in the fiscal year ended 30 June 2015. This fall in revenue has had a significant impact on the finances of the Egyptian government and has widened its current account deficit. The current account deficit has increased from U.S.\$10.1 billion in the fiscal year ended 30 June 2012 to U.S.\$18.7 billion in the fiscal year ended 30 June 2016. The increase in the current account deficit in the fiscal year ended 30 June 2016 was primarily due to decreases in net unrequited transfers (principally grants from GCC countries) and the reduction in tourism activity.

Due to the effect of the political turmoil on Egypt's economy, certain Egyptian government-owned entities are finding it challenging to fulfil their contractual obligations and in a number of cases, including with respect to Dana Gas, have not been able to fulfil such obligations with foreign partners. Dana Gas is party to various agreements with companies owned by the Egyptian government, including the Egyptian General Petroleum Corporation ("**EGPC**") and EGAS under which payments to Dana Gas for gas delivered by Dana Gas have not been made in a timely manner or at all (see "*Dana Gas – Business Description – Business Segments – Egypt*"). Due to the effect of continuing political turmoil on the finances of the Egyptian government, EGPC and EGAS have not fulfilled all of their contractual obligations under the gas sales agreements. As a result, Dana Gas, like other businesses in the petroleum sector, has seen its accounts receivable increase significantly since early 2011. During the year ended 31 December 2017, Dana Gas collected U.S.\$164 million, of which U.S.\$113 million was received in U.S. dollars, U.S.\$44 million in equivalent Egyptian pounds and U.S.\$7 million was offset against payables to government owned contractors. As of 31 December 2017, Dana Gas is owed an amount of U.S.\$228 million in outstanding receivables in respect of its operations in Egypt.

There can be no assurance that EGPC or EGAS will meet these or future payment obligations, that the political or economic situation in Egypt will not deteriorate further or that the Egyptian government will be successful in improving financial stability and maintaining domestic order. Dana Gas may therefore be unable to collect its outstanding receivables, or may have increased amounts of outstanding receivables, in Egypt even after the conclusion of the Consent Solicitation if it is approved. If Dana Gas continues to face these challenges, Dana Gas is likely to default on its future payment obligations (including the Certificates) as they fall due.

The Kurdistan Region of Iraq

Political relations between the KRG and the Federal Government of Iraq have been strained during recent years, particularly, in the continued absence of federal laws relating to hydrocarbons (the "**Federal Hydrocarbon Law**") and revenue sharing, in relation to the right to manage oil and gas resources in the Kurdistan Region of Iraq and how these revenues should be distributed. The Federal Government of Iraq contends that the entire oil and gas sector in Iraq should be under its control and that revenues, under the 2005 Constitution, must be collected and distributed by the central government. The KRG, on the other hand, contends that, per the provisions of the Iraq Constitution and its enactment of the Kurdistan Region Oil & Gas Law, it has the rights and power to manage production, investment and development of oil and gas fields located in its territory, which were not in production in 2005 when the Iraq Constitution was approved by referendum, as well as to be paid directly from oil revenues by the oil and gas companies operating in the Kurdistan Region of Iraq. The issues

under dispute or outstanding between the Federal Government of Iraq and the KRG include, among other issues, the awarding of oil and gas contracts, the payment to IOCs operating in the Kurdistan Region of Iraq, the terms of the, as yet, unenacted Federal Hydrocarbon Law, the validity of the Kurdistan Region Oil & Gas Law, the export of petroleum from the Kurdistan Region of Iraq and the KRG's rights and power to sign production-sharing contracts with IOCs for oil exploration and production without reference to the Federal Government of Iraq. In particular, the Federal Government of Iraq (whose petroleum contracts are service contracts which reserve 100 per cent. of title to the state of Iraq) objects to the KRG production sharing contracts which afford petroleum contractors title to a share of produced oil and gas.

Also outstanding is the definitive delimitation of the Kurdistan Region of Iraq which is required by Article 140 of the Iraq Constitution. Article 140 of the Iraq Constitution provides for a referendum to be held in the Kirkuk (Tamim) governate and other disputed territories. The referendum was originally scheduled for the end of 2007, but did not take place until 25 September 2017. Although the majority of voters voted in favour of independence of the Kurdistan Region of Iraq, Iraq's Supreme Court subsequently ruled that the referendum was non-binding as the Iraq Constitution does not permit any region to secede. Following the Supreme Court's ruling, in October 2016 the Federal Government of Iraq troops announced that they had taken full control over Kirkuk from the Kurdistan Region of Iraq Peshmerga (the KRG forces).

In April 2007, Dana Gas was awarded the Petroleum Development Agreement and was engaged to develop, to process and to transport natural gas from the Khor Mor gas field on a fast-track basis in order to fuel domestic electrical power generation plants near Erbil and Sulaymaniya, and also to appraise and develop the Chemchemal gas field. Dana Gas, as joint operator and as a 35 per cent. shareholder in Pearl, is engaged in and has interests in upstream, midstream and downstream activities in the Kurdistan Region of Iraq, including exploration, production, processing of natural gas, gas transmission and the sale of petroleum products (including gas) in the Kurdistan Region of Iraq.

The dispute between the Federal Government of Iraq and the KRG over control of oil and gas resources has resulted in Dana Gas being unable fully to collect receivables from its business operations in the Kurdistan Region of Iraq. Although the Federal Government of Iraq and the KRG announced in September 2012 that they had agreed to settle a portion of the dispute over oil payments after the KRG pledged to continue exports and the Federal Government of Iraq agreed to pay foreign companies working in the Kurdistan Region of Iraq, implementation of this agreement has stalled. From the date of commencement of operations in the Kurdistan Region of Iraq to 31 December 2012, Pearl under the Petroleum Development Agreement had received an amount of U.S.\$641 million from the KRG, including U.S.\$358 million (of which Dana Gas' 40 per cent. share was U.S.\$143 million) received in 2012. As of late 2012, no further payments have been made by the Federal Government of Iraq to the KRG and export of Kurdistan Region of Iraq produced petroleum (including condensate produced by Pearl at the Khor Mor gas field) through the federal infrastructure (pipelines) has been suspended.

On 21 October 2013, the Consortium commenced international arbitration proceedings at the LCIA against the KRG pursuant to the Petroleum Development Agreement, in relation to a dispute over payments due from KRG to the Consortium for the supply of condensates and LPG (see "*Dana Gas – Business Description – Litigation and Arbitration – Litigation – Existing Certificates*"). On 30 August 2017, all parties to the arbitration announced the settlement of the international arbitration proceedings commenced in 2013. The parties mutually agreed to fully and finally settle all their differences amicably by terminating the arbitration and related court proceedings and releasing all remaining claims between them, including the substantial damages asserted by the Consortium against the KRG, while implementing a mechanism for the payment of U.S.\$2.239 billion awarded by the tribunal.

Pursuant to the KRG Settlement Agreement, the KRG partially settled the outstanding amount of receivables amounting to U.S.\$1.98 billion (of which Dana Gas' share was U.S.\$695 million) as of 30 August 2017 by payment of U.S.\$1 billion (of which Dana Gas' share was U.S.\$350 million) in cash with the residual receivables being converted to petroleum costs and classified as oil and gas interests under property, plant and equipment. The petroleum costs are outstanding costs recoverable by Pearl from future revenues generated from the areas under the Petroleum Development Agreement. Of the U.S.\$1 billion paid by KRG under the KRG Settlement Agreement, an amount of U.S.\$400 million (of which Dana Gas' share was U.S.\$140 million) has been dedicated for investment exclusively for further development to substantially increase production in the Kurdistan Region of Iraq. Pearl is entitled to use any remaining funds of the U.S.\$400 million after the development is complete or 29 February 2020, whichever occurs first. If to the reasonable satisfaction of the KRG, Pearl secures financing for all or part of the development specified in the Petroleum Development Agreement, Pearl shall be entitled to use funds from the U.S.\$400 million in the same amount as such financing

for any purpose other than the development without restriction. As of 31 December 2017, Dana Gas' 35 per cent. share of the trade receivables balance of Pearl stands at U.S.\$7 million and represents amounts due against local sales for the month of December 2017. As of 31 December 2017, Dana Gas has collected a total amount of U.S.\$466 million during the year ended 31 December 2017, which comprises Dana Gas' 35 per cent. share of U.S.\$350 million (out of a total of U.S.\$1 billion) paid by the KRG under the KRG Settlement Agreement, U.S.\$16 million paid by the KRG under a peremptory order and U.S.\$100 million from local sales.

There is no assurance that Dana Gas will not struggle to collect receivables from its business operations in the Kurdistan Region of Iraq due from the KRG in the future. Further, even though the Petroleum Development Agreement includes no condition allowing the KRG to defer payments pending receipt of funds from the Federal Government of Iraq, there can be no assurance regarding whether further payments will be made to the KRG by the Federal Government of Iraq. In addition, even if such payments are made, there is no assurance that the KRG will use this money to pay any outstanding amounts owed by the KRG to Dana Gas under the Petroleum Development Agreement in the future. If Dana Gas continues to face these challenges, Dana Gas is likely to default on its future payment obligations (including the Certificates) as they fall due.

It is understood that there is no current material progress towards the enactment of a Federal Hydrocarbon Law. A draft hydrocarbon law was initially introduced in the Council of Representatives in 2007 and two different drafts, one from the Ministry of Oil and the other from the Council of Representative's Oil and Gas Committee, were introduced in 2011. However, no draft has been adopted yet. It is also understood that there remain fundamental differences between the KRG and the Federal Government, in particular regarding the issue of nationalised state control and the rights of regions and producing governorates to manage petroleum resources within their jurisdictions. It is, therefore, not possible to predict the implications (if any) on Kurdistan Region of Iraq petroleum contracts (including the Petroleum Development Agreement) of the enactment in the future of a Federal Hydrocarbon Law, which may require a review of contract terms to conform with the provisions of such legislation.

The volatility in the prices of natural gas, crude oil and other energy sources that are outside Dana Gas' control may significantly impact Dana Gas' revenues and operations

Oil and gas are globally and regionally traded commodities and, as a result, Dana Gas is unable to control the prices it receives for its oil and gas and their by-products, which are generally sold at market prices. International oil and gas prices have fluctuated significantly over the past two decades, and may remain volatile in the future and have the potential to adversely affect Dana Gas' results of operations in the future. More recently, international oil prices have witnessed a significant decline since mid-2014, with the OPEC Reference Basket price (a weighted average of prices per barrel for petroleum blends produced by the OPEC countries) declining from a monthly average of U.S.\$107.89 in June 2014 to a monthly average of U.S.\$26.50 in January 2016, before partially recovering to a monthly average of U.S.\$63.48 in February 2018.

If the average price of crude oil had increased/decreased by 10 per cent. in the year ended 31 December 2017, with all other variables held constant, Dana Gas' comprehensive profit for that year would have been U.S.\$15 million higher/lower. In addition, because oil and gas sales are Dana Gas' primary source of revenue, and given that Dana Gas does not currently hedge its exposure to oil and gas prices, its financial results will be exposed to any adverse oil and gas price changes, including changes in current expectations regarding future supply and demand which have an impact on future prices for oil and gas. As a result, the net present value of Dana Gas' reserves and Dana Gas' projected financial performance will fluctuate according to changes in the prices for hydrocarbon for many reasons, including but not limited to:

- global and regional supply (including in particular new supply from unconventional sources such as shale, including through "fracking") and demand, and market expectations and speculation regarding future supply and demand for oil and gas;
- geopolitical uncertainty and terrorism or the threat thereof, particularly in the MENA Region;
- political, economic and military developments in oil and gas producing regions, particularly in the MENA Region;
- availability and cost of infrastructure, including pipelines, tanker ships and other transport, as well as drilling rigs and other extraction and processing equipment;
- global aggregate petroleum refining capacity;
- price, availability and market acceptance of alternative energy sources and fuels and new technologies;

- exchange rate fluctuations;
- the ability of the members of the Organisation of the Petroleum Exporting Countries (“OPEC”) and other oil-producing nations to set and maintain specified levels of oil and gas production and thereby influence market prices;
- governmental regulations and actions, including export restrictions, taxes, repatriations and nationalisations; and
- weather conditions and natural disasters.

As a result of these and other factors, it is impossible to predict future oil and gas price movements accurately. In light of the continuing volatility in oil and gas prices, Dana Gas may have difficulty implementing its strategy and its exploration, appraisal and development plans. If Dana Gas incurs fixed operating costs in excess of its average marginal cost of production, and Dana Gas is unable to change production levels or lower its operating costs in response to then-current oil and gas price levels, Dana Gas’ results of operations and financial condition could be materially and adversely affected. Should oil and/or gas prices significantly decline, revenues from production would also decline and Dana Gas may be unable to reduce its exploration, appraisal and production costs in line with the lower production revenues.

Dana Gas does not currently engage in hedging activities to mitigate against fluctuations in natural gas or crude oil prices as the price of natural gas sold from its Egyptian operations is price capped, however, it may do so in the future on a case-by-case basis. Any material reduction in the price of natural gas or crude oil may have a material adverse effect on Dana Gas’ business, results of operations and financial condition.

Dana Gas’ projects under construction may not commence operation as scheduled or within budget

Dana Gas currently has, and may in future have, projects under construction. There are a number of construction, financing, operating and other risks associated with project development. Due to the nature of Dana Gas’ projects (see “Dana Gas – Business Description – Business Segments”), these projects often require substantial capital expenditure during the construction phase. It can take a substantial amount of time before such projects become operational and generate revenue.

The time taken and the costs involved in completing the design and construction can be adversely affected by many factors, which may include but are not limited to the following:

- delays or refusals in obtaining all necessary building, occupancy and other required governmental permits, requisite licences, permits, approvals and authorisations;
- shortages of or defective materials and/or equipment, labour shortages and/or disputes and disputes with subcontractors;
- increases in the cost of construction materials and/or labour;
- adverse weather conditions, natural disasters, accidents and/or changes in governmental priorities;
- recoverable gas volumes and reservoir productivity being lower than expected;
- reservoir damage as a result of drilling;
- unforeseen circumstances resulting in longer drilling and completion times and delays to platform installation;
- damage to equipment (including rust, corrosion, etc.);
- unavailability of offshore support vessels;
- insufficient quality control;
- unanticipated cost overruns;
- unforeseen delays in essential project phases leading to further delays in the process;
- major safety incidents; and
- failure to receive input from Dana Gas’ operations team in the project design and commissioning phases in a timely manner.

Any of these factors could give rise to delays in the completion of construction and/or lead to cost overruns. In addition, drilling, completion and operation of wells are often uncertain and may be subject to delays, curtailment or cancellation due to a variety of additional factors, including unexpected drilling conditions and pressure or irregularities in geological formations.

Natural gas development and exploration activities are dependent on the availability of drilling and other related equipment in the particular areas where such activities will be conducted. Competition for limited equipment such as drilling rigs may affect the availability of such equipment to Dana Gas and may delay its development and exploration activities. In the areas in which Dana Gas operates, such as Egypt, there is significant demand for drilling rigs and other equipment. Failure by Dana Gas to secure necessary equipment could adversely affect Dana Gas' business, results of operations and financial condition. In addition, Dana Gas' operations may be curtailed, delayed or cancelled as a result of such operating risks.

Projects subject to any delays or cost overruns will take longer to generate revenue and cash flow than may originally have been anticipated and may not generate the revenue and cash flow which may have been expected. In addition, any delay or failure of Dana Gas to complete projects on time could result in the failure to meet obligations under key concession agreements. The occurrence of the above factors could have a material adverse effect on Dana Gas' business, results of operations, cash flows and financial condition.

Dana Gas is involved in the UAE Gas Project which faces operational delays due to the lack of supply of gas from NIOC

Dana Gas is involved, through Crescent Natural Gas Corporation Limited ("CNGCL"), one of its joint ventures with Crescent, in a gas project (the "UAE Gas Project"), which, if it becomes operational, will involve the purchase of imported gas in the Arabian Gulf from Crescent, for onward transportation to Sharjah, where it is intended to be processed for sale within the UAE. The supply of gas is underpinned by a long-term imported gas supply contract between Crescent and the National Iranian Oil Company ("NIOC"). While CNGCL has built the required facilities, the UAE Gas Project continues to await the delivery of gas from NIOC (see "*Dana Gas is subject to risks in relation to its contracts*"). Dana Gas has a 35 per cent. interest in CNGCL and owns 100 per cent. of the facilities of SajGas and UGTC. In July 2010, NIOC introduced gas into its completed transmission network, UGTC pipeline and SajGas processing facilities for commissioning purposes, however no gas has been received since 2010 and the SajGas plant and system remains in preservation mode.

There is no assurance that Dana Gas will not continue to face delays in receiving gas for the commencement of operations in the UAE Gas Project.

Impact on Dana Gas' balance sheet due to impairment of assets and goodwill in the operating countries

Dana Gas' business is subject to impairment of goodwill, and oil and gas interests in Egypt and the UAE. The current low price environment and uncertainty over timing of cash flows from these assets presents an increased risk of impairment of assets. If the UAE Gas Project fails to become operational, Dana Gas will be required to impair the value of the gas processing plant and associated facilities, which will adversely affect Dana Gas' business, results of operations and financial condition. In Egypt and the UAE, any future decline in production, oil prices or change in reserves could result in further impairment of goodwill and tangible/intangible assets.

There are numerous risks relating to the nature of Dana Gas' business and the jurisdictions in which it operates, including with respect to civil unrest, as well as economic and/or political risks

Dana Gas' business involves a high degree of risk in the jurisdictions in which it operates, which a combination of experience, knowledge and careful evaluation may not overcome. The operations of Dana Gas in Egypt and the Kurdistan Region of Iraq may expose it to potential civil unrest and political risks. In particular, continuing political instability and other developments in the MENA Region may pose a threat to the operations of certain operating subsidiaries and affiliates of Dana Gas, such as Dana Gas Egypt and Pearl, and any continuation or intensification in the level of such activity may have a material adverse effect on Dana Gas' business, results of operations and financial condition and its ability to engage in international trade (see further "*Dana Gas is facing challenges in collecting outstanding receivables in Egypt and the Kurdistan Region of Iraq*").

Exploration and development activities in such countries may require protracted negotiations with host governments, NOCs and third parties and may be subject to economic and political considerations, such as community disturbances, expropriation, nationalisation, renegotiation, forced change or nullification of existing contracts or royalty rates, changing approval requirements, conflicting approvals and authorisations from

governmental authorities, unenforceability of contractual rights, changing taxation policies or interpretations, adverse changes to laws (whether of general application or otherwise) or the interpretation thereof, conflict of laws, inflation, changing political conditions, the death or incapacitation of political leaders, local currency devaluation, currency controls and foreign governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Any of these or similar factors could have a material adverse effect on Dana Gas' business, results of operations and financial condition. In Egypt and Iraq, the state retains ownership of the minerals and consequently retains control of (and in many cases, participates in) the exploration and production of hydrocarbon resources. Accordingly, Dana Gas' operations may be materially affected by host governments through royalty payments, export taxes and regulations, surcharges, value added taxes, production bonuses and other charges to a greater extent than would be the case if its operations were largely in countries where mineral resources are not predominantly state owned.

There can be no assurance that the actions of present or future governments in these countries, or of governments of other countries in which Dana Gas may operate in the future, will not have a material adverse effect on Dana Gas' business, results of operations and financial condition (see “– *Risks Relating to the countries in which Dana Gas operates – Political and economic uncertainty in certain of the jurisdictions in which Dana Gas operates may continue*”).

There are numerous risks relating to hydrocarbon operations and production which may result in personal injury or result in damage to, or destruction of, Dana Gas' assets and the environment, as well as interruption of Dana Gas' operations

The business of Dana Gas is subject to all of the operating risks normally associated with the exploration for, appraisal, development, production, storage, transportation and marketing of hydrocarbons and related products. These risks include blowouts, explosions, fire, flammable liquid and gaseous leaks, any of which could cause personal injury, result in damage to, or destruction of, oil and gas wells or formations or production facilities and other property, equipment and the environment, as well as interrupt operations. In addition, the operations of Dana Gas are subject to all of the risks normally incidental to drilling of natural gas wells and the operation and development of gas properties, including encountering unexpected formations or pressures, premature declines of reservoirs, blowouts, equipment failures and other accidents, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions, pollution and other environmental risks. Dana Gas' production facilities are also subject to hazards inherent in marine operations, such as capsizing, sinking, grounding, vessel collision and damage from severe storms or other severe weather conditions. The offshore drilling conducted by members of Dana Gas involves increased drilling risks of high pressures and mechanical difficulties, including stuck pipe, collapsed casing and separated cable.

Dana Gas' natural gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and invasion of water into producing formations, many of which are beyond Dana Gas' control.

The sale of incremental condensates under the GPEA entered into between Dana Gas, EGAS and EGPC in August 2014 involves the transportation of the incremental condensates to a different destination for storage and export. Similarly, condensates and LPG produced in the Kurdistan Region of Iraq are also transported to a different destination for storage and export. This creates a safety risk, which is beyond Dana Gas' control.

There can be no guarantee that other major incidents resulting in fatalities, damage to Dana Gas' assets and major disruption to Dana Gas' operations would not occur in future, and if they do occur, these incidents may, as well as delaying production, subject Dana Gas to significant liabilities under environmental and safety laws and therefore have a material adverse effect on Dana Gas' business, results of operations and financial condition.

Dana Gas may be subject to exploration and development risks

Natural gas development and exploration activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Competition for limited equipment such as drilling rigs may affect the availability of such equipment to Dana Gas and may delay its development and exploration activities. In the areas in which Dana Gas operates, such as Egypt, there is significant demand

for drilling rigs and other equipment. Failure by Dana Gas to secure necessary equipment could adversely affect Dana Gas' business, results of operations and financial condition. In addition, Dana Gas' operations may be curtailed, delayed or cancelled as a result of such operating risks.

Dana Gas' natural gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and invasion of water into producing formations, many of which are beyond Dana Gas' control.

Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs and expenses. In addition, drilling hazards or environmental damage could greatly increase the cost of operations. Various field operating conditions may also adversely affect production from successful wells, including delays in obtaining governmental approvals, permits, licences, authorisations or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While supervision of wells and effective maintenance operations can contribute to maximising production rates over time, production delays and declines from normal field operating conditions cannot be eliminated. Any such productions, delays and declines could therefore adversely affect Dana Gas' revenues and cash flows.

Dana Gas may be subject to operational performance risks which ultimately impact its production volumes and revenues

Dana Gas' production volumes and therefore revenues are dependent on the continued operational performance of its producing assets. Dana Gas' producing assets are subject to a number of operational risks, including reduced availability of those assets due to planned activities such as maintenance or shutdowns; availability of skilled resources; unplanned outages which may, for example, be due to equipment or human failure; lower than expected recovery rates; the performance of Dana Gas' contractors; strikes and civil unrest; extended well workovers; corrosion problems impacting the plant and pipelines; health, safety, security and environment ("HSSE") incidents caused by third-party contractors; and exposure to natural hazards, such as extreme weather events. Any such incidents could be expected to adversely affect Dana Gas' revenues and cash flows.

Business activities conducted by Dana Gas are often conducted with joint venture partners and some assets are under the day-to-day management of these partners and may therefore be subject to risks that are outside the control of Dana Gas. Any operational incidence resulting from these risks could be expected to adversely affect Dana Gas' revenues and cash flows.

Options for monetising any future natural gas discoveries in Egypt and the Kurdistan Region of Iraq are not fully developed and may not be available in the future

Dana Gas is currently only able to monetise its natural gas production in Egypt by supplying natural gas to state-owned NOCs, EGPC and EGAS, in accordance with the terms of the concession agreements granted to Dana Gas in Egypt and various gas sales agreements entered into with those respective entities. While some of these gas sales agreements may give Dana Gas Egypt the right to elect to supply its entitlement of gas from its development leases to any other buyers of gas in Egypt, the approval of EGPC and/or EGAS, as the case may be, is required before existing gas produced from El Manzala, West El Manzala and West El Qantara concession areas can be sold to third parties. Under the newly-issued gas law which became effective in February 2018, Dana Gas Egypt has the right to supply new gas produced from the three exploration blocks North El Salhiya (Block 1), El Matariya (Block 3) and North El Arish (Block 6) in Egypt to third parties in Egypt without the requirement for approval once these exploration blocks convert to development leases.

In August 2014, Dana Gas entered into the GPEA with EGAS and EGPC that allowed Dana Gas to sell incremental condensates to third parties. After a long negotiation process, Dana Gas was finally successful in selling incremental condensates in April 2017, although such sale only covered part of the incremental condensates produced under the GPEA. Since April 2017, three further shipments of incremental condensates have been made (see "Dana Gas – Business Description – Material Agreement Relating to Dana Gas' Assets – Gas Production Enhancement Agreement").

Due to the effect of continuing political turmoil on the finances of the Egyptian government, EGPC and EGAS have not fulfilled all of their contractual obligations under the relevant concession agreements and gas sales agreements, although EGPC and EGAS have made a substantial payment to cover part of the receivables. During

the year ended 31 December 2017, Dana Gas has received a total amount of U.S.\$164 million from EGPC and EGAS in respect of its operations in Egypt. As of 31 December 2017, the total amount of accounts receivable owing to Dana Gas from EGPC and EGAS stands at U.S.\$228 million. Failure to monetise any further commercial discovery of natural gas by Dana Gas in Egypt could adversely affect Dana Gas' business, results of operations and financial condition.

There is currently a limited market for consumption of natural gas in the Kurdistan Region of Iraq other than through the supply of gas to power stations. It is projected that the two main drivers of demand for natural gas in the Kurdistan Region of Iraq over the short and long term will be power generation and industry. However, to the extent that such demands do not materialize and to mitigate against this risk, the export market in the Kurdistan Region of Iraq is currently being developed, with a focus on the export of gas to Turkey under the gas sales agreement entered into between the Kurdistan Region of Iraq and Turkey in 2013. Turkey is a net importer of gas with an estimated import of 53bcm in 2017. According to BOTAS Petroleum Pipeline Corporation ("BOTAS"), a state-owned crude oil and natural gas pipelines and trading company in Turkey, Turkey's gas demand is forecast to reach 81 bcm by 2030. A 40-inch gas pipeline extending the BOTAS gas network to the Iraqi border is due to be completed by mid-2018. While there may be options to monetise future natural gas discoveries via the export market, there can be no assurance that the export market will be successful especially given the limitations in the infrastructure in the Kurdistan Region of Iraq necessary to sell or export natural gas in or from the Kurdistan Region of Iraq. Failure to monetise any further commercial discovery of natural gas by Dana Gas in the Kurdistan Region of Iraq could adversely affect Dana Gas' business, results of operations and financial condition.

Failure to obtain governmental approvals, permits, licences or authorisations and fulfil regulatory requirements may adversely affect Dana Gas' business

There are certain risks inherent in doing business on an international basis, including, among others, regulatory requirements, legal uncertainty regarding liability, trade barriers, difficulties in staffing and managing foreign operations, different payment cycles, different accounting practices, problems in collecting accounts receivable, political instability and potentially adverse tax consequences. Any of the foregoing could adversely affect the success of Dana Gas' international operations.

Dana Gas' current operations are, and future operations will be, subject to various governmental regulations and policies and, as a result, Dana Gas has limited control over the nature and timing of development and exploration of gas properties or the manner in which operations are conducted on such properties. Changes in such regulations may have a material adverse effect on Dana Gas' business, results of operations and financial condition.

In addition, the nature of the jurisdictions in which Dana Gas operates is such that certain formalities with regard to the execution of agreements may not be satisfied, and government consents may not in all cases be formally received. Non-compliance with certain technical obligations under Dana Gas' licences, permits and/or authorisations may give rise to enforcement action by the relevant authorities, and Dana Gas may not be successful in enforcing any or all rights under its agreements or defending against claims of licence invalidity, particularly against governmental authorities. Although governmental authorities may agree to waivers and extensions, such authorities are also generally entitled to revoke Dana Gas' licences, permits and/or authorisations in such circumstances or refuse applications for further licences, extensions, permits or other approvals because of non-compliance.

Dana Gas' production sharing contracts, concessions and other agreements with governments and governmental bodies to explore and develop the properties are subject to specific requirements and obligations under both the relevant contracts and under the relevant laws. If Dana Gas fails to satisfy such requirements and obligations and there is a material breach of such contracts, such contracts could, under certain circumstances, be terminated. A change in law and regulation, or in the interpretations thereof by the government or regulatory authorities, could result in the forced amendment of, or termination of, any of Dana Gas' contracts. In addition, a change in control of any of the entities party to such contracts could result in the termination, suspension or renegotiation of such contracts or require Dana Gas to obtain approvals that may require significant expenditure of time and money. The termination of any of Dana Gas' contracts granting rights in respect of the properties could have a material adverse effect on Dana Gas' business, results of operations and financial condition.

There can be no guarantee that, in relation to any of Dana Gas' concessions and/or production sharing contracts, EGPC or EGAS (in Egypt), the KRG (in the Kurdistan Region of Iraq) or the Sharjah Government (in the UAE) may not, in future, terminate, suspend or renegotiate the terms of the relevant concessions and/or production

sharing contracts, which could have a material adverse effect on Dana Gas' business, results of operations and financial condition.

The challenging financing market may continue and Dana Gas may not be able to secure financing for its exploration, development, production plans or any future acquisition plans

Depending on exploration, development, production plans, any future acquisition plans, or the need to refinance existing debt obligations, Dana Gas may require additional financing. Dana Gas' exploration, appraisal and development plans include, among other things, drilling wells, building and improving infrastructure and upgrading production technology in an effort to improve access, reduce operating expenses and enhance profit margins.

The ability of Dana Gas to arrange such financing in the future will depend in part upon prevailing financing market conditions as well as the business performance of Dana Gas. Since the second half of 2007, disruptions in global capital and credit markets have resulted in historically high levels of volatility across many markets (including capital markets). Further market disruption may be caused by continued economic stagnation and certain countries in Europe, and throughout the world, experiencing debt servicing problems and other adverse economic events. Dana Gas may not be able to obtain the necessary debt or equity financing on terms that are acceptable to Dana Gas, and may default on its payment obligations in the future (including with respect to the Certificates). The inability of Dana Gas to access sufficient capital for its operations could have a material adverse effect on Dana Gas' business, results of operations and financial condition.

If Dana Gas' revenues or reserves decline, there can be no assurance that the cash generated by operations will be available or sufficient to undertake or complete future capital expenditure or for other corporate purposes and Dana Gas may be required to obtain debt or equity financing (if available), which may increase Dana Gas' debt levels above industry standards.

Due to the ongoing political turmoil and disputes in the countries in which Dana Gas operates and the need for government permissions regarding investments in Egypt and the Kurdistan Region of Iraq, Dana Gas' ability to promptly sell one or more of its assets or businesses in response to changing political, economic, financial and investment conditions is limited. Dana Gas may not be able to sell any asset for the price or on the terms set by it and there is no assurance that any price or other terms offered by a prospective purchaser would be acceptable to Dana Gas. Dana Gas is unsure of the length of time needed to find purchasers for its assets and to close sales of assets in times of political, economic, financial or investment change. If additional financing is raised by the issuance of shares from treasury of Dana Gas, control of Dana Gas may change and shareholders may suffer dilution.

Dana Gas' involvement in litigation and regulatory proceedings may adversely affect its reputation. Furthermore, litigation and regulatory proceedings are unpredictable, and legal or regulatory proceedings in which Dana Gas is or becomes involved (or settlements thereof) may have a material adverse effect on its business, prospects, results of operations and financial condition.

Dana Gas' ability to exercise control over its subsidiaries, associates and joint ventures is, in some cases, dependent upon the consent and cooperation of other participants that are not under its control. Disagreements or terms in the agreements governing Dana Gas' subsidiaries, associates and joint ventures could adversely affect its business, financial condition, results of operations and prospects

Some of Dana Gas' operations are, or will be, conducted through jointly controlled entities and associated companies. For example, Dana Gas has a 35 per cent. shareholding in CNGCL and a 50 per cent. shareholding in Gas Cities Limited, with the remainder in each case held by Crescent; Dana Gas has a 35 per cent. shareholding in Pearl, with the remainder held by Crescent (35 per cent.), MOL (10 per cent.), OMV (10 per cent.) and RWE Middle East (10 per cent.); and Dana Gas has a 26.4 per cent. indirect shareholding in EBGDCo, with the remainder held by EGAS (40 per cent.) and APICORP (20 per cent.). Co-operation and agreement among Dana Gas' joint venture partners on their existing or any future projects are important factors for the smooth operation and financial success of such projects. Dana Gas' joint venture partners may (i) have economic or business interests or goals that are inconsistent with those of Dana Gas; (ii) be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements; or (iii) experience financial or other difficulties.

Further, Dana Gas may not be able to control the decision-making process of the joint ventures without reference to the joint venture partners and, in some cases, it does not have, or may not have, a majority control of the joint venture. Although Dana Gas has not to date experienced any significant problems with their partners, no

assurance can be given that disputes among the partners will not arise in the future that could adversely affect such projects.

Dana Gas is subject to risks in relation to its contracts

Dana Gas benefits from certain long-term gas sales and purchase agreements, processing agreements, transporting agreements, sweetening agreements and other similar agreements. In the event that these long-term contracts are terminated, revised and/or not renewed, this may have a material adverse effect on Dana Gas' business, results of operations and financial condition.

SajGas and UGTC are anticipated to be dependent upon tariff revenue from CNGCL. CNGCL, in turn is reliant on the supply of feed gas from Crescent Gas Corporation Limited ("CGCL"), a Crescent affiliate whose supply is underpinned by a long-term imported gas supply contract with NIOC. While Dana Gas has built the necessary facilities for the processing and transmission of the gas, due to ongoing delays in commissioning of the gas suppliers' facilities, deliveries of gas have yet to commence. CNGCL has therefore not been able to market and sell the gas pursuant to various long-term sales agreements that it has entered into with end users since construction of these facilities was completed in 2008, and no revenue has been received by SajGas or UGTC.

CGCL has been engaged in arbitration proceedings against NIOC in respect of the ongoing delays under the gas supply contract since June 2009. In August 2014, the arbitral tribunal found that the gas supply contract between CGCL and NIOC was valid and binding upon the parties and that NIOC had therefore been in breach of its contractual obligation to deliver gas under the contract since December 2005. NIOC subsequently appealed against the 2014 arbitration award but the English High Court dismissed the appeal on 18 July 2016. 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) took place in November 2016. Due to a long post-hearing submissions timetable, the final damages award is expected in 2018.

Dana Gas' rights to the gas supply were affirmed by the English High Court in the arbitration proceedings against NIOC (see – "*Dana Gas – Business Description – Litigation and Arbitration – Arbitration Case - National Iranian Oil Company*"). However, any further delay in the delivery of the gas to CGCL could have a material adverse effect on Dana Gas' business, results of operations and financial condition.

Concession agreements may be subject to government requisition or nationalisation, which could have an adverse effect on Dana Gas' business, financial condition and results of operations.

Dana Gas has entered into a number of production, development and exploration agreements with the governments in the countries in which it operates, for example the El Manzala, West El Manzala, West El Qantara, North ElSalhiya (Block 1), El Matariya (Block 3) and North El Arish (Block 6) concession agreements in Egypt, the Petroleum Development Agreement in the Kurdistan Region of Iraq and the Sharjah Western Offshore and Ajman concession agreements in the UAE. While the agreements entered into by Dana Gas and its subsidiaries are generally long-term in nature, most provide the government granting the licence with a right for requisition of oil and/or gas production, or of the licence area itself, or such right is provided for under law. Such requisition may take place due to war, imminent expectation of war or other political emergency. Although the concession and licence agreements entered into by Dana Gas and its subsidiaries generally provide that such requisition will usually only be effected following a consultation period and the provision of an indemnity from the government for the period during which such requisition is maintained, the effectiveness of such provisions is not guaranteed and a requisition may adversely affect Dana Gas' business, results of operations and financial condition.

Dana Gas faces the possibility of future decommissioning charges that it cannot anticipate

Upon the expiry of concessions, contractors are commonly required under the terms of relevant agreements or local law to dismantle and remove equipment, cap or seal wells and generally make good production sites. Dana Gas' accounts, for some of its assets, do not make provision for all of the decommissioning charges that it may incur since either local laws or relevant concessions do not specifically provide for decommissioning charges or Dana Gas does not consider it appropriate at this time to make provision for the possibility of incurring decommissioning charges in such circumstances. There can be no assurance that Dana Gas will not in the future incur decommissioning charges since local or national governments may require decommissioning to be carried out in circumstances where there currently is no express obligation to do so, particularly in the case of future

licence renewals. The costs associated with decommissioning or penalties for failure to decommission may have an adverse effect on Dana Gas' business prospects, results of operations and financial condition.

Dana Gas may be unable to obtain the services of skilled third-party contractors or service providers

Dana Gas relies on third-party contractors and service providers to carry out various operational tasks in its exploration, appraisal and development operations, including carrying out drilling activities, delivering hydrocarbons to counterparties and maintaining Dana Gas' assets and infrastructure. As a result, Dana Gas relies on such third parties performing satisfactorily and fulfilling their obligations. Any failure or delay by such third parties to fulfill such arrangements or perform such obligations, any revisions of such arrangements/obligations or any contractual disputes, or a violation of Dana Gas' various licensing obligations by a contractor working on Dana Gas' behalf, may lead to delays or curtailment of the production, transportation and delivery of Dana Gas' hydrocarbons, which could have a material adverse effect on Dana Gas' business, results of operations and financial condition. In addition, the costs of third-party contractors or other service providers may increase, in particular during periods of high prices for hydrocarbons, leading to higher expense levels which Dana Gas may be unable to match with corresponding revenue increases. Any dispute with, or failure in performance by, third-party service providers, external contractors or consultants, and associated increases in operating costs or inability on the part of Dana Gas to find adequate replacement services on a timely basis, if at all, could result in delays or curtailment of the production, transportation and delivery of Dana Gas' hydrocarbons, which in turn could have a material adverse effect on Dana Gas' business, results of operations and financial condition.

There is also a risk that third-party contractors and/or service providers may not operate in accordance with Dana Gas' health, safety or environmental standards or other policies, including anti-corruption and anti-bribery policies, and that Dana Gas could incur significant regulatory penalties or forfeit key licences, permits or authorisations as a result, which in turn could have a material adverse effect on Dana Gas' business, financial condition and results of operations.

Dana Gas operates in a highly competitive industry

The energy industry is highly competitive. There is competition within the industry in national and international markets and also with other industries in supplying energy and fuel to industrial, commercial and retail consumers. Dana Gas seeks to identify suitable investment opportunities that meet its criteria and are compatible with its growth strategy yet may not be successful in consummating these transactions on satisfactory terms due to competition from energy development companies, owner-operators, private equity investors, wealthy individuals and other entities who are engaged in energy investment activities. If Dana Gas pays higher prices for acquiring assets, its profitability may be reduced and this may have a material adverse effect on Dana Gas' business, results of operations and financial condition.

Without the addition of reserves through exploration, acquisition or development activities, Dana Gas' reserves and production will decline over time as reserves are exploited

Dana Gas' long-term commercial success depends on its ability to appraise, develop, explore and commercially produce gas reserves. Dana Gas must continually locate and develop or acquire new reserves to replace its existing reserves that are being depleted by production. Future increases in Dana Gas' reserves will depend not only on its ability to appraise, develop and explore its existing assets but also on its ability to select and acquire suitable additional assets either through awards at licensing rounds or through acquisitions.

There are many reasons why Dana Gas may not be able to find or acquire gas reserves or develop them for commercially viable production. For example, Dana Gas may be unable to negotiate commercially reasonable terms for its acquisition, appraisal, development or production activities. In addition, Dana Gas' current asset preservation strategy may result in a reduction of Dana Gas' ability to appraise, develop, explore and commercially produce gas reserves (see “– Dana Gas' asset preservation strategy could result in other unanticipated business risks”). Factors such as adverse weather conditions, natural disasters, equipment or services shortages, procurement delays or difficulties arising from the political, environmental and other conditions in the areas where the reserves are located or through which Dana Gas' products are transported may increase costs and make it uneconomical to develop potential reserves. Without successful exploration or acquisition activities, Dana Gas' reserves, production and revenues will decline. There is no assurance that Dana Gas will discover, acquire or develop further commercial quantities of gas.

Dana Gas has a major shareholder that has the ability to exert an influence on Dana Gas

Crescent held a 19.04 per cent. stake in Dana Gas as at 31 December 2017 and, as Dana Gas' major shareholder, has the ability to exert an influence on Dana Gas. As a result of its large shareholding, Crescent has also appointed two directors to the Board of Directors, Mr. Hamid Dhiya Jafar and Mr. Majid Hamid Jafar.

In addition to being the largest single shareholder, Crescent is also the joint venture partner of Dana Gas in a number of its subsidiaries. Crescent and Dana Gas each own 35 per cent. of Pearl, which has been assigned the right to receivables in respect of operations in the Kurdistan Region of Iraq; Crescent owns 65 per cent. and Dana Gas owns 35 per cent. of CNGCL, which is intended to conduct the sale and marketing of gas received pursuant to the UAE Gas Project, if the project becomes operational; and Dana Gas and Crescent each own 50 per cent. of Gas Cities Limited, which is intended to pursue the development of Gas Cities in the MENA Region. In addition, Crescent also holds one share in each of SajGas and UGTC. Any natural gas processed pursuant to the UAE Gas Project, if the project becomes operational, will be supplied through a joint-venture company of Dana Gas and CNGCL, which has signed a 25-year gas purchase and sale contract with CGCL, a Crescent affiliate, for the supply of gas underpinned by a long-term imported gas supply contract between CGCL and NIOC (see “– *Future activities of Dana Gas that are inconsistent with existing European, U.S., Middle East, UAE or other international sanctions could subject Dana Gas to sanctions that could have a material adverse effect on Dana Gas' ability to obtain goods and services in the international markets or to access the U.S. or international capital markets*”).

In October 2006, Crescent and Dana Gas entered into an umbrella agreement (the “**Umbrella Agreement**”) in order to promote the growth of Dana Gas, recognising that it would require time to recruit and build a team of technical and management professionals in Dana Gas, and allowing Dana Gas to take advantage of Crescent's in-house skills and experience and knowledge of petroleum business practices in the MENA Region (see “– *Business Description – Corporate Structure – Relationship with Crescent*”). The Umbrella Agreement provided that Crescent would provide organisational and specialised personnel support to Dana Gas at cost and that any new opportunity in the natural gas sector identified by either party should be offered up to 50 per cent. to the other party. There was also a non-compete agreement between the two parties to avoid conflicts of interest.

The provisions in the Umbrella Agreement relating to identification of opportunities, non-competition and the provision of Crescent's experience and knowledge to Dana Gas expired in October 2011. The provisions of the Umbrella Agreement remaining in force relate to the governance of UGTC and SajGas. In particular, Dana Gas has agreed that it shall treat Crescent as a shareholder of UGTC and SajGas in relation to any shareholder decisions made by it in exercising its shareholder rights over those companies, such as any increase or reduction in capital, listing, winding up, creation of security and loan financing. In return, Crescent has agreed that, with regards to CNGCL, it shall require the written consent of Dana Gas prior to taking any major shareholder decisions through Crescent's majority shareholding in CNGCL.

There is no assurance that the interests of Crescent and Dana Gas will be aligned in future, and any disagreement between the respective management teams of Crescent and Dana Gas may have a material adverse effect on Dana Gas' business, results of operations and financial condition.

Failure to attract, retain and develop qualified and experienced employees may impact Dana Gas' operations and reputation

If Dana Gas is unable to retain or attract experienced, capable and reliable personnel, especially senior and middle management with appropriate professional qualifications, or if Dana Gas fails to recruit skilled professional and technical staff at a pace consistent with its growth, its business, financial condition, results of operations and prospects may be materially adversely affected.

Experienced and capable personnel in the oil and gas industry remain in high demand and there is continuous competition for their talents. Dana Gas may not be able to successfully recruit, train or retain the necessary qualified personnel in the future. Dana Gas is dependent upon its executive officers and key personnel, and the success of Dana Gas' business is driven by the performance of such officers and key employees and Dana Gas' ability to retain them. The unexpected loss of the services of Dana Gas' executive officers or key personnel could have a material adverse effect on Dana Gas' business, results of operations and financial condition.

Dana Gas may need to offer competitive compensation and other benefits in order to attract and retain key personnel in the future. If Dana Gas cannot recruit new qualified personnel to support its growing business, this could have a material adverse effect on Dana Gas' businesses, financial condition and results of operations.

Future activities of Dana Gas that are inconsistent with existing European, U.S., Middle East, UAE or other international sanctions could subject Dana Gas to sanctions that could have a material adverse effect on Dana Gas' ability to obtain goods and services in the international markets or to access the U.S. or international capital markets

Dana Gas can be affected by sanctions regimes established by, among other authorities, the European Union, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State (including the Iran Sanctions Act of 1996 (as amended), the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, the National Defense Authorization Act of Fiscal Year 2012, the Iran Freedom and Counter-Proliferation Act of 2012 and the U.N. Security Council (collectively, **“International Economic Sanctions”**). Sanctions can be imposed or threatened under International Economic Sanctions on companies engaging in certain types of transactions with specified countries, entities or individuals. International Economic Sanctions relating to Iran can affect companies operating in the MENA Region, and additional International Economic Sanctions targeting Iran may be imposed in the future.

Any natural gas processed pursuant to the UAE Gas Project, if the project becomes operational, is intended to be supplied to a joint-venture company of Dana Gas and CNGCL, which has signed a 25-year gas purchase and sale contract with CGCL, an affiliate of Crescent, for the supply of gas underpinned by a long-term imported gas supply contract between CGCL and NIOC. If the project becomes operational, there is a risk that CGCL, its affiliates, and possibly Dana Gas, could be subject to sanctions or threats of sanctions under International Economic Sanctions.

Sanctions that could be imposed on Dana Gas under International Economic Sanctions could include, among others, a prohibition or limitation on Dana Gas' ability to obtain goods or services on the international market or to access the U.S. or international capital markets, which, in turn, could have a material adverse effect on Dana Gas' business, financial condition and results of operations and, therefore, Dana Gas' ability to meet its obligations under the Certificates.

Dana Gas may fail to comply with various anti-bribery & corruption and anti-money laundering laws and regulations

Doing business in the jurisdictions in which Dana Gas operates brings with it inherent risks associated with fraud, bribery, money laundering and corruption. In addition, the oil and gas industries have historically been shown to be often vulnerable to corrupt or unethical practices. As a result, Dana Gas is subject to various anti-bribery & corruption and anti-money laundering laws and regulations which generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and/or other benefits.

Although Dana Gas has implemented formal policies and procedures designed to ensure that Dana Gas operates in compliance with applicable laws and regulations, Dana Gas does business, and may continue to do business in the future, in countries and regions where governmental corruption has been known to exist, and where Dana Gas may face, directly or indirectly, corrupt demands by officials, or the risk of unauthorised payments or offers of payments by one of its employees or consultants. Dana Gas' existing safeguards and any future improvements may prove to be ineffective in preventing such unauthorised payments, and its employees and consultants may engage in conduct for which Dana Gas might be held responsible, potentially resulting in civil and criminal penalties and reputational damage for actions taken by its employees, agents and intermediaries, or by Dana Gas' co-venturers or third-party contractors, with respect to Dana Gas' business. Any such measures, and any investigation into Dana Gas for potential violations of these laws, regulations and sanctions regimes, could also have a material adverse impact on Dana Gas' reputation and on its business, financial condition and results of operations. Furthermore, any remediation measures taken in response to such potential or alleged violations of these laws, regulations and sanctions regimes, including any necessary changes or enhancements to Dana Gas' procedures, policies and controls and potential personnel changes and/or disciplinary actions, may also materially adversely impact its business, financial condition and results of operations.

Dana Gas may not be able to integrate any future acquisitions, and any such acquisitions may fail to provide the anticipated benefits

As part of its strategy, Dana Gas may from time to time make substantial acquisitions of oil and gas interests, which may include oil and gas assets, companies or businesses in the MENASA Region. The integration of those assets, companies or businesses and their operations, technologies and employees, may expose Dana Gas to operating difficulties and expenditure associated with the retention of key employees, legal contingencies and risks related to the acquired business, and the maintenance and integration of procedures, controls and quality

standards. As a result of these or other factors, Dana Gas may not be able to achieve the anticipated benefits from any acquisition or investment, and the consideration paid for an acquisition or investment may also affect Dana Gas' financial results.

Such acquisitions and investments could also divert management's time and focus from operating Dana Gas' business. The financing of acquisitions or investments in other companies may require Dana Gas to use a substantial portion of its available cash, raise debt, which would increase Dana Gas' interest expense, or to issue shares or other rights to purchase shares, which may result in dilution to existing shareholders and decrease Dana Gas' earnings per share. Moreover, acquisitions may result in write-offs and restructuring charges as well as in creation of goodwill and other intangible assets that are subject to an impairment test, which could result in future impairment charges. All of these factors could materially adversely affect Dana Gas' business, financial condition and results of operations.

Dana Gas' previous growth could result in unanticipated operational risks

As a result of acquisitions and expansion in recent years, Dana Gas' operations have grown significantly and Dana Gas' business and prospects must be considered in light of the unanticipated operational risks associated with this growth. There can be no assurance that Dana Gas will successfully manage the impact of such growth on its operational and managerial resources and control systems, and the failure to do so could have a material adverse effect on Dana Gas' business, results of operations and financial condition.

Dana Gas' ability to manage its increased scope of operations and to achieve future growth and profitability depends upon a number of factors, including its ability:

- to effectively increase the scope of its management, operational and financial systems and controls to handle the increased complexity, expanded breadth and geographic area of its operations;
- to recruit, train and retain qualified staff to manage and operate its business;
- to accurately evaluate the contractual, financial, regulatory, environmental and other obligations and liabilities associated with its international acquisitions and investments, including the appropriate implementation of financial oversight and internal controls and the timely preparation of financial statements that are in conformity with Dana Gas' accounting policies;
- to accurately judge market dynamics, demographics, growth potential and competitive environment; and
- to maintain and obtain necessary permits, licences and approvals from governmental and regulatory authorities and agencies.

Any difficulties in addressing these issues or integrating one or more of its existing or future international operations could have a material adverse effect on Dana Gas' business, financial condition, results of operations and prospects. In addition, the value of Dana Gas' investments in associates (operating companies in which it has less than a controlling stake) could decline, requiring Dana Gas to record impairments to those assets in its financial statements.

Natural gas and energy reserve valuations are inherently subjective and uncertain and are based on estimates; Dana Gas' total reserves may decline in the future

The oil and gas reserves data included in these Listing Particulars represent estimates only, involve subjective judgments and determinations and are based on the best available geological, technical, contractual and economic information. The estimation of underground accumulations of oil and gas is a subjective process aimed at understanding the statistical probabilities of recovery. These are not exact determinations. Estimates of the quantity of economically recoverable oil and gas reserves, rates of production, net present value of future cash flows and the timing of development expenditures depend upon several variables and assumptions, including the following: (i) historical production from the area compared with production from other comparable producing areas; (ii) interpretation of geological and geophysical data; (iii) effects of regulations adopted by governmental agencies; (iv) future percentages of international sales; (v) future oil and gas prices; (vi) capital expenditure; and (vii) future operating costs, tax on the extraction of commercial minerals, development costs and workover and remedial costs. The assumptions upon which the estimates of Dana Gas' oil and gas reserves or production profiles have been based may change over time or prove to be incorrect. Dana Gas may be unable to recover and

produce the estimated levels or quality of oil and gas set out in these Listing Particulars and if this proves to be the case, Dana Gas' business, prospects, financial condition or results of operations could be materially adversely affected.

As all reserves estimates are subjective, each of the following items may differ materially from those assumed in estimating reserves: (i) the quantities and qualities of oil and gas that are ultimately recovered; (ii) the production and operating costs and capital expenditure incurred; (iii) the amount and timing of additional exploration and future development expenditures; and (iv) future oil and gas prices.

Many of the factors, assumptions and variables used in estimating reserves are beyond Dana Gas' control and may prove to be incorrect over time. Evaluations of reserves necessarily involve multiple uncertainties. The accuracy of any reserves evaluation depends on the quality of available information and petroleum engineering and geological interpretation. Exploration drilling, interpretation and testing and production after the date of the estimates may require substantial upward or downward revisions to Dana Gas' reserves data. Moreover, different reservoir engineers may make different estimates of reserves and cash flows based on the same available data. Actual production, revenues and expenditures with respect to reserves will vary from estimates, and the variances may be material. The estimation of reserves may also change because of acquisitions and disposals, new discoveries and extensions of existing fields as well as the application of improved recovery techniques. Should Dana Gas' estimations, assumptions and determinations regarding its reserves and related matters prove to be incorrect, this could have a material adverse effect on Dana Gas' business, results of operations and financial condition.

Dana Gas' operations may subject it to foreign exchange risk exposure

While Dana Gas invoices its customers in U.S. dollars, it receives settlement of some of its revenues in foreign currencies and is therefore subject to risks relating to exchange rate fluctuations unless Dana Gas enters into foreign exchange hedging arrangements in respect of these revenues. The majority of Dana Gas' revenues are denominated in U.S. dollars while Dana Gas' operating costs may be denominated in currencies other than U.S. dollars or currencies pegged to the U.S. dollars. Dana Gas' cash flow, income statement and balance sheet are also reported in U.S. dollars and may be affected by fluctuations in exchange rates in relation to cash denominated in Egyptian Pounds. At 31 December 2017, if the Egyptian pound had strengthened/weakened by 10 per cent. against the U.S. dollar, with all other variables held constant, total comprehensive income for the year would have been U.S.\$0.3 million higher/lower, as a result of foreign exchange gains/losses on translation of Egyptian pound denominated cash. There are currently no hedging arrangements in place for EGP. There can be no assurance therefore that Dana Gas will either be able to enter into such hedging arrangements or, if it does, that the terms will be as favourable as its existing hedging arrangements and this could have a material adverse effect on Dana Gas' business, results of operations and financial condition.

Dana Gas' business is subject to liquidity risk

Liquidity risk is the risk that Dana Gas may be unable to meet its payment obligations when they fall due under normal and stress circumstances. Dana Gas seeks to manage liquidity risk by monitoring liquidity ratios on a regular basis to ensure that sufficient funds are available to meet its future commitment and maintaining a balance between continuity of funding and flexibility through the use of borrowings, trade payables and other payables. An inability on Dana Gas' part to access funds may lead to Dana Gas being unable to finance its operations adequately. This could have an adverse effect on Dana Gas' business, results of operations, financial condition or prospects.

Dana Gas may be subject to risks resulting from disputes and/or litigation

Dana Gas is subject to risks relating to legal and regulatory proceedings to which it or its subsidiaries, associates and joint ventures are currently a party or which could develop in the future.

Dana Gas is currently involved in litigation proceedings in the UAE and UK that challenge the validity of the Existing Certificates and the related transaction documents. An injunction in support of those proceedings was also obtained from the BVI court, although on 23 March 2018 Dana Gas instructed its BVI lawyers to take steps in the BVI court to have the injunction lifted (see “– Dana Gas is currently involved in litigation proceedings in respect of its Existing Certificates” and “Dana Gas – Business Description – Litigation and Arbitration – Litigation – Existing Certificates”). Dana Gas, together with Crescent, is also currently involved in arbitration proceedings against MOL in relation to MOL's allegations that the actions of Dana Gas and Crescent in concluding the KRG Settlement Agreement amounted to a breach of the joint venture agreement entered into by

the shareholders of Pearl (see “*Dana Gas – Business Description – Litigation and Arbitration – Arbitration Case – MOL*”). In addition, Crescent (which owns 19.04 per cent. of the shares in Dana Gas) and CNGCL are currently involved in court proceedings in Sharjah with Oman Chemicals & Pharmaceuticals LLC (“OCP”). OCP is claiming against Crescent, CNGCL and certain executives of Crescent for breach of contract in respect of the gas sales and purchase agreement entered into between OCP and CNGCL (see “*Dana Gas – Business Description – Litigation and Arbitration – Breach of Contract Claim by Oman Chemicals & Pharmaceuticals LLC*”).

Dana Gas’ involvement in litigation and regulatory proceedings may adversely affect its reputation. Furthermore, litigation and regulatory proceedings are unpredictable, and legal or regulatory proceedings in which Dana Gas is or becomes involved (or settlements thereof) may have a material adverse effect on its business, prospects, results of operations and financial condition.

Dana Gas may be subject to industrial action and strike risks

While Dana Gas generally believes it enjoys good labour relations with its employees, Dana Gas’ operations may be affected by strikes, lock-outs or labour disruptions involving its employees and the employees of Dana Gas’ contractors and joint venture partners retained to carry out Dana Gas’ drilling programme and the employees of operators of transportation infrastructure needed to run Dana Gas’ operations. Delays or disruptions to operations caused by any labour actions could have a material adverse impact on Dana Gas’ business, prospects, financial condition or results of operations.

Increases in materials and service costs could have a material adverse effect on Dana Gas’ business, results of operations and financial condition

Dana Gas relies on gas field suppliers and contractors to provide materials and services in conducting the exploration and production business of Dana Gas. The cost of gas field services and goods has increased significantly in recent years, compared to prior years, and could continue to increase. Future increases could have a material adverse effect on Dana Gas’ operating income, cash flows and borrowing capacity and may require a reduction in Dana Gas’ planned level of spending for exploration and development. No assurance can be given that prices for materials and services will be sustained at levels which will enable Dana Gas to operate profitably.

Inflation could increase Dana Gas’ costs and decrease Dana Gas’ operating margins

The economies of Egypt, Iraq and the UAE have, during certain periods in the past, experienced high rates of inflation. While Dana Gas incurs a substantial portion of its operating expenses in U.S. dollars, it has incurred a certain amount of expenses in the local currencies of the countries in which it has operations. As a result, Dana Gas tends to experience increases in certain of Dana Gas’ local currency costs which are sensitive to rises in the general price levels, including salaries, energy utility costs and food and beverage consumables, in countries with high inflation rates. Dana Gas may not, however, be able to maintain the prices Dana Gas charges for Dana Gas’ products and services at, or increase Dana Gas’ prices to, levels sufficiently high in order to preserve Dana Gas’ operating margins, due to competitive pressures, regulatory requirements or other reasons. Accordingly, high rates of inflation in countries in which Dana Gas operates could have a material adverse effect on Dana Gas’ business, financial condition and results of operations.

Dana Gas could face significant liabilities under environmental and safety laws

Environmental contamination, toxicity and explosivity from leakage and associated penalties are inherent risks to the oil and gas business. Extensive national, state and local environmental laws and regulations in jurisdictions in which Dana Gas operates affect nearly all of their operations. These laws and regulations set various standards regulating certain aspects of health, safety, security and environmental quality, provide for civil and criminal penalties and other liabilities for the violation of such standards and establish in certain circumstances obligations to remediate current and former facilities and locations where operations are or were conducted. In addition, special provisions may be appropriate or required in environmentally sensitive areas of operation.

Dana Gas has adopted the environmental and safety standards with reference to applicable laws and regulations in each jurisdiction in which it operates which can have an impact on the selection of drilling sites and facility locations. Significant liability could be imposed on members of Dana Gas for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property purchased by Dana Gas, acts of sabotage or non-compliance with environmental laws or regulations. Such liability could have a material adverse effect on Dana Gas’ business, results of operations and

financial condition (either because of the cost implications for Dana Gas or because of disruption to services provided at the relevant project or business). It may also result in a reduction of the value of the relevant project or business or affect the ability of Dana Gas to dispose of such project or business. Moreover, Dana Gas cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. Compliance with more stringent laws or regulations, or more vigorous enforcement policies of any regulatory authority, could in the future require material expenditures by Dana Gas for the installation and operation of systems and equipment for remedial measures, any or all of which may have a material adverse effect on Dana Gas' business, results of operations and financial condition.

The business of Dana Gas is subject to uninsured risks

Dana Gas secures insurance coverage which it believes is consistent with industry practice. During the operating phase, insurance is arranged to cover all risks of physical loss or damage to the properties, third-party liability insurance covering legal liabilities to third parties for injury or damage resulting from the operations, operator extra expense insurance (cost of control, seepage and pollution, redrilling) and other locally required insurances. However, Dana Gas does not have insurance coverage in relation to lost revenue for some of its producing assets, in the event that Dana Gas' operations and production are curtailed, delayed or cancelled as a result of various operating risks that Dana Gas may face. The inability of Dana Gas to insure lost revenue in relation to such risks could adversely affect Dana Gas' business, results of operations and financial condition.

Dana Gas and operators of properties in which it has an interest maintain insurance against some, but not all, potential risks; however, there can be no assurance that such insurance will be adequate to cover any losses or exposure for liability or that Dana Gas will be able to obtain insurance to cover such risks. There are also certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third-party (public) liability) that may not be insured or generally are not insured because they are either uninsurable or not economically insurable. The occurrence of an unfavourable event not fully covered by insurance could have a material adverse effect on Dana Gas' business, results of operations and financial condition.

Dana Gas relies on technology systems and applications which may fail or be subject to external cyber-attacks

Dana Gas is reliant on certain technology systems and exploration and appraisal applications for its business. Dana Gas' systems and applications could be exposed to, amongst other things, damage or interruption from telecommunications failure, fire or natural disaster, cyber-attacks, data fraud, loss of data, unauthorised entry and malicious computer code, power loss, human error and acts of war or terrorism. The occurrence of any of the foregoing may also significantly disrupt Dana Gas' technology systems and applications and may lead to important geophysical and geological data being irretrievably lost or damaged. Such damage or interruption may adversely affect Dana Gas' business, financial condition and results of operations.

Risks Relating to the Countries in which Dana Gas Operates

Political and economic uncertainty in certain of the jurisdictions in which Dana Gas operates may continue

Dana Gas is incorporated in the Emirate of Sharjah, listed on the Abu Dhabi Securities Exchange (ADX), and has the majority of its operations and interests in the MENA Region. Accordingly, its business may be affected by the financial, economic and political developments in or affecting the UAE and the MENA Region.

Since the beginning of 2011, there has been significant political and social unrest, including violent protests in a number of countries in the MENA Region, including Egypt (see “– *Social and political instability in Egypt could materially adversely affect Dana Gas' ability to conduct its business effectively*”). There can be no assurance that such significant political and social unrest will not escalate or that the governments of countries in the MENA Region will be successful in maintaining domestic order and stability. Any of the foregoing circumstances could have a material adverse effect on the political and economic stability of the MENA Region and there is no assurance that any political, social, economic or market conditions affecting the MENA Region generally would not impact market conditions in the UAE, Egypt, the Kurdistan Region of Iraq or other countries in which Dana Gas owns assets.

It is not possible to predict the occurrence of events or circumstances such as war, hostilities or political unrest, or the impact of such occurrences, and no assurance can be given that Dana Gas would be able to sustain its current profit levels if adverse financial, economic, political or other events or circumstances were to occur. A

continued downturn in any of the countries in which Dana Gas operates or in the MENA Region generally or certain sections thereof could have a material adverse effect on Dana Gas' business, financial condition, results of operations and prospects. Certificateholders should also note that Dana Gas' business and financial performance could be adversely affected by political, financial, economic or related developments outside of the MENA Region, because of the inter-relationships within the global market.

Relations between the Federal Government of Iraq and the Government of the Republic of Turkey have deteriorated in recent years, in parallel with improved relations and economic ties between Turkey and the Kurdistan Region of Iraq, which controls the entire border between Iraq and Turkey. How this situation will develop further cannot be predicted with certainty; but it is a factor which may have adverse implications on Dana Gas' interest in the Petroleum Development Agreement.

In addition, the implementation by the UAE Government, the Government of Sharjah, the Egyptian Government, the KRG, the Federal Government of Iraq or the government of any other country in which it operates or may operate in the future (other than Egypt), of regulations adverse to Dana Gas' interests, including changes with respect to taxation or the regulation of the energy sector, or changes to grants and licences of properties used by Dana Gas, could have a material adverse effect on Dana Gas' business, financial condition, results of operations and prospects and thereby adversely affect Dana Gas' ability to perform its obligations in respect of any Certificates.

Certificateholders should also be aware that some of these markets are subject to greater risks than more developed markets, including in some cases significant legal, economic and political risks (see “– *Developing markets are subject to greater risks than more developed markets, including significant political, social and economic risks*”). Accordingly, Certificateholders should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate.

Developing markets are subject to greater risks than more developed markets, including significant political, social and economic risks

Dana Gas conducts its business in a number of countries and regions with developing economies, many of which do not have firmly established legal and regulatory systems and some of which from time to time have experienced economic, social or political instability. For example, Dana Gas operates in both the Kurdistan Region of Iraq and Egypt, each of which has suffered from regional political instability, armed conflict and general social and civil unrest in recent years. Some of these countries are also in the process of a political transition and, as a result, are experiencing changes in their economies and their government policies that can affect Dana Gas' investments in these countries. There is also a higher risk that Dana Gas' operations in those countries could be expropriated by the relevant government or regulatory authorities, either by formal change in ownership, revocation or amendment of an operating licence or concession agreement, or by changes in regulatory or financial policies that have an equivalent effect. Governments in these jurisdictions and countries, as well as in more developed jurisdictions and countries, may be influenced by political or commercial considerations outside of Dana Gas' control, and may act arbitrarily, selectively or unlawfully, including in a manner that benefits Dana Gas' competitors.

Specific risks in the MENA Region that may have a material impact on Dana Gas' business, operating results, cash flows and financial condition include:

- an increase in inflation and the cost of living;
- political, social and economic instability;
- external acts of warfare, civil clashes and terrorist activities;
- governments' actions or interventions, including tariffs, protectionism and subsidies;
- regulatory, taxation and legal changes;
- difficulties and delays in obtaining new permits and consents for Dana Gas' operations or renewing existing ones;
- potential lack of reliability as to title to real property in certain jurisdictions where Dana Gas operates;
- cancellation of contractual rights;
- lack of infrastructure;

- expropriation of assets; and
- inability to repatriate profits and/or dividends.

Changes in investment policies or shifts in the prevailing political climate in any of the countries in which Dana Gas operates, or seeks to operate, could result in the introduction of increased government regulations with respect to, among other things:

- price controls;
- export and import controls;
- income and other taxes;
- environmental legislation;
- customs and immigration;
- foreign ownership restrictions;
- foreign exchange and currency controls; and
- labour and welfare benefit policies.

Any unexpected changes in the political, social, economic or other conditions in the MENA Region or neighbouring countries may have a material adverse effect on Dana Gas' business, financial condition and results of operations and may adversely affect Dana Gas' plans for further international expansion and investment.

It is not possible to predict the occurrence of events or circumstances such as or similar to those outlined above or the impact of such occurrences, and no assurance can be given that Dana Gas would be able to sustain its current profit levels if such events or circumstances were to occur.

Social and political instability in Egypt could materially adversely affect Dana Gas' ability to conduct its business effectively

Egypt has suffered from political instability and general social and civil unrest since early 2011. In Egypt, this led to a change in political leadership when Hosni Mubarak, the then-president of Egypt, resigned on 11 February 2011 after widespread protests against his rule, resulting in hundreds of people killed and thousands injured. The Egyptian military assumed control of Egypt, and, on 13 February 2011, the Egyptian parliament was dissolved. New parliamentary elections took place in Egypt in three stages, on 28 November 2011, 14 December 2011 and 3 January 2012, with the Muslim Brotherhood's Freedom and Justice Party winning the largest number of seats in those elections.

A presidential election was held in Egypt on 23 and 24 May 2012, with the final round of voting held on 16 and 17 June 2012. The Muslim Brotherhood's Freedom and Justice Party declared on 18 June 2012, that its candidate, Mohammed Morsi, had won Egypt's presidential election. After Morsi granted himself certain additional powers in late November 2012, including the power to legislate without judicial oversight or review of his acts, hundreds of thousands of protesters began demonstrating against him in late 2012 and early 2013. The demonstrations resulted in violent clashes between members of the Muslim Brotherhood's Freedom and Justice Party and the anti-Morsi protesters, resulting in several deaths and hundreds of injuries and culminating in the Egyptian military removing President Morsi from office in July 2013. In December 2013, the interim Government declared the Muslim Brotherhood a terrorist organisation and in May 2015 Mr. Morsi and 105 others were sentenced to death for their role in planning jailbreaks and attacks on police during the 2011 Revolution.

In March 2014, the then-defence minister, Field Marshal Al-Sisi, announced his intention to run for president and resigned from the military. Mr. Al-Sisi ran against Mr. Sabahi, the leader of the Egyptian Popular Current, in the elections and won with approximately 96.9 per cent. of the valid votes cast. President Al-Sisi has been in office since 8 June 2014.

In April 2017, the Egyptian armed forces in collaboration with the interior ministry launched an anti-terrorism campaign in the Sinai Peninsula. On 20 February 2018, the Egyptian army announced that it would be stepping up the military operations in the Sinai Peninsula under the name Operation Sinai 2018.

It is difficult to predict the likelihood of instability in one country or territory contributing to instability in other countries or territories within the region. The recent political instability and civil unrest in the MENA Region has caused significant disruption to the economies of affected countries and has had a destabilising effect on oil and gas prices. These effects could have a material adverse effect on Dana Gas' business, results of operations and financial condition.

Although Egypt has done well to improve its foreign exchange reserves significantly, any weakening economic conditions and turmoil in the financial markets in Egypt may result in an increase in the rate of unemployment or the failure of state and private enterprises to pay full salaries on time and the failure of salaries and benefits generally to keep pace with the increasing cost of living. These conditions have already led to certain labour and social unrest that may continue or escalate in the future. Such labour and social unrest may have widespread political, social and economic consequences, including restrictions on foreign involvement in the Egyptian economy, and increased tension between the Egyptian government and the Egyptian population. Any of these consequences could restrict Dana Gas' operations and lead to a loss of revenue, materially adversely affecting Dana Gas.

Terrorism and political and economic instability in Iraq and the surrounding region may have a material adverse effect on Dana Gas' business, financial condition and results of operations

Following the overthrow of the former Iraqi regime in 2003, Iraq was, and continues to be, subject to serious political and security concerns. Geopolitical instability and a poor security environment have historically been among the key risks associated with doing business in Iraq or investing in a company that is based or does substantial business in Iraq. In recent years, the war against *Daesh* has become the highest priority of the Federal Government of Iraq.

In June 2014, *Daesh* proclaimed itself to be a caliphate and began an offensive with the objective of taking over most of the territory in northern and western Iraq. *Daesh* captured significant territories in these regions, particularly in Anbar, Nineveh (where *Daesh* executed around 5,000 Yazidis after it captured the Sinjar District in August 2014) and Salah Al-Din governorates. *Daesh* also took control of Iraq's second largest city, Mosul, as well as the cities of Tikrit and Fallujah, close to Baghdad. It sought to occupy areas in the Kurdistan Region of Iraq and the Kirkuk governorate, where large oilfields are located, but its offensives there were largely repelled by warplanes from the international anti-*Daesh* coalition and Iraqi and Kurdish Peshmerga forces. *Daesh* attacks severely damaged important infrastructure, including Iraq's largest refinery in Baiji, which resulted in the closure of the refinery, and the export pipeline running from Kirkuk to Turkey. *Daesh* also threatened several important dams, although its offensives there ultimately were repelled.

On 9 December 2017, the Iraqi Prime Minister Haider Al-Abadi formally announced that Iraqi forces were in full control of the country's border with Syria and that Iraqi territory had been reclaimed. However, despite the victory over *Daesh*, Iraq remains faced with significant security threats, an economic crisis and the task of rebuilding the territory that has been destroyed by the fight against *Daesh*.

The rise of *Daesh* in Iraq had been in part spurred by, and has contributed to the growth of, the sectarian divisions in Iraq. According to international media reports and regional commentators (including the U.S. Department of Defense), an ongoing feature of Iraq's social and political landscape since 2003 has been the emergence of certain sectarian/ethnic tensions within Iraq, and a number of terrorist attacks and other instances of violence in Iraq since 2003 have had a sectarian motive. Dana Gas' assets in Iraq may therefore in the future be a target for terrorists and other non-state actors. Although the Presidency Council represents Sunni, Shi'a and Kurdish groups politically, sectarian divisions exist within Iraq that are based principally on religious, ethnic, geographical, territorial and tribal differences. Notably, there are differences and tensions between Sunni and Shi'a groups, and between Kurdish and Arab groups. Further divisions exist between the individual governorates that constitute the Republic of Iraq and between governorates and the federal parliament (the Council of Representatives of Iraq). The KRG and the Council of Representatives are also divided on certain issues, such as allocation of oil revenues, the delimitation of the Kurdistan Region of Iraq required by Article 140 of the Iraq Constitution and budget and military expenditure. These sectarian and other divisions also determine the political and economic landscape of Iraq. Any shift in such divisions may adversely affect the political and economic environment in which Dana Gas operates and could have a material adverse effect on Dana Gas' business, results of operations and financial condition.

The political issues of federalism and the autonomy of regions in Iraq are matters about which there are major differences between the various political factions in Iraq and between certain of these factions and the KRG. Specifically, in the Kurdistan Region of Iraq, and notwithstanding the constitutional footing enjoyed by the

Kurdistan Region of Iraq within the federal system of Iraq, the KRG and the Iraqi Government hold differing views in respect of who exercises jurisdiction over the management of oil and gas matters in the Kurdistan Region of Iraq.

As a result principally of the political and security factors discussed above, the Iraqi economy in recent decades has suffered from international isolation followed by instability in the country. Particular problems that have characterised the Iraqi economy have included currency fluctuations and devaluation, liquidity shortages, high interest rates, unemployment, corruption and systemic problems flowing from the underdeveloped nature of the banking and regulatory sectors. These factors are outside the control of Dana Gas. Economic instability and the re-occurrence of economic problems that Iraq has suffered in the past as a result of the political and security situation is outside Dana Gas' control, and could have a material and adverse effect on Dana Gas' revenues, financial condition, results of operations and continued growth.

Dana Gas is vulnerable to risks associated with its operations being concentrated in certain geographic areas

Dana Gas' operations are limited to a small number of geographic areas in the MENA Region, with the significant majority of its existing production concentrated in the Nile Delta region of Egypt and the Kurdistan Region of Iraq, with additional exploration and development projects also underway in the Nile Delta region of Egypt, as well as off the Sharjah and Ajman coastline in the UAE. To the extent Dana Gas' operations continue to be concentrated in a small number of geographic areas, it may be exposed disproportionately to the impact of localised events or circumstances, with a number of its concessions experiencing the same adverse conditions at the same time. Such adverse conditions could include delays or interruptions of production from wells caused by transportation capacity constraints, scarcity of equipment, facilities, personnel or services, political or social unrest, significant adverse governmental regulation, natural disasters, adverse weather conditions, wars or terrorist attacks. In addition, the effect of fluctuations in supply and demand may become more pronounced within specific geographic natural gas producing areas such as the MENA Region, which may cause some of these conditions to occur with greater frequency or magnify the effect of these conditions. The concentrated nature of Dana Gas' portfolio of concessions could result in such conditions having a relatively greater impact on Dana Gas' results of operations than they might have if Dana Gas had a more diversified portfolio of concessions and wider geographic exposure.

Dana Gas operates in locations where there are high security risks, which could result in harm to its employees and contractors or substantial costs

Some of Dana Gas' subsidiaries, associates and joint ventures operate in high-risk locations where the country or location is suffering from political, social or economic instability, or war or civil unrest. In those locations where Dana Gas has employees, assets or operations, those subsidiaries, associates and joint ventures may incur substantial costs to maintain the safety of their personnel and to protect their assets. Despite these precautions, the safety of Dana Gas' personnel in these locations may continue to be at risk.

Dana Gas' facilities could be exposed to catastrophic events, including natural disasters, terrorist attacks or war, over which Dana Gas has no control

Dana Gas may be exposed to the effects of natural or man-made disasters and other potentially catastrophic events, such as fire, earthquakes, major accidents, armed conflicts, hostilities and acts of terrorism, all of which are beyond Dana Gas' control.

The continued threat of terrorist activity and other acts of war, or hostility, have significantly increased the risk of political, economic and social instability in some of the geographic areas in which Dana Gas operates. It is possible that further acts of terrorism may occur domestically or abroad and such acts of terrorism could be directed against Dana Gas' property and personnel and have a material adverse effect on Dana Gas' business, results of operations and financial condition.

Dana Gas may also face civil liabilities or fines in the ordinary course of its business as a result of damages to third parties caused by natural and man-made disasters. These liabilities may result in Dana Gas being required to make indemnification payments in accordance with applicable laws to the extent and in the amount that such indemnification payments are not covered by Dana Gas' insurance policies.

While Dana Gas seeks to take precautions against such disasters, maintain disaster recovery strategies and purchase levels of insurance coverage that Dana Gas regards as commercially appropriate, should any damage

occur and be substantial, Dana Gas could incur losses and damages not recoverable under insurance policies in force, which could have a material adverse effect on Dana Gas' business, results of operations and financial condition.

Interpretation and application of the laws and regulations of the countries in which Dana Gas operates can be uncertain and could adversely affect Dana Gas

If a dispute arises in connection with Dana Gas' operations, it may be subject to the exclusive jurisdiction of a court or arbitration tribunal outside the countries in which it operates or may not be successful in subjecting certain counterparties, especially oil ministries and NOCs, to the jurisdiction of the UAE, Iraq, Egypt or any other jurisdictions in which Dana Gas operates.

The jurisdictions in which Dana Gas operates may have less developed legal systems than more established economies which may result in risks such as:

- effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or, in an ownership dispute, being more difficult to obtain;
- a higher degree of discretion on the part of governmental authorities;
- the lack of judicial or administrative guidance on interpreting applicable rules and regulations;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- relative inexperience of the judiciary and courts in such matters.

Enforcement of laws in some of the jurisdictions in which Dana Gas operates may depend on and be subject to the interpretation placed upon such laws by the relevant local authority, and such authority may adopt an interpretation of an aspect of local law which differs from the advice that has been given to Dana Gas. There can be no assurance that contracts, joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or the effectiveness and enforcement of such arrangements in these jurisdictions. In certain jurisdictions, the commitment of local businesses, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain and may be susceptible to revision or cancellation, and legal redress may be uncertain or delayed.

Legal and regulatory systems may create an uncertain environment for investment and business activities

Many countries in the MENA Region are in the process of developing institutions and legal and regulatory systems which are not yet as firmly established as in Western Europe and the U.S.A. Some countries are also in the process of transitioning to a market economy and, as a result, may experience changes in their economies and government policies (including, without limitation, policies relating to foreign ownership, repatriation of profits, property and contractual rights and planning and permit-granting regimes) that may affect Dana Gas' business.

No assurance can be given that the governments in the countries in which Dana Gas maintains operations or owns assets will not implement regulation or fiscal or monetary policies, including regulations, or new legal interpretations of existing regulations, relating to or affecting taxation, interest rates or exchange controls, or otherwise take actions which could have a material adverse effect on Dana Gas' business, financial condition, results of operations or prospects.

Risks Relating to the Certificates

For the purposes of this section, capitalised terms not defined here shall have the meanings given to them in the section entitled "*Terms and Conditions of the Certificates*".

The Certificates may be subject to early redemption

The Certificates may be redeemed prior to the Scheduled Redemption Date at the option of the Trustee at any time or times in whole or in part, in cash, for an amount equal to their face amount outstanding together with all unpaid accrued Periodic Distribution Amounts, as more particularly described in Condition 6.3 (*Redemption at the Option of the Trustee*) of the Conditions.

The Trustee may also redeem the Certificates at the Redemption Amount (as defined herein) in the event of certain changes affecting taxation in the UAE (as more particularly described in Condition 6.5 (*Redemption for Taxation Reasons*) of the Conditions).

Any such early redemption feature is likely to limit the market value of the Certificates. During any period when the Trustee may elect to redeem the Certificates, the market value of the Certificates generally will not rise substantially above the Relevant Redemption Amount payable. The Trustee may be expected to redeem the Certificates when Dana Gas' cost of financing is lower than the profit rate (including such additional amounts as are referred to above) on the Certificates. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective profit rate as high as the profit rate on the Certificates and may only be able to do so at a significantly lower rate. Potential investors should consider re-investment risk in light of other investments available at that time.

Enforcing foreign judgments and arbitral awards in the UAE

The payments and/or deliveries under the Certificates are dependent upon Dana Gas making payments and/or deliveries to the Trustee in the manner contemplated under the Transaction Documents. If Dana Gas fails to do so, it may be necessary to bring an action against Dana Gas to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time consuming.

Each of the Declaration of Trust, the Agency Agreement, the Purchase Agreement, the *Ijara* Agreement, the Settlement Deed, the Receivable Scheduling Agreement, the Servicing Agency Agreement, the Purchase Undertaking, the Sale Undertaking, the Substitution Undertaking, any Sale Agreements and any Substitution Transfer Agreements, the Assignment Agreement, the Security Agency Agreement and the Security Agreement in respect of shares in Dana LNG Ventures Ltd. and the Certificates are governed by English law (the “**English Law Documents**”).

Investors may have difficulties in enforcing any English court judgments or arbitral awards, which do not satisfy the requirements of UAE laws, against Dana Gas in the courts of Sharjah.

Under current UAE law, and in the absence of any bilateral treaty for the reciprocal enforcement of foreign judgments, the UAE and Sharjah courts are unlikely to enforce a foreign court judgment without examining the merits of the claim, to which they may simply apply UAE law; thus ignoring the choice by the parties of English law as the governing law of the Certificates or the English Law Documents. In the unlikely event that the parties' choice was respected, it is important to note that in the UAE, foreign law is required to be established as a question of fact. Therefore, the interpretation of English law by a court in the UAE may not accord with the interpretation of an English court. In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. They will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or to any mandatory law of, or applicable in, the UAE. Accordingly, even if English law is accepted as the governing law, it will only be applied to the extent that it is compatible with Sharjah and UAE law and public policy.

The UAE is a civil law jurisdiction and judicial precedents in the UAE have no binding effect on subsequent decisions. In addition, there is no formal system of reporting court decisions in the UAE. These factors create greater judicial uncertainty than would be expected in other jurisdictions.

The parties to the English Law Documents have agreed to refer any unresolved dispute in relation to such documents to arbitration under the LCIA Rules, with the seat of the arbitral tribunal in London (or, subject to the exercise of an option to litigate given to relevant parties the courts of England or the courts of the DIFC are stated to have jurisdiction to settle any disputes).

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the “**New York Convention**”) entered into force in the UAE on 19 November 2006. In the absence of any other multilateral or bilateral enforcement convention, an arbitral award rendered in London should be enforceable in the UAE as a foreign award in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the UAE courts find that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of the UAE. There have been limited instances where the UAE courts, most notably the Fujairah Court of First Instance and the Dubai Court of Cassation, have

ratified or ordered the recognition and enforcement of foreign arbitral awards under the New York Convention. How the New York Convention provisions would be interpreted and applied by the UAE courts in practice and whether the UAE courts will enforce a foreign arbitral award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention), remains largely untested. This is reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems independent of the federal system, and whose rulings may have no more than persuasive force cross-border. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards have been refused, with, for example, the relevant judge confusing the requirements for the enforcement of domestic awards with the requirements for the enforcement of foreign awards under the UAE Federal Law No. 1 of 1992 as amended, or ignoring the provisions of Article 238 of Federal Law No. 11 of 1992 (as amended by Federal Law No. 30 of 2005) (the “**Law of Civil Procedure**”). Article 238 of the Law of Civil Procedure provides that Articles 235 to 237 (which deal with enforcement of foreign judgments, orders and instruments and which contain onerous requirements which must be satisfied before enforcement will be considered by the UAE courts) apply only in the absence of multilateral or bilateral conventions such as the New York Convention.

Future attitudes of UAE courts regarding interest cannot be predicted and there is no principle of binding precedent in the UAE courts

Although, under the laws of the UAE, contractual provisions for the charging and payment of interest are permissible and have been routinely enforced, a court applying the laws of the UAE may not enforce such a provision either to pay interest on unpaid interest amounts or to the extent that, on a given date, accrued but unpaid interest exceeded outstanding principal. The future attitude of UAE courts and the laws of the UAE regarding interest cannot be predicted.

There is no doctrine of binding precedent in the UAE courts and decisions of the UAE courts are not widely available. As a result, any experience with and knowledge of prior rulings of the UAE courts may not be a reliable basis from which to predict decisions that UAE courts may adopt in the future. The outcome of any legal disputes remains uncertain.

Enforcing U.S. judgments against Dana Gas

Dana Gas is a public joint stock company incorporated under the laws of the UAE. All of Dana Gas’ directors and officers reside outside of the United States. In addition, all or substantially all of Dana Gas’ assets are located outside of the United States. As a result, it may be impossible for holders of the Certificates to effect service of process within the United States on Dana Gas and its directors and officers, or to enforce against any of them in the United States courts, judgments obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States or any State or territory within the United States. In addition, there is doubt as to the enforceability, in original actions in UAE courts, of liabilities predicated in whole or in part on the U.S. federal securities laws.

Enforcing foreign judgments in Egypt

According to the Egyptian Civil and Commercial Procedures Code, foreign court judgments are enforceable in Egypt without an examination of the merits of the claim, provided that the following conditions are satisfied:

- (a) the foreign courts offer reciprocal treatment to judgments obtained in the courts of Egypt.;
- (b) the courts of Egypt are not exclusively competent to hear the dispute which constituted the object of the foreign judgment while the foreign courts are shown to have been competent to hear the dispute in accordance with their own respective laws;
- (c) the parties to the dispute were duly notified and properly represented in the proceedings;
- (d) the foreign judgment is final and conclusive (*res judicata*) in accordance with applicable law; and
- (e) the foreign judgment does not conflict with a prior Egyptian judgment in the same case and is not contrary to public order or morality in Egypt.

Under current Egyptian law, and in the absence of any bilateral treaty for the reciprocal enforcement of foreign judgments, the UAE and Sharjah courts are unlikely to enforce a foreign court judgment without examining the merits of the claim. Since no bilateral treaty for the reciprocal enforcement of foreign judgments exists between Egypt and the UK, English courts judgments are unlikely to be enforceable in Egypt without such an examination of the merits of the claim. DIFC court judgments are only enforceable in Egypt without an examination of the merits of the claim if the other conditions under the Egyptian Civil and Commercial Procedures Code, as set out above, are satisfied. In the event that the above conditions are not satisfied, the courts of Egypt will examine the merits of the claim, to which they may simply apply Egyptian law.

Enforcing arbitral awards in Egypt

In respect of the enforceability of arbitral awards in Egypt, Egypt has adhered to the New York Convention. The enforcement provisions under the Egyptian Arbitration Law mirror the requirements under the New York Convention with minor modifications. Enforcement of an arbitral award in Egypt is subject to the satisfaction of the following conditions:

- (a) the award contradicts a judgment previously rendered by the courts on the subject matter of the dispute;
- (b) the award violates public policy in Egypt; or
- (c) the award was not notified to the party against whom it was rendered.

In the event that the above conditions are not satisfied, the courts of Egypt may refuse to enforce the arbitral award in Egypt.

Claims for specific performance

If Dana Gas fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include: (i) obtaining an order for specific performance of Dana Gas' obligations; (ii) a claim for damages; or (iii) the enforcement of the Security.

There is no assurance that a court will provide an order for specific performance, as this is generally a matter for the discretion of the relevant court. The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors, including the amount of damage that the Trustee or the Delegate has suffered and which could not be reasonably avoided and an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of such breach. No assurance is provided on the level of damages which a court may award in the event of a failure by Dana Gas to perform its obligations set out in the Transaction Documents to which it is a party.

Suitability of investment

The Certificates are complex financial instruments and may not be a suitable investment for all investors.

Each potential investor in the Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained in these Listing Particulars;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact the Certificates will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates or where the currency for principal is different from the potential investor's currency;
- understand thoroughly the terms of the Certificates and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Certificates are legal investments for it; (ii) the Certificates can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules.

Certificateholders must rely on Euroclear and Clearstream procedures

The Certificates will be represented on issue by Global Certificates that will be deposited with a common depository for Euroclear and Clearstream. Except in the circumstances described in the Global Certificates, investors will not be entitled to receive Certificates in definitive form. Euroclear and Clearstream and their respective direct and indirect participants will maintain records of the ownership interests in the Global Certificates. While the Certificates are represented by the Global Certificates, investors will be able to trade their ownership interests only through Euroclear and Clearstream and their respective participants.

While the Certificates are represented by the Global Certificates, the Trustee will discharge its payment obligation under the Certificates by making payments through the relevant clearing systems. A holder of an ownership interest in any of the Global Certificates must rely on the procedures of the relevant clearing system and its participants to receive payments under the Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, ownership interests in the Global Certificates.

Holders of ownership interests in any of the Global Certificates will not have a direct right to vote in respect of the Certificates so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

No assurance can be given as to Shari'ah rules

The *Shari'ah* advisory board of Dar Al-Sharia have confirmed that the Transaction Documents are, in their view, *Shari'ah* compliant. However, there can be no assurance that the Transaction Documents or the issue and trading of the Certificates will be deemed to be *Shari'ah* compliant by any other *Shari'ah* board or *Shari'ah* scholars. None of the Trustee, the Agent or the Delegate makes any representation as to the *Shari'ah* compliance of the Certificates and/or any trading thereof, and potential investors are reminded that, as with any *Shari'ah* views, differences in opinion are possible. Potential investors should obtain their own independent *Shari'ah* advice as to the compliance of the Transaction Documents and the issue and trading of the Certificates with *Shari'ah* principles. Dana Gas has undertaken, in each Transaction Document, not to raise any dispute in relation to the compliance of the Transaction Documents or the transactions contemplated within them with *Shari'ah* principles.

In addition, prospective investors are reminded that Dana Gas has agreed under the English Law Documents to submit to the jurisdiction of the courts of England. In such circumstances, the judge will first apply English law rather than *Shari'ah* principles in determining the obligations of the parties.

Certificates with a denomination that is not an integral multiple of the specified denomination may be illiquid and difficult to trade

As the Certificates have a denomination consisting of the specified denomination of U.S.\$36,000 plus higher integral multiples of U.S.\$1, it is possible that the Certificates may be traded in amounts in excess of such specified denomination that are not integral multiples of such specified denomination. In such a case a Certificateholder who, as a result of trading such amounts, holds a face amount of less than the specified denomination would need to purchase an additional amount of Certificates such that it holds an amount equal to at least the specified denomination to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

If a Certificateholder holds an amount which is less than the specified denomination in his account with the relevant clearing system at the relevant time, such Certificateholder may not receive a Definitive Certificate in respect of such holding (should Definitive Certificates be printed) and would need to purchase a face amount of Certificates such that it is holding amounts to at least a specified denomination in order to be eligible to receive a Definitive Certificate.

If Definitive Certificates are issued, holders should be aware that Definitive Certificates which have a denomination that is not an integral multiple of the specified denomination may be illiquid and difficult to trade.

Consents are required in relation to the variation of Transaction Documents and other matters

The Conditions of the Certificates contain provisions for calling meetings of Certificateholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Certificateholders, including those who did not attend and vote at the relevant meeting and those who voted in a manner contrary to the majority.

Exchange rate risks and exchange controls

The Trustee will make all payments on the Certificates in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **"Investor's Currency"**) other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Trustee does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease: (i) the Investor's Currency-equivalent yield on the Certificates; (ii) the Investor's Currency equivalent value of the principal payable on the Certificates; and (iii) the Investor's Currency equivalent market value of the Certificates.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate as well as the availability of a specified foreign currency at the time of any payment of any amount in respect of a Certificate. As a result, investors may receive less under the Certificates than expected, or no such amounts. Even if there are no actual exchange controls, it is possible that U.S. dollars for any particular Certificate may not be available on the date for such Certificate's redemption.

The UAE has a relatively untested bankruptcy regime, which may adversely affect the ability of Certificateholders to enforce their rights against Dana Gas in the UAE

In the event of an insolvency of Dana Gas, UAE bankruptcy law may adversely affect Dana Gas' ability to perform its obligations under the Purchase Undertaking and, therefore, the Trustee's ability to make payments to Certificateholders. There is little precedent to predict how the claims on behalf of Certificateholders would be resolved in the case of an insolvency of Dana Gas. The rules and procedures generally governing bankruptcy of individuals or companies that carry out commercial activities are set out in Federal Decree Law No. 9 of 2016 on Bankruptcy (the **"Bankruptcy Law"**), which came into force on 20 December 2016. The Bankruptcy Law is applicable to Dana Gas. In addition, the respective laws under which Dana Gas was incorporated also contain rules and procedures governing dissolution and winding up which are applicable with respect to Dana Gas. Certain of these procedures are supervised by the UAE courts and/or a trustee in bankruptcy, which are granted certain discretions. There can be no assurances that a UAE court would compel a bankruptcy administrator to perform any of Dana Gas' obligations under the Purchase Undertaking during an administration period.

Under the Bankruptcy Law, set-off arrangements are enforceable on an insolvency to the extent that the rights and obligations of the parties arise from one cause. Therefore, there is a risk that in relation to any provision in the Purchase Undertaking which might confer a right of set-off, a UAE court may decide that two or more separate transactions are insufficiently connected and hold that such right of set-off is ineffective against a trustee in bankruptcy, liquidator, administrator or creditor of Dana Gas while in the process of winding up, insolvency, bankruptcy, liquidation or similar process in relation to Dana Gas.

Under the Bankruptcy Law, the Certificateholders as secured creditors are empowered to request the UAE court to impose a moratorium on Dana Gas for the interest of the Certificateholders and the interest of the secured assets. The UAE court may issue, after consultation with the trustee appointed by the UAE court for the purpose of the bankruptcy proceedings, a decision to form one or more committees of ordinary creditors, secured or preferential creditors and/or bond and sukuk holders for restructuring the debts of Dana Gas. Each committee may select its representative from among the creditors or the legal or financial consultants. The representative of such committee shall be notified of all correspondence related to the meeting, minutes and proceedings and such

representative shall be responsible for notifying the creditors represented by the committee, including the Certificateholders

The UAE court may, based on the proposal of the trustee appointed by the UAE court for the purpose of the bankruptcy proceedings, restrict the selected representative's powers or relieve him of his duties if such trustee finds that the powers granted to the representative are broad and harmful to the interests of all the creditors or the creditors represented by the committee, including the Certificateholders. The UAE court may also reform such committee, if deemed necessary.

Notwithstanding the debts of Dana Gas, including the Certificates, the following debts shall be paid when due according to the order of priority set forth below:

- (a) any UAE court fees or costs or any fees or expenses of any trustee to be appointed and any expenses incurred during the relevant proceedings or transactions;
- (b) any fees, expenses or costs incurred after the issuance of the decision initiating the liquidation proceedings for the purpose of providing the debtor with goods and services, or for the continuation of the performance of any contract in accordance with the provisions of the Bankruptcy Law, to the extent that such fees, costs and expenses achieve benefits for the debtor's business or assets; and
- (c) any new unsecured financing obtained in accordance with the Bankruptcy Law, including the amount of the original debt, and unpaid related interests and expenses. This shall apply if the value of the security granted to the new financing is not sufficient to pay all due amounts to pay such financing.

In the event that the UAE court delivers a judgment declaring Dana Gas' bankruptcy and liquidation of its assets in accordance with the provisions of Bankruptcy Law, the secured or preferential creditors (including the Certificateholders) shall be given priority over ordinary creditors, on a pro-rata basis. All reasonable fees and expenses incurred by the trustee appointed by the UAE court during the sale of such secured assets shall be deducted from the sale proceeds of the assets securing the secured debts before distributing the same to secured creditors, including the Certificateholders.

If such trustee appointed by the UAE court does not initiate the sale of the encumbered assets within one month from the date on which the judgment is issued declaring Dana Gas' bankruptcy and liquidation of its assets, the Certificateholders shall be entitled to request permission from the UAE court to enforce their securities even if such assets have not been accepted by the UAE court during the bankruptcy proceedings, and the UAE court shall decide on whether or not to grant such permission for enforcement of the securities underlying the Certificates within 10 working days from the date of the said request.

Change in law

The structure of the issue of the Certificates is based on English law. No assurance can be given as to the impact of any possible change to English law after the date of these Listing Particulars, nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments and/or make deliveries under the Certificates or of Dana Gas to comply with its obligations under the Transaction Documents.

No secondary market

There can be no assurances that a secondary market for the Certificates will develop, or if a secondary market does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of the Certificates. The market value of the Certificates may fluctuate. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. Consequently, any sale of Certificates by Certificateholders in any secondary market that may develop could be at a discount from the original purchase price of such Certificates and, accordingly, an investor in the Certificates must be prepared to hold the Certificates until the Certificates have been redeemed or all amounts then due have been paid in full.

Application has been made to Euronext Dublin for the approval of this document as Listing Particulars. Application has been made to Euronext Dublin for the Certificates to be admitted to the Official List and trading on the Global Exchange Market which is the exchange-regulated market of Euronext Dublin. There can be no assurance that any such application will be successful or that any such listing will be granted or maintained. The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EU. The Bank of New

York Mellon SA/NV, Dublin Branch is acting solely in its capacity as listing agent for the Trustee in connection with the Certificates and is not itself seeking admission of the Certificates to trading on the Main Securities Market or the Global Exchange Market of Euronext Dublin.

The Certificates may be issued with original issue discount for U.S. federal income tax purposes

The Certificates may be issued with original issue discount (“**OID**”) for U.S. federal income tax purposes. If the Certificates are issued with OID for U.S. federal income tax purposes, U.S. investors in such Certificates will generally be required to include amounts representing OID in their gross income as it accrues in advance of the receipt of cash payments attributable to such income using the constant yield method. See “*Taxation – United States Federal Income Taxation*”.

The U.S. Internal Revenue Service may treat the Certificates as interests in a grantor trust for U.S. federal income tax purposes, which may result in the Trustee and U.S. investors being subject to significant penalties

The U.S. Internal Revenue Service (the “**IRS**”) may seek to characterise the Certificates as interests in a grantor trust for U.S. federal income tax purposes. Under this characterisation, the Trustee and U.S. investors would be required to comply with certain information reporting requirements applicable to foreign trusts, or risk significant penalties. The Trustee does not expect that it will provide information that would allow either itself or U.S. investors to comply with these requirements if they were determined to be applicable. Should the IRS characterise the Certificates as interests in a grantor trust and should the Trustee be unable to provide the information necessary for itself and for U.S. investors to comply with the foreign trust information reporting requirements, both the Trustee and U.S. investors may be subject to significant penalties that may adversely affect the Trustee’s financial position and the returns of U.S. investors from the Certificates. See “*Taxation – United States Federal Income Taxation*”.

Risks Relating to the Trust Assets

For the purposes of this section, capitalised terms not defined here shall have the meanings given to them in the section entitled “*Terms and Conditions of the Certificates*”.

Transfer of the Trust Assets

While the Purchase Agreement will be governed by English Law, substantially all of the initial *Ijara* Assets (which will be transferred to the Trustee pursuant to the Purchase Agreement) are located in the Emirate of Sharjah. To the extent that the laws of the Emirate of Sharjah and, to the extent applicable in Sharjah, the federal laws of the UAE are applied in relation to any dispute relating to the Purchase Agreement or the transfer of the *Ijara* Assets, there are doubts whether an ownership interest in certain *Ijara* Assets can be effectively transferred without registration of the transfer with appropriate authorities. Accordingly, no assurance is given that any ownership interest in the *Ijara* Assets will be effectively transferred to the Trustee.

Dana Gas has agreed in the Purchase Undertaking to indemnify the Issuer for the purposes of redemption in full of the outstanding Certificates in the event that any transfer of the *Ijara* Assets is found to be ineffective.

In the event that the Trust Assets are not purchased by Dana Gas for any reason, the Delegate will seek to enforce the above provisions of the Purchase Undertaking.

It is likely that, in any action heard by them, the courts of Sharjah would review the transaction as a whole and seek to uphold the intention of the parties to treat the arrangements as a financing transaction on the terms agreed, provided that the transaction is not recharacterised as a sale and purchase of assets as described below.

A Sharjah court may characterise the transactions contemplated by the Transaction Documents as a sale and purchase of assets that is void as a result of the failure to register the transfer of the *Ijara* Assets as described above and may therefore refuse to enforce the indemnity in the Purchase Undertaking. Accordingly, Dana Gas would be required to return the purchase price it received for those assets to investors less any amounts already paid to investors in respect of those assets (i.e. Periodic Distribution Amounts paid under the Certificates). As a result, in this particular situation, investors in the Certificates may not receive back the full amount of their investment.

Prospective investors should note that, to Dana Gas’ knowledge, this matter has not been considered by the courts of Sharjah, therefore there can be no assurance as to the approach that would be taken by the courts of Sharjah in such circumstances.

Total Loss Event

As owner of the *Ijara* Assets, the Trustee is required, among other things, to insure the *Ijara* Assets. In accordance with *Shari'ah* principles, the Trustee has delegated this obligation to Dana Gas, as its servicing agent, which has undertaken in the Servicing Agency Agreement, *inter alia*, to insure the *Ijara* Assets in the name of the Trustee against the occurrence of a Total Loss Event for their full reinstatement value (and to ensure, in relation to each relevant Series, that such amount is not at any time less than an amount equal to the full reinstatement value of the *Ijara* Assets; which shall not be less than an amount equal to the aggregate face amount of the Certificates then outstanding less the then current Deferred Amount, if any). A Total Loss Event is defined as the total loss or destruction of, or damage to the whole of, the *Ijara* Assets or any event or occurrence that renders the whole of the *Ijara* Assets permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted by any third party in respect of the *Ijara* Assets) the repair or remedial work in respect thereof is wholly uneconomical.

Nevertheless, should such an event occur, the relevant *Ijara* Agreement will terminate and the Certificates will be repaid using the proceeds of the insurance received by the Trustee and the Deferred Amount. In this scenario, potential investors should be aware that: (i) rental under the *Ijara* Agreement will cease upon the occurrence of a Total Loss Event as the *Ijara* Agreement will have terminated and accordingly the Periodic Distribution Amount received by the Certificateholders will reflect this fact and (ii) there may be a delay in the Trustee receiving the proceeds of insurance and therefore in the relevant Certificateholders receiving a Redemption Amount in respect of their Certificates and no additional Periodic Distribution Amount will be paid in respect of this delay. In this regard, the Servicing Agency Agreement provides that if the insurance proceeds for an amount equal to the full reinstatement value are not paid into the Transaction Account within thirty-one (31) days of the occurrence of the Total Loss Event, Dana Gas, as Servicing Agent, shall have failed in its responsibility to properly insure the Trust Assets and accordingly (unless it proves beyond any doubt that any shortfall in the insurance proceeds is not attributable to its negligence or its failing to comply with the terms of the Servicing Agency Agreement relating to insurance) Dana Gas shall be responsible for paying any shortfall. The Delegate will be entitled to enforce this undertaking against Dana Gas on behalf of the Certificateholders.

Risks Relating to the Security

For the purposes of this section, capitalised terms not defined here shall have the meanings given to them in the section entitled “*Summary of the Transaction Documents – Security*”.

Upon a default under the Certificates, the Trustee, the relevant Security Agent and/or the Delegate may not be able to realise all of the Security and, if realised, the realisation proceeds of the Security may not be sufficient to cover all loss suffered by the Certificateholders by reason of the relevant default

The obligations of Dana Gas under the Purchase Undertaking are secured by the Security which has been granted in favour of the relevant Security Agent for the benefit of the Secured Parties (as more particularly described under “*Summary of the Transaction Documents – Security*”).

The Security will be subject to any and all exceptions, defects and other imperfections as may from time to time exist. The existence of any such exceptions, defects and other imperfections could adversely affect the value of the Security as well as the ability of the relevant Security Agent to realise or foreclose on such Security.

The value of the Security at any time will depend on market and other economic conditions, including the availability of suitable buyers. By their nature, some or all of the charged assets may be illiquid and may have no readily ascertainable market value. There can be no assurance that the fair market value of the Security as at the date of these Listing Particulars exceeds the face amount of the obligations secured thereby. The value of the assets charged as Security for the Certificates could be impaired in the future as a result of changing economic conditions, Dana Gas’ failure to implement its business strategy, competition and other future trends.

Realisation of the Security by the relevant Security Agent may be subject to practical problems generally associated with the realisation of security interests in the Security. For example, the relevant Security Agent may be required to obtain the consent or cooperation of a third party to obtain or enforce a security interest in a contract. There can be no assurance that the relevant Security Agent will be able to obtain any such consent or cooperation. There can also be no assurance that the consents or cooperation of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, neither Security Agent may have the ability to foreclose upon those assets and the value of the Security may significantly decrease.

It may be difficult or impossible for the relevant Security Agent to enforce the Security under the laws of any of the BVI, the UAE, Egypt or Bahrain. In particular, in relation to enforcement of the UAE Mortgage, the land subject to the UAE Mortgage may only be sold to a small pool of buyers made up of Emirati nationals. Even if the relevant Security Agent is able to enforce all of its rights under the Security and dispose of the secured property, the proceeds of such disposal may not be sufficient to meet all amounts payable by Dana Gas under the Purchase Undertaking. Accordingly, investors should not place undue reliance on the Security. See “*Summary of the Transaction Documents – Security*”.

The Egyptian Assignment Agreement does not confer a security interest in the Egyptian Receivables on the Closing Date

The obligations of Dana Gas Egypt under the Egyptian Assignment Agreement are only contractual in nature and do not confer a security interest in favour of the Local Security Agent on the Closing Date as the assignment of the receivables is purported to be conditional upon the occurrence of a Dissolution Event. The conferral of a security interest in the Egyptian Receivables in favour of the Local Security Agent is therefore contingent upon, among other things, the Local Security Agent giving notice to the Gas Sale Counterparty that the Egyptian Assignment Agreement is enforceable, following a Dissolution Event.

Further, if no security interest in the Egyptian Receivables is conferred in favour of the Local Security Agent at the point of enforcement, the Egyptian Assignment Agreement will be viewed merely as a contractual arrangement and the Local Security Agent’s interest in the Egyptian Receivables will likely rank *pari passu* with the other unsecured creditors of Dana Gas Egypt in the event of its insolvency.

The Local Security Agent could face challenges collecting the Egyptian Receivables on enforcement of its rights under the Egyptian Assignment Agreement

If, upon the occurrence of a Dissolution Event, the Local Security Agent enforces its rights under the Egyptian Assignment Agreement, the Local Security Agent will have a claim against one or more Gas Sales Counterparties to the proceeds assigned under the relevant Gas Sales Agreements. There is a significant risk that the Local Security Agent would face similar, if not greater, difficulties faced by Dana Gas in collecting outstanding receivables under the relevant Gas Sales Agreements (see “*Dana Gas is facing challenges in collecting outstanding receivables in Egypt and the Kurdistan Region of Iraq*”). These difficulties may be exacerbated by the fact that the Local Security Agent would have been neither party to the relevant Gas Sales Agreement nor party to previous negotiations with the Gas Sales Counterparty regarding non-payment of the deliverables.

However, there is a risk that the Gas Sales Counterparty may dispute the enforcement of the Egyptian Assignment Agreement, and could refuse to honour any contractual obligation to deliver receivables to the Local Security Agent. In such a case, the Local Security Agent would have a contractual claim against the government of Egypt, or a state-owned national oil company of Egypt, in the courts of Egypt. There can be no assurance of such a claim succeeding. In addition, under Article 87 of the Egyptian Civil Code, certain assets owned by public authorities are not subject to attachment if they are “allocated either in fact or by virtue of a law or a decree for purposes of public utility”. Hence, the assets of the Gas Sales Counterparties that are allocated for a public utility cannot be legally attached or seized. Should the Local Security Agent obtain a favourable judgement, it may prove difficult to seize assets of such entities.

The obligations of Dana Gas Egypt under the Egyptian Assignment Agreement are only contractual in nature and the assignment does not take effect until the occurrence of a Dissolution Event. The Egyptian Assignment does not confer a security interest in favour of the Local Security Agent on the Closing Date as the assignment of the receivables is purported to be triggered upon the occurrence of a Dissolution Event, when the Local Security Agent gives notice to the relevant Gas Sale Counterparty that the Egyptian Assignment Agreement is taking effect (that is, following a Dissolution Event).

In order for the Local Security Agent to enforce its rights under the Egyptian Assignment Agreement, a Dissolution Event must have occurred. One of the possible causes of a Dissolution Event resulting in acceleration under the Certificates would be the failure of Dana Gas to pay any amount payable pursuant to any Transaction Document. One likely cause of such failure by Dana Gas would be liquidity problems resulting from failure to collect all of its outstanding receivables. In such circumstances, given that the flow of receivables under the Gas Sales Agreement would have slowed down considerably, the likelihood of the Local Security Agent collecting any outstanding receivables in such circumstances could be reduced significantly.

Assignment of the Egyptian Receivables is restricted by the terms of the Gas Sales Agreements

Each of the Gas Sales Agreements contains certain prohibitions on the assignment of rights and obligations thereunder without the prior consent of the relevant Gas Sales Counterparty and in accordance with the relevant provisions of the Concession Agreements. Under Article 305 of the Egyptian Civil Code, an assignment becomes valid *vis-à-vis* third parties when the debtor accepts or acknowledges the assignment of the creditor's rights and such acceptance or acknowledgement is date-certified. Despite the best endeavours of Dana Gas to obtain these consents or acknowledgements in respect of each Gas Sales Agreement, as at the date of these Listing Particulars, such consent or acknowledgement may not have been obtained or may not be in the form requested by Dana Gas. Dana Gas has provided an undertaking that it will execute the Egyptian Assignment Agreement and take all actions required to create and perfect the security created or intended to be created under or evidenced by the Egyptian Assignment Agreement to the satisfaction of the Local Security Agent on or before the date falling forty-five (45) days after the Closing Date.

There can be no assurance that such consent or acknowledgement will be forthcoming on or before the date falling forty-five (45) days after the Closing Date. If such consent or acknowledgement is not obtained, the assignments contemplated by the Egyptian Assignment Agreement will not be valid *vis-à-vis* third parties in accordance with the Egyptian Civil Code. In addition, failure to procure these acknowledgments would result in a breach of the relevant Gas Sales Agreement and the Concession Agreement under which the Gas Sales Agreement was granted. A failure by Dana Gas to perfect the security contemplated by the Egyptian Assignment Agreement may result in a Dissolution Event under the Conditions.

Political instability in Egypt could materially adversely affect the ability of the Local Security Agent to enforce its rights under the Egyptian Assignment Agreement

The recent political instability in Egypt and subsequent changes in leadership (see “– *Risks relating to the Countries in which Dana Gas Operates – Social and political instability in Egypt could materially adversely affect Dana Gas’ ability to conduct its business effectively*”) have resulted in uncertainty in the administration and organisation of the Egyptian government and various Egyptian state-owned entities, and have resulted in stagnation in the bureaucracy of these entities. The Gas Sales Counterparties are each state-owned NOCs of Egypt. If, upon the occurrence of a Dissolution Event, the Local Security Agent enforces its rights under the Egyptian Assignment Agreement, the Local Security Agent will need to rely on the acceptance or acknowledgement given by such state-owned NOCs in order to collect the Egyptian Receivables. The aforementioned uncertainty in the administration and organisation of such entities may result in the Local Security Agent facing difficulties in any negotiations or arrangements which would need to be entered into for the purpose of enforcing its rights under the Egyptian Assignment Agreement.

The above-mentioned political instability has also resulted in uncertainty relating to the justice system and the civil procedure regime in Egypt, and the ability of parties to contractual arrangements to enforce their rights under such arrangements may be compromised. This instability may result in severe delays in obtaining any judgement from an Egyptian court. If the Local Security Agent requires judicial remedies in respect of enforcement of its rights under the Egyptian Assignment Agreement, it will need to rely upon the Egyptian courts. There can be no assurance that any such remedies could be obtained on a timely basis, if at all. Furthermore, the inclination of an Egyptian court to issue a judgment in favour of the Local Security Agent against a state-owned national oil company cannot be assured, notwithstanding the merits of the proceedings brought before the court by the Local Security Agent.

Availability of hard currency in Egypt

The Egyptian Banking Law and the Concession Agreements allow the free repatriation of funds of concessionholders provided that the transfer of foreign currency from Egypt be made through banks registered in Egypt.

Registration of the UAE Mortgages at the Sharjah Lands Department may be delayed or may not be completed and, even if registered, may not be enforceable

Under the laws of the UAE, details of the UAE Mortgage must be registered at the Sharjah Lands Department (the Government of Sharjah's property registration authority) (the “SLD”) for such security to take effect and to have priority over any subsequent dealings. Pursuant to the terms of the UAE Mortgage, SajGas has undertaken: (i) to register or procure the registration of the Short Form Mortgage with the SLD (in the form required by the

SLD) as soon as reasonably practicable after its execution; and (ii) in any event to procure such registration by no later than the date falling sixty (60) days after the date of the UAE Mortgage.

The SLD will register a mortgage only in favour of UAE licensed banks or persons and it is noted that the Security Agent is licensed to operate in the UAE. Further, in the absence of clear judicial or legislative guidance or clarification on the security agent arrangements contemplated by the Security Documents, there can be no assurance of the enforceability of the specific terms of the UAE Mortgage in the UAE.

The enforcement of the UAE Share Pledges may be delayed or may not be completed

Pursuant to the terms of the UAE Share Pledges, and in accordance with UAE law, Dana Gas (in its capacity as pledgor) is required to: (i) deliver, or procure to be delivered, to the Local Security Agent the original share certificates in relation to the pledged shares as soon as possible and no later than forty-five (45) days after the Closing Date; (ii) send notices to each of UGTC and SajGas notifying them of the UAE Share Pledges as soon as possible and no later than forty-five (45) days after the Closing Date; (iii) procure that the respective pledges are noted in the registers of shareholders of UGTC and SajGas and provide to the Local Security Agent conclusive evidence of such registration and procure that the pledges continue to be so noted until full redemption of all the Certificates in accordance with the Conditions; (iv) deposit with the Local Security Agent copies of the share registers of UGTC and SajGas annotated to note the security interests of the Local Security Agent over the shares within forty-five (45) days from the Closing Date; and (v) procure that UGTC and SajGas execute the acknowledgment of notice of the UAE Share Pledges immediately following receipt thereof and no later than forty-five (45) days from the Closing Date.

There can be no assurance that such actions will be completed on or before the date falling forty-five (45) days after the Closing Date. If such actions are not completed, it may lead to a delay in the Local Security Agent obtaining legal title to the shares in the event of an enforcement pursuant to the UAE Share Pledges which, in turn, may result in a Dissolution Event pursuant to the Conditions

The UAE Mortgage and UAE Share Pledges may not be enforced without a court order and any enforcement thereof by the Principal Security Agent would be subject to the discretion of the UAE courts

Any mortgage and pledge effected under UAE law will only be effective in relation to assets and rights which are specifically identified and existing at the time of such mortgage and pledge. In relation to the UAE Mortgage and UAE Share Pledges, future assets and rights are secured through the relevant security provider executing addenda to such mortgages and pledges that identify such assets and rights. In the case of the mortgages and pledges that are registered, such addenda would also have to be registered. If the relevant security provider has granted to any third party a security over any such assets and rights prior to the execution and, if applicable, registration of the addenda to the mortgages or pledges (as the case may be), the security created pursuant to the addenda will be subject to such third-party security interests.

Judicial sale is the only remedy (over and above normal remedies for breach of contract) available to a mortgagee and pledgee of assets in the UAE, and it is a discretionary remedy. To the extent that the UAE Mortgage and UAE Share Pledges provide for additional remedies in the nature of step-in/cure rights, receivership, the use of powers of attorney or otherwise, these will be considered contractual provisions only and would require an order of a UAE court in order to be enforced. There can be no assurances that upon an application by the mortgagee or pledgee for enforcement of the mortgage or pledge, a UAE court will order the sale of the mortgaged or pledged assets at all or in the manner sought by the mortgagee or pledgee or allow any other additional remedies to be enforced.

Enforcement of the UAE Mortgage will be subject to ownership restrictions

The Sajaa Land is restricted to 100 per cent. Emirati ownership. In the event of enforcement of the UAE Mortgage, the Sajaa Land must remain 100 per cent. Emirati owned. Such requirement may restrict the ability of the Local Security Agent to sell the Sajaa Land on any enforcement of the UAE Mortgage and/or may mean that the sale price which can be achieved (should a buyer be identified) is lower than the sale price which would be achievable in the absence of such a requirement.

The UAE Mortgage and the UAE Share Pledges may be caught under clawback provisions under UAE law

There is a risk that the UAE Mortgage will be deemed to secure an existing debt and therefore there is a possibility that it will be caught under the clawback provisions under the laws of the UAE and specifically

Article 168 of the Bankruptcy Law. Article 168 of the Bankruptcy Law provides that the enforcement of any new security over assets to secure pre-existing debts may not be invoked vis-à-vis Dana Gas' creditors if performed within two years preceding the date of initiation of the bankruptcy proceedings, unless the UAE court approves the enforcement such security for public interest considerations or for the interest of bona fide third parties. The UAE court may also rule that the enforcement of security is invalid if it is deemed to be detrimental to the creditors of Dana Gas and the contracting party was aware or was supposed to be aware that Dana Gas had ceased to pay its debts or that Dana Gas was in financial indebtedness. Alternatively, there is also a risk that the Certificates may be seen as creating a fresh debt obligation rather than a continuation and variation of the Existing Certificates. If this is the case then the UAE Share Pledges may be caught under the clawback provisions of the UAE.

Enforcement of the security interest contemplated by the Security Agreement may be delayed

Pursuant to the terms of the Security Agreement, Dana Gas (in its capacity as chargor) is required to deposit with the Principal Security Agent (or as the Principal Security Agent may direct) as soon as possible and no later than forty-five (45) days from the Closing Date: (i) the original share certificate in relation to the shares of Dana LNG Ventures Ltd. and all other certificates, documents of title or evidence of ownership in relation to such shares; (ii) a signed but undated share transfer instrument; (iii) a signed but undated board resolution of Dana LNG Ventures Ltd approving, amongst other things, the transfer to the Principal Security Agent or to the Principal Security Agent's order of the shares; (iv) an irrevocable proxy granted by Dana Gas in favour of the Security Agent; and (v) any other documents which may be requested by the Principal Security Agent in order to enable the Principal Security Agent or its nominees to be registered as the owner or otherwise obtain legal title to the shares in accordance with the Security Agreement.

There can be no assurance that such documents will be deposited with the Principal Security Agent (or as the Principal Security Agent may direct) on or before the date falling forty-five (45) days after the Closing Date. If such documents are not deposited, it may lead to a delay in the Principal Security Agent obtaining legal title to the shares in the event of an enforcement pursuant to the Security Agreement which, in turn, may result in a Dissolution Event pursuant to the Conditions.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the Terms and Conditions of the Certificates which (subject to completion and amendment and save for the text in italics) will be endorsed on each Certificate in definitive form (if issued) and will be attached and (subject to the provisions thereof) apply to the Global Certificate:

Each of the U.S.\$[●] Certificates due 2020 (the “**Certificates**”) represents an undivided ownership of the Trust Assets held on trust for the holders of such Certificates pursuant to a declaration of trust (as amended or supplemented from time to time, the “**Declaration of Trust**”) dated [●] 2018 (the “**Closing Date**”) made between, among others, Nile Delta Sukuk Ltd (in its capacity as issuer and as trustee, the “**Trustee**”), Dana Gas PJSC (“**Dana Gas**” or the “**Obligor**”) and BNY Mellon Corporate Trustee Services Limited (the “**Delegate**”). The Certificates are constituted by the Declaration of Trust.

Payments relating to the Certificates will be made in accordance with a paying agency agreement dated the Closing Date (as amended or supplemented from time to time, the “**Agency Agreement**”) made between, among others, the Trustee, the Delegate, The Bank of New York Mellon, London Branch as principal paying agent (in such capacity, the “**Principal Paying Agent**” and, together with any further or other paying agents appointed from time to time in respect of the Certificates, the “**Paying Agents**”), The Bank of New York Mellon SA/NV, Luxembourg Branch as transfer agent (in such capacity, the “**Transfer Agent**” and, together with any further or other transfer agents appointed from time to time in respect of the Certificates, the “**Transfer Agents**”) and as registrar (in such capacity, the “**Registrar**”). References to the Delegate, the Principal Paying Agent, the Paying Agents, the Transfer Agents and the Registrar shall include any successor thereto in each case in such capacity.

Save as provided in Condition 13.1 (*Enforcement and Exercise of Rights*), in circumstances where the Trustee has discretion to act it will only act upon the instructions given by or on behalf of the Certificateholders in carrying out the activities of the Trust. Subject to Condition 13.1 (*Enforcement and Exercise of Rights*), the Certificateholders will have no direct recourse against the Trustee, and, in relation to the Trustee and Dana Gas (acting in any capacity), Certificateholders may only act through the Delegate and shall not be entitled to instruct the Trustee directly. To the extent not already received from the Trustee or Dana Gas, the Delegate shall be entitled to receive its fees in acting as delegate of the Trustee in addition to payment or satisfaction of any Liability incurred (or expected to be incurred) by the Delegate in the distribution of the Trust Assets ahead of any distributions to Certificateholders. By subscribing for or purchasing interests in the Certificates, the Certificateholders irrevocably approve the appointment by the Trustee of the Delegate to act as its delegate on the terms set out in the Declaration of Trust.

Pursuant to a security agency agreement (the “**Security Agency Agreement**”) dated the Closing Date and made between, among others, the Trustee, the Delegate, BNY Mellon Corporate Trustee Services Limited as principal security agent (the “**Principal Security Agent**”) and SHUAA Capital psc as local security agent (the “**Local Security Agent**” and together with the Principal Security Agent, the “**Security Agents**” and each a “**Security Agent**”), the Security Agents shall hold the benefit of the security constituted by the Security Documents for the benefit of the Trustee, and such rights of the Trustee shall constitute part of the Trust Assets held on behalf of the Certificateholders.

The statements in these terms and conditions (the “**Conditions**”) include summaries of the detailed provisions of the Declaration of Trust, the Agency Agreement and the other Transaction Documents. Unless given a defined meaning elsewhere in these Conditions or the context requires otherwise, capitalised terms used in these Conditions shall have the meanings given in Condition 21 (*Definitions and Interpretation*). In addition, (and unless the context requires otherwise) words and expressions defined and rules of construction and interpretation set out in the Declaration of Trust shall, unless defined herein or unless the context otherwise requires, have the same meanings herein. Copies of the Transaction Documents are available for inspection and/or collection by Certificateholders during normal business hours at the specified offices of the Principal Paying Agent. The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Declaration of Trust, the Agency Agreement and the other Transaction Documents applicable to them.

These Conditions set out the terms and conditions applicable to the Certificates.

1. Form, Denomination, Title and Description

1.1 Form and Denomination

The Certificates are issued in registered form in principal amounts of U.S.\$36,000 and integral multiples of U.S.\$1 in excess thereof. A certificate will be issued to each Certificateholder in respect of its registered holding of Certificates. Each certificate will be numbered serially with an identifying number which will be recorded on the relevant certificate and in the register (the “**Register**”) of Certificateholders which the Trustee will cause to be kept by the Registrar.

Upon issue, the Certificates will be represented by an Unrestricted Global Certificate and a Restricted Global Certificate, each deposited with a common depositary for, and registered in the name of a nominee of the common depositary for, Euroclear Bank SA/NV and Clearstream Banking, S.A. The Conditions are modified by certain provisions contained in the Global Certificates. Except in the limited circumstances described in the Global Certificates, owners of interests in Certificates represented by the Global Certificates will not be entitled to receive definitive certificates in respect of their individual holdings of Certificates. The Certificates are not issuable in bearer form.

1.2 Title

The Trustee will cause the Registrar to maintain the Register in respect of the Certificates in accordance with the provisions of the Agency Agreement. Title to the Certificates passes only by registration in the register of Certificateholders kept by the Registrar. The registered holder of any Certificate will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the certificate issued in respect of it) and no person will be liable for so treating the holder of any Certificate. In these Conditions, “**Certificateholder**” and “**holder**” each has the definition given to it in the Declaration of Trust.

2. Transfers of Certificates and Issue of Certificates

2.1 Transfers

Subject to Conditions 2.4 (*Transfers after Transfer Record Date*) and 2.5 (*Regulation*), and to the limitations as to transfer set out in Condition 1.2 (*Title*) and the terms of the Agency Agreement, a Certificate may be transferred by depositing the certificate issued in respect of that Certificate, with the form of transfer duly completed and signed, at the specified office of any of the Transfer Agents.

Transfers of interests in the Certificates represented by the Global Certificates will be effected in accordance with the rules of the relevant clearing systems. See “Transfer Restrictions”.

2.2 Delivery of New Certificates

Each new certificate to be issued upon transfer of Certificates will, within five (5) business days of receipt by the relevant Transfer Agent of the duly completed form of transfer at the offices of the Transfer Agent, be mailed by uninsured mail at the risk of the holder entitled to the Certificate to the address specified in the form of transfer.

Where some but not all of the principal amount of the Certificates in respect of which a certificate is issued is to be transferred, a new certificate in respect of the principal amount of the Certificates not so transferred will, within five (5) business days of receipt by the relevant Transfer Agent of the original certificate, be mailed by uninsured mail at the risk of the holder of the principal amount of the Certificates not so transferred to the address of such holder appearing on the register of Certificateholders or as specified in the form of transfer.

Whilst the Certificates are represented by the Global Certificates, except in the limited circumstances described in such Global Certificates, owners of interests in the Certificates will not be entitled to receive physical delivery of certificates representing their Certificates.

For the purposes of this Condition, “**business day**” shall mean a day on which banks are open for business in the city in which the specified office of the Transfer Agent with whom a certificate is deposited in connection with a transfer is located.

2.3 ***Formalities Free of Charge***

Registration of transfers of Certificates will be effected without charge by or on behalf of the Trustee or any Transfer Agent but upon payment (or the giving of such indemnity as the Trustee or any Transfer Agent may reasonably require) by the transferee in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 ***Transfers after Transfer Record Date***

No Certificateholder may require the transfer of a Certificate to be registered (a) during the period of fifteen days (15) ending on (and including) any of an Optional Redemption Date, the Tax Redemption Date and the Early Redemption Date, (b) after a Change of Control Put Exercise Notice has been deposited in respect of such Certificate, or (c) during the period of fifteen (15) days ending on (and including) any Periodic Distribution Date or, as the case may be, the Scheduled Redemption Date.

2.5 ***Regulation***

All transfers of Certificates and entries on the Register will be made subject to the detailed regulations concerning transfer of Certificates scheduled to the Agency Agreement. The regulations may be changed by the Trustee from time to time with the prior written approval of the Delegate and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Certificateholder who requests in writing a copy of the regulations.

3. **Status, Security and Limited Recourse**

3.1 ***Status and Security***

Each Certificate represents an undivided ownership interest in the Trust Assets and ranks *pari passu*, without any preference, with the other Certificates.

The obligations of Dana Gas under each Transaction Document are secured (or supported, in the case of (e) below) by the following:

- (a) a charge over the registered shares of Dana LNG Ventures Ltd. held by Dana Gas;
- (b) a pledge over the shares of Sajaa Gas Private Limited Company held by Dana Gas;
- (c) a pledge over the shares of United Gas Transmissions Company held by Dana Gas;
- (d) a registered mortgage over land in Sharjah owned by Sajaa Gas Private Limited Company; and
- (e) a conditional assignment of receivables under various gas sales agreements by Dana Gas Egypt Ltd.,

all as more particularly described in the Declaration of Trust and the Security Documents. All such security (and the contractual assignment agreement in the case of (e) above) will be granted in favour of the relevant Security Agent to hold the same as security agent for and on behalf of the Secured Parties (as defined in the Security Agency Agreement), including the Trustee (all such security and contractual assignment agreement being collectively referred to in these Conditions as the “**Security**”).

Dana Gas (acting in the relevant capacity) has agreed to take all actions, or procure that all actions are taken, that are required to perfect the security created or intended to be created under or evidenced by the Security Documents as soon as practicable and in any event on or before the date falling, in the case of (a) to (c) and (e) above, forty-five (45) days after the Closing Date, and in the case of (d) above, sixty (60) days after the Closing Date.

Dana Gas has undertaken in each of the Purchase Undertaking, the *Ijara* Agreement and the Purchase Agreement (in each case, in its relevant capacity thereunder), to deliver a certificate or certificates by no later than forty-five (45) days (or sixty (60) days, in the case of (d) above) following the Closing Date confirming compliance with the security perfection requirements set out therein in respect of the Security, together with supporting documentary evidence in respect thereof. The Trustee shall promptly notify the Certificateholders in accordance with Condition 15 (*Notices*) of receipt (or non-receipt, as the

case may be) of such compliance confirmation certificate or certificates, and shall make such compliance confirmation certificate or certificates and supporting documentary evidence available for inspection and/or collection by Certificateholders.

3.2 ***Limited Recourse***

Notwithstanding anything to the contrary contained herein or in any other Transaction Document, no payment whatsoever shall be made in respect of the Certificates by the Trustee (acting in any capacity), the Delegate or the Agents except to the extent that funds are available therefor from the Trust Assets.

The Certificates do not represent an interest in any of the Trustee (acting in any capacity), Dana Gas (acting in any capacity), the Delegate, the Agents or any of their respective affiliates. Certificateholders by subscribing for or acquiring the Certificates are deemed to have acknowledged and agreed that no recourse may be had for the payment of any amount owing in respect of the Certificates against Dana Gas (acting in any capacity) (to the extent that it fulfils all of its obligations under the relevant Transaction Documents to which it is a party), or any of the Trustee (acting in any capacity), the Delegate or the Agents or the Trust to the extent the Trust Assets have been exhausted following which all obligations of the Trustee and the Trust shall be extinguished. For the avoidance of doubt, Dana Gas has no recourse for the payment of any amount owing in respect of the Certificates against the Trustee, the Delegate, the Agents or the Trust and expressly waives any such right to the extent it may exist in any jurisdiction.

No recourse under any obligation, covenant or agreement contained in these Conditions shall be had against any shareholder, member, officer, employee, corporate service provider, agent or director of the Trustee (acting in any capacity) or the Delegate, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise. The obligations of the Trustee (acting in any capacity) under these Conditions are corporate or limited liability obligations of the Trustee and no personal liability shall attach to or be incurred by the shareholders, members, officers, agents or directors of the Trustee (acting in any capacity) save in the case of their wilful default or actual fraud or gross negligence.

The net proceeds of the realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Certificates. If, following distribution of such proceeds, there remains a shortfall in payments due under the Certificates, no Certificateholder will have any claim against any of the Issuer (acting in any capacity) or Dana Gas (acting in any capacity) (to the extent that each fulfils all of its obligations under the relevant Transaction Documents to which it is a party), or against the Trustee (acting in any capacity), the Trust, the Delegate, the Agents or any of their affiliates or recourse to any of their assets in respect of such shortfall and any unsatisfied claims of Certificateholders shall be extinguished. In addition, no Certificateholder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, bankruptcy, winding up or receivership in any jurisdiction of Dana Gas (acting in any capacity) (to the extent that it fulfils all of its obligations under the relevant Transaction Documents to which it is a party), or any of the Trustee (acting in any capacity), the Trust, the Delegate, the Agents or any of their affiliates as a consequence of such shortfall or otherwise.

4. **Trust**

4.1 ***Summary of the Trust***

Pursuant to the Declaration of Trust, the Trustee will declare a trust (the “**Trust**”) for the benefit of the Certificateholders over all of its rights, title, interest and benefit, present and future, in, to and under the *Wakala* Assets (as defined below) and each of the Transaction Documents (other than in relation to any representations given to the Trustee by Dana Gas (acting in any capacity) pursuant to any of the Transaction Documents) including any proceeds received in connection with the enforcement of the Security, all moneys which may now be, or hereafter from time to time are, standing to the credit of the Transaction Account and all proceeds of the foregoing (together, the “**Trust Assets**”). All payments by Dana Gas (acting in any capacity) to the Trustee for the Certificateholders under each Transaction Document to which it is party will be deposited into an account of the Trustee in London maintained for such purpose, details of which are set out in the Agency Agreement (the “**Transaction Account**”).

The Deed of Assignment (as defined below), the Receivable Scheduling Agreement, the Settlement Deed, the Purchase Agreement, the *Ijara* Agreement, the Purchase Undertaking, the Sale Undertaking and the Substitution Undertaking, the Security Documents, the Declaration of Trust, the Agency Agreement, the Certificates, the Security Agency Agreement, the Servicing Agency Agreement, any Sale Agreement, any Substitution Transfer Agreement and in each case any documents entered into thereunder and any other agreements and documents designated as such by the Trustee and Dana Gas are collectively referred to as the “**Transaction Documents**”.

4.2 *Summary of Underlying Transactions*

On the Closing Date, Dana Gas Sukuk Limited will, pursuant to a deed of assignment dated as of the Closing Date (the “**Deed of Assignment**”), assign to the Trustee a current receivable (the “**Settlement Amount**”) and, if applicable, a deferred receivable (the “**Deferred Amount**”) owed to it by Dana Gas in connection with the full and final settlement, termination, waiver and liquidation of any previously existing rights and obligations owing between Dana Gas Sukuk Limited and Dana Gas, whether in contract or in equity in respect of the Existing Certificates and deeds and agreements entered into in connection therewith, pursuant to a settlement deed dated as of the Closing Date (the “**Settlement Deed**”). The value of the Settlement Amount will be determined based on the outstanding face amount of the Existing Certificates immediately prior to the effective date of the Settlement Agreement.

On the Closing Date, Dana Gas and the Trustee (in its capacity as the Purchaser) and certain Affiliates of Dana Gas (in their capacity as Sellers) will enter into a purchase agreement (the “**Purchase Agreement**”), pursuant to which the Sellers will sell and transfer a portfolio of certain unencumbered *Shari’ah* compliant moveable assets specified in Schedule 1 to the Purchase Agreement (the “**Ijara Assets**”) to the Trustee at an agreed price (the “**Purchase Price**”), which will be at least equal to the value of the *Ijara* Assets as of the date of the Purchase Agreement and which will be no less than 60 per cent. of the aggregate face amount of the Certificates as at the Closing Date and will be set-off against the Settlement Amount. The Deferred Amount, if applicable, will be rescheduled pursuant to a receivable scheduling agreement (the “**Receivable Scheduling Agreement**”) and will remain owed by Dana Gas to the Trustee and will be paid on a deferred basis on the Scheduled Redemption Date, or prior thereto on an Early Redemption Date, Optional Redemption Date, Change of Control Put Date, Tax Redemption Date, Total Loss Redemption Date or Cancellation Date.

Under a *Wakala* servicing agency agreement (the “**Servicing Agency Agreement**”) dated the Closing Date, the Trustee, as Lessor, will appoint Dana Gas as servicing agent (in such capacity, the “**Servicing Agent**”) to carry out certain obligations, including the obligation to undertake any major maintenance, insurance and payment of taxes in connection with the *Ijara* Assets and the Deferred Amount (the “**Wakala Assets**”). The Lessor will reimburse the Servicing Agent for any expenses incurred by it in undertaking these duties.

4.3 *Ijara Transaction*

The Trustee (the “**Lessor**”) will lease the *Ijara* Assets to Dana Gas (the “**Lessee**”), with effect from the Closing Date for a term ending on the Scheduled Redemption Date pursuant to an *Ijara* agreement (the “**Ijara Agreement**”) dated the Closing Date. The Lessee will pay the agreed rental payments in respect of the *Ijara* Assets in such amounts as are equal to the Periodic Distribution Amount due on each Periodic Distribution Date or, to the extent that any such date does not fall on a Periodic Distribution Date, any Early Redemption Date, Optional Redemption Date, Change of Control Put Date, Tax Redemption Date, Total Loss Redemption Date or Cancellation Date.

Dana Gas will enter into a purchase undertaking (the “**Purchase Undertaking**”) dated the Closing Date pursuant to which Dana Gas undertakes, following receipt of an Asset Exercise Notice from the Trustee or the Delegate thereunder, to purchase all of the Trustee’s interests, rights, title, benefits and other entitlements in and to the *Ijara* Assets (or the relevant *Ijara* Assets as identified by Dana Gas in the case of a Change of Control) on the Scheduled Redemption Date, or prior thereto on an Early Redemption Date or Change of Control Put Date, at the Exercise Price or the Change of Control Exercise Price, as the case may be. If the Trustee or the Delegate becomes bound to deliver the Asset Exercise Notice to Dana Gas and (i) fails to deliver the Asset Exercise Notice to Dana Gas within a reasonable period, or (ii) is unable for any reason (including, without limitation, any order of any court) to do so, and the failure or inability is continuing) a Certificateholder (on behalf of the Trustee and/or the Delegate) may

deliver Asset Exercise Notice to Dana Gas (with a copy to the Trustee) on or prior to the Scheduled Redemption Date.

Following the payment of the Exercise Price in accordance with the Purchase Undertaking, the parties will enter into a Sale Agreement to evidence the sale by the Trustee to Dana Gas of all of the Trustee's rights, title, interests, benefits and other entitlements in and to the *Ijara* Assets. Such Sale Agreement will be governed by English law.

The Trustee will enter into a sale undertaking (the "**Sale Undertaking**") dated as of the Closing Date in favour of Dana Gas pursuant to which the Trustee undertakes:

- following receipt of an Asset Exercise Notice from Dana Gas thereunder, to sell all of the Trustee's interests, rights, title, benefits and other entitlements in and to the *Ijara* Assets on the Tax Redemption Date at the Exercise Price;
- following receipt of an Asset Redemption Notice from Dana Gas thereunder, to transfer and convey all of the Trustee's interests, rights, title, benefits and other entitlements in and to the relevant *Ijara* Assets on the Optional Redemption Date at the Exercise Price; and
- following receipt of a Cancellation Notice from Dana Gas thereunder, to transfer and convey all of the Trustee's interests, rights, title, benefits and other entitlements in and to the relevant *Ijara* Assets on the Cancellation Date against the cancellation of the relevant Certificates pursuant to the Declaration of Trust.

The Trustee will enter into a substitution undertaking (the "**Substitution Undertaking**") dated as of the Closing Date in favour of Dana Gas pursuant to which the Trustee undertakes following receipt of a Substitution Notice from Dana Gas thereunder, to transfer and convey all of the Trustee's interests, rights, title, benefits and other entitlements (if any) in and to certain *Ijara* Assets (the "**Substituted *Ijara* Assets**") to Dana Gas in consideration for which Dana Gas will transfer to the Trustee, by way of a substitution transfer agreement (a "**Substitution Transfer Agreement**"), all its interests, rights, title, benefits and other entitlements (if any) in and to certain new *Ijara* Assets (the "**New *Ijara* Assets**"). Dana Gas will be obliged to certify that (i) the value of the New *Ijara* Assets is equal to or greater than the value of the Substituted *Ijara* Assets; (ii) the New *Ijara* Assets are not immoveable assets, and (iii) as of the relevant date for substitution, the aggregate value of the *Ijara* Assets (including the Substituted *Ijara* Assets) is at least equal to the *Ijara* Base Amount, as determined by reference to the internal management valuation of such *Ijara* Assets conducted by Dana Gas).

4.4 ***The Deferred Amount***

The Deferred Amount will be paid by the Sellers to the Transaction Account in cash in immediately available funds on or before the Scheduled Redemption Date.

If the Certificates are to be redeemed in full on an Early Redemption Date in accordance with Condition 6.1 (*Dissolution Event – Early Redemption*), an Optional Redemption Date in accordance with Condition 6.3 (*Redemption at the Option of the Trustee*), a Change of Control Put Date in accordance with Condition 6.36.4 (*Redemption for Change of Control*), a Tax Redemption Date in accordance with Condition 6.5 (*Redemption for Tax Reasons*), or a Total Loss Redemption Date in accordance with Condition 6.6 (*Redemption for Total Loss Event*) it will trigger a full pre-payment of the Deferred Amount on the Early Redemption Date, the Optional Redemption Date, the Change of Control Put Date, the Tax Redemption Date or the Total Loss Redemption Date, as applicable.

If some but not all of the Certificates are to be redeemed on an Optional Redemption Date in accordance with Condition 6.3 (*Redemption at the Option of the Trustee*), redeemed on any Change of Control Put Date in accordance with Condition 6.4 (*Redemption for Change of Control*) or cancelled on any Cancellation Date in accordance with Condition 6.8 (*Cancellation*), it will trigger an early partial pre-payment of the Deferred Amount (any such pre-payment amount, the "**Pre-payment Amount**"), such that the remaining Deferred Amount after the relevant pre-payment, if any, will be equal to the product of: (i) the Deferred Amount on the last Business Day prior to the relevant Optional Redemption Date, Change of Control Put Date or Cancellation Date, as applicable, multiplied by (ii) the Relevant Fraction. The relevant Pre-payment Amount shall be paid into the Transaction Account by not later than 10.00

a.m. (London Time) on the Business Day preceding the relevant Optional Redemption Date, Change of Control Put Date or Cancellation Date, as applicable.

4.5 ***Application of Proceeds from Trust Assets***

On each Periodic Distribution Date, or on a date specified in accordance with those Certificates for the redemption of all or part of the Certificates (each a “**Redemption Date**”) or upon receipt of any proceeds from enforcement under Condition 13 or any other proceeds from the Trust Assets (together, “**Other Proceeds**”), the Trustee shall apply, or procure the application by the Principal Paying Agent on its behalf of, the moneys standing to the credit of the Transaction Account and any Other Proceeds (as the case may be) in the following order of priority:

- (a) *first*, to pay the Delegate (or any appointee of the Delegate (an “**Appointee**”)) an amount equal to any sum required to pay or provide for the payment or satisfaction of any Liability incurred (or expected to be incurred) by the Delegate or any Appointee pursuant to the Declaration of Trust or in connection with any of the other Transaction Documents, or these Conditions;
- (b) *second*, in or towards retention of an amount which the Delegate considers necessary to pay any amounts that may thereafter become due to be paid under Clause 8 of the Declaration of Trust to it or any Appointee, to the extent it considers that moneys received by it thereafter under the Declaration of Trust may be insufficient and/or may not be received in time to pay such amounts;
- (c) *third*, to pay the Security Agents (or any appointee of the Security Agents (a “**Security Agent Appointee**”)) an amount equal to any sum required to pay or provide for the payment or satisfaction of any Liability incurred (or expected to be incurred) by the Security Agents or any of their respective Security Agent Appointees pursuant to the Security Agency Agreement or in connection with any of the other Transaction Documents or these Conditions;
- (d) *fourth*, in or towards reimbursement *pari passu* and rateably of any amounts payable by Dana Gas under clause 8 of the Declaration of Trust but paid by any person or persons other than Dana Gas (as contemplated by clause 8 of the Declaration of Trust);
- (e) *fifth*, only if such payment is due on (or remains outstanding after) a Periodic Distribution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid in respect of the Certificates;
- (f) *sixth*, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of, in the event that such payment is due on (or remains outstanding after) the Scheduled Redemption Date, any Change of Control Put Date, the Tax Redemption Date, any Optional Redemption Date, the Total Loss Redemption Date or the Early Redemption Date, the Relevant Redemption Amounts specified in these Conditions; and
- (g) *seventh*, only if such payment is due on the Scheduled Redemption Date (and no Certificate remains outstanding and no amounts are unpaid to the Delegate, the Security Agents or the Agents under any Transaction Document), in payment of the surplus (if any) to the Trustee.

5. **Periodic Distributions**

5.1 ***Periodic Distribution Amounts and Periodic Distribution Dates***

The Periodic Distribution Amount, representing a defined share of the profit in respect of the Trust Assets derived from payments made to the Trustee under the Transaction Documents will accrue and be payable on the Certificates and be distributed by the Trustee in accordance with these Conditions.

Subject to Condition 3.2 (*Limited Recourse*), Condition 4.5 (*Application of Proceeds from Trust Assets*) and Condition 9 (*Dissolution of Trust*), the distribution payable in respect of the Certificates for any Return Accumulation Period shall be the Periodic Distribution Amount and will be made by the Trustee in respect of the Certificates in arrear on each Periodic Distribution Date in accordance with Condition 8 (*Payment*).

The Periodic Distribution Amount payable on any Periodic Distribution Date shall be distributed to each Certificateholder *pro rata* (in an amount calculated by multiplying the Periodic Distribution Amount by a fraction of which the numerator is the principal amount of the relevant Certificateholder's Certificates and the denominator is the Aggregate Face Amount on the relevant Periodic Distribution Date, and rounding the resultant figure to the nearest U.S.\$0.01, U.S.\$0.005 being rounded upwards).

If a distribution is required to be paid in respect of a Certificate on any other date, the amount of such distribution shall be calculated by the Principal Paying Agent by applying the Profit Rate to the principal amount of such Certificate, multiplying the product by the Day Count Fraction and rounding the resultant figure to the nearest U.S.\$0.01, U.S.\$0.005 being rounded upwards.

5.2 ***Notifications etc.***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5.2 by the Principal Paying Agent on behalf of the Trustee will (in the absence of manifest error) be binding on the Trustee, the Delegate, the Agents and the Certificateholders. No liability to the Trustee, the Delegate, Dana Gas (acting in any capacity), the Agents or the Certificateholders shall attach to the Principal Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

5.3 ***Cessation of Accrual***

No further amounts will accrue or be payable on any Certificate from and including its due date for redemption unless upon due presentation payment in respect of the Certificate is improperly withheld or refused, in which event distribution amounts will continue to accrue on such Certificate (in aggregate, the "**Additional Redemption Amount**") at the Profit Rate and as provided herein (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Certificate up to that day are received by or on behalf of the relevant Certificateholder, and (b) the day seven (7) days after the Trustee or the Principal Paying Agent has notified Certificateholders of receipt of all sums due in respect of all the Certificates up to that seventh day (except to the extent that there is failure in the subsequent payment and/or delivery to the relevant Certificateholders under these Conditions).

6. **Redemption**

6.1 ***Scheduled Redemption***

Unless previously redeemed or purchased and cancelled, the Certificates shall be redeemed in full by the Trustee on the Scheduled Redemption Date in cash for an amount equal to the Redemption Amount as of such date. The Trust shall only be dissolved following such redemption in full.

The Redemption Amount shall be distributed on the Scheduled Redemption Date *pro rata* amongst the Certificates. The Principal Paying Agent will calculate the amount payable in respect of any Certificate by multiplying the Redemption Amount by a fraction of which the numerator is the principal amount of the relevant Certificate and the denominator is the Aggregate Face Amount on the Scheduled Redemption Date and rounding the resultant figure to the nearest U.S.\$0.01, U.S.\$0.005 being rounded upwards.

6.2 ***Dissolution Event - Early Redemption***

Following the occurrence of a Dissolution Event, the Certificates may, subject to Condition 12 (*Dissolution Events*), be redeemed in full on the Early Redemption Date in cash at an amount equal to the Redemption Amount as of such date. The Trust shall only be dissolved following such payment in full.

The Redemption Amount shall be distributed on any Early Redemption Date *pro rata* amongst the Certificates. The Principal Paying Agent will calculate the amount payable in respect of any Certificate by multiplying the Redemption Amount by a fraction of which the numerator is the principal amount of the relevant Certificate and the denominator is the Aggregate Face Amount on the Early Redemption Date and rounding the resultant figure to the nearest U.S.\$0.01, U.S.\$0.005 being rounded upwards.

6.3 ***Redemption at the Option of the Trustee***

At any time or times, on giving not less than twenty-eight (28) nor more than thirty-two (32) Business Days' notice (an "**Optional Redemption Notice**") to the Principal Paying Agent (with a copy to the Delegate and the Registrar) and to the Certificateholders in accordance with Condition 15 (*Notices*), the Trustee may redeem the Certificates in whole or in part (but in each case on a pro rata basis) on the date(s) (each an "**Optional Redemption Date**") specified in the relevant Optional Redemption Notice in cash for the Redemption Amount.

The Principal Paying Agent will calculate the amount payable in respect of any Certificate by multiplying the Redemption Amount by a fraction of which the numerator is the principal amount of the relevant Certificate and the denominator is the aggregate principal amount outstanding of all Certificates to be redeemed on the relevant Optional Redemption Date and rounding the resultant figure to the nearest U.S.\$0.01, U.S.\$0.005 being rounded upwards.

While the Certificates remain in global form, represented by the Global Certificates, any such Optional Redemption Notice given pursuant to this Condition 6.3 shall be deemed to have been given to the Certificateholders on the day on which such notice is delivered to the relevant clearing systems.

On an Optional Redemption Date, if the Trustee elects to redeem the Certificates in part (and not in whole), the principal amount of each Certificateholder's Certificates will be reduced by the relevant Optional Partial Redemption Portion and Certificateholders will have no further rights in respect of such Optional Partial Redemption Portion.

While the Certificates remain in global form, represented by the Global Certificates, any partial redemption pursuant to Condition 6.3 will be effected in accordance with the rules of Euroclear and/or Clearstream, as the case may be, and will be reflected in the records of Euroclear and Clearstream, as the case may be, by using the pool factor to reduce the nominal amount of each Certificate held in such accounts.

Any Optional Redemption Notice shall be irrevocable and shall specify (i) the relevant Optional Redemption Date, (ii) the aggregate principal amount of Certificates being redeemed, and (iii) the Aggregate Face Amount as at the latest practicable date prior to the publication of the Optional Redemption Notice.

6.4 ***Redemption for Change of Control***

- (a) Upon the occurrence of a Change of Control, the holder of each Certificate will have the right (the "**Change of Control Put Right**") at such Certificateholder's option, to require the Trustee to redeem in whole but not in part such Certificateholder's Certificates on the Change of Control Put Date at the Change of Control Redemption Amount. To exercise such right, the holder of the relevant Certificate must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (the "**Change of Control Put Exercise Notice**") together with the Certificates to be redeemed by not later than sixty (60) Business Days following a Change of Control, or, if later, sixty (60) Business Days following the date upon which notice thereof is given to Certificateholders by the Trustee in accordance with Condition 15 (*Notices*) (the "**Change of Control Put Option Period**"). The "**Change of Control Put Date**" shall be the third Business Day immediately following the last day of the Change of Control Put Option Period.
- (b) The Change of Control Redemption Amount payable on any Change of Control Put Date shall be distributed *pro rata* amongst the Certificates to be redeemed on the Change of Control Put Date. The Principal Paying Agent will calculate the amount payable in respect of any Certificate by multiplying the Change of Control Redemption Amount by a fraction of which the numerator is the principal amount of the relevant Certificate and the denominator is the aggregate principal amount of Certificates to be redeemed on the Change of Control Put Date and rounding the resultant figure to the nearest U.S.\$0.01, U.S.\$0.005 being rounded upwards.

- (c) A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Trustee shall redeem the Certificates which form the subject of the Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.
- (d) The Delegate and the Paying Agents shall be entitled to assume, until they receive actual notice to the contrary, that no Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and will not be responsible or liable to Certificateholders for any loss arising from any failure by it to do so.
- (e) Not later than four (4) Business Days after becoming aware of a Change of Control, Dana Gas shall procure that notice regarding the Change of Control shall be delivered to the Trustee, the Principal Paying Agent, the Delegate and the Certificateholders (in accordance with Condition 15 (*Notices*)) stating:
 - (i) the Change of Control Put Date;
 - (ii) the date of such Change of Control and, briefly, the events causing such Change of Control;
 - (iii) the date by which any Change of Control Put Exercise Notice must be given;
 - (iv) the procedures described in these Conditions that Certificateholders must follow and the requirements described in these Conditions that Certificateholders must satisfy in order to exercise the Change of Control Put Right;
 - (v) the names and specified offices of all Paying Agents; and
 - (vi) that a Change of Control Put Exercise Notice, once validly given, may not be withdrawn.

6.5 ***Redemption for Taxation Reasons***

- (a) At any time on giving not less than twenty-eight (28) nor more than thirty-two (32) Business Days' notice (a "**Tax Redemption Notice**") to the Principal Paying Agent (with a copy to the Delegate and the Registrar) and to the Certificateholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable), the Trustee may redeem all, and not some only, of the Certificates for the Redemption Amount on the date ("**Tax Redemption Date**") specified in the Tax Redemption Notice in cash for the Redemption Amount:
 - (i) if (1) the Trustee has or will become obliged to pay additional amounts pursuant to Condition 10 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Closing Date, and (2) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or
 - (ii) if (1) the Trustee has received notice from Dana Gas that it has or will become obliged to pay additional amounts pursuant to the terms of the Transaction Documents to ensure that the funds available to the Trustee are sufficient to pay the relevant Periodic Distribution Amount as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Closing Date, and (2) such obligation cannot be avoided by Dana Gas taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than sixty (60) days prior to the earliest date on which, in the case of Condition 6.5(a)(i), the Trustee would be obliged to pay such additional amounts were a payment in respect of the Certificates then due and, in the case of Condition 6.5(a)(ii),

Dana Gas would be obliged to pay such additional amounts were a payment to the Trustee under the Transaction Documents then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Trustee shall deliver to the Delegate (x) a certificate signed by two directors of the Trustee (in the case of Condition 6.5(a)(i)), or Dana Gas (in the case of Condition 6.5(a)(ii)), stating that the obligation(s) referred to in (i) or (ii) above cannot be avoided by the Trustee or, as the case may be, Dana Gas (having taken reasonable measures available to it) and (y) an opinion of independent legal or tax advisors of recognised international standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective) and the Delegate shall (without any investigation required of it) accept such certificate and opinion as sufficient evidence thereof without liability to any person in which event it shall be conclusive and binding on the Certificateholders.

- (b) The Redemption Amount payable on the Tax Redemption Date shall be distributed *pro rata* amongst the Certificates to be redeemed on the Tax Redemption Date. The Principal Paying Agent will calculate the amount payable in respect of any Certificate by multiplying the Redemption Amount by a fraction of which the numerator is the principal amount of the relevant Certificate and the denominator is the aggregate principal amount of Certificates to be redeemed on the Tax Redemption Date and rounding the resultant figure to the nearest U.S.\$0.01, U.S.\$0.005 being rounded upwards.

6.6 ***Redemption for Total Loss Event***

Upon the occurrence of a Total Loss Event, the Certificates shall be redeemed and the Trust dissolved by the Trustee on the date specified by the Delegate (the “**Total Loss Redemption Date**”). The Certificates shall be redeemed at the Redemption Amount, which will be funded through the sum of (i) a pre-payment of the Deferred Amount, and (ii) either (a) the proceeds of the insurance payable in respect of the Total Loss Event and standing to the credit of the Transaction Account on or before the 30th day following the occurrence of a Total Loss Event; or (b) if the insurance proceeds (if any) standing to the credit of Transaction Account on the 30th day following the occurrence of a Total Loss Event are less than the Insurance Coverage Amount, the amount standing to the credit of the Transaction Account on the 31st day following the occurrence of a Total Loss Event, representing the aggregate of the insurance proceeds payable in respect of a Total Loss Event (if any) and the Total Loss Shortfall Amount funded by the Servicing Agent in accordance with the terms of the Servicing Agency Agreement.

6.7 ***Purchase***

Subject to the requirements (if any) of any stock exchange on which the Certificates may be admitted to listing and trading at the relevant time, and subject to compliance with applicable laws and regulations, the Trustee, Dana Gas and any Subsidiary of Dana Gas may at any time purchase any Certificates in the open market or otherwise at any price.

6.8 ***Cancellation***

Certificates purchased by the Trustee, Dana Gas or any Subsidiary of Dana Gas shall be surrendered as promptly as practicable following such purchase to the Principal Paying Agent for cancellation on the Cancellation Date and may not be held, re-issued or resold. In connection therewith, Dana Gas shall exercise its rights under the Sale Undertaking to oblige the Trustee to sell to Dana Gas part of its rights, benefits and entitlements in and to the *Ijara* Assets (such part being calculated by reference to the proportion that the principal amount of the Certificates that are to be cancelled bears to the sum of the Aggregate Face Amount) in consideration for the cancellation of the purchased Certificates.

All redemptions and cancellations of Certificates under Condition 6 (Redemption) shall be carried out following an exercise of the Purchase Undertaking or the Sale Undertaking or following the occurrence of a Total Loss Event, as the case may be, and following a pre-payment of the Deferred Amount in accordance with the terms of the Receivable Scheduling Agreement.

7. Covenants

The Trustee has covenanted in the Declaration of Trust that, among other things, for so long as any Certificate is outstanding, it shall not:

- (a) incur any indebtedness in respect of borrowed money whatsoever, or give any guarantee in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) other than those in issue as at the Closing Date;
- (b) secure any of its present or future indebtedness for borrowed money by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law) except pursuant to any Transaction Document;
- (c) sell, transfer, assign, participate, exchange, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its title to any of the Trust Assets or any interest therein except pursuant to any Transaction Document;
- (d) subject to Condition 16.2 (*Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination*), amend or agree to any amendment of any of the Transaction Documents to which it is a party or its constitutional documents;
- (e) act as trustee in respect of any trust other than the Trust, or in respect of any parties other than the Certificateholders and/or act as agent for any trust arrangement (other than the Trust);
- (f) have any subsidiaries or employees;
- (g) redeem any of its shares or pay any dividend or make any other distribution to its shareholders other than the distribution of £500 that the Trustee receives for acting as trustee in relation to the Certificates;
- (h) put to its directors or shareholders any resolution for or appoint any liquidator for its winding up or any resolution for the commencement of any other bankruptcy or insolvency proceedings with respect to it; or
- (i) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or engage in any business or activity other than:
 - (i) as provided for or permitted in the Transaction Documents;
 - (ii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
 - (iii) such other matters which are incidental thereto.

The Obligor has agreed in the Purchase Undertaking to be bound by certain restrictive covenants as described in “*Summary of Principal Transaction Documents – Purchase Undertaking*”.

8. Payment

8.1 *Payments in Respect of Certificates*

Subject to Condition 8.2 (*Payments subject to applicable laws*), payment of any Relevant Redemption Amount will be made on the relevant due date for payment by the Principal Paying Agent by wire transfer in same day funds to the registered account of each Certificateholder or by a U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars and mailed to the registered address of the Certificateholder if it does not have a registered account. Payments of any Relevant Redemption Amount due will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents.

Subject to Condition 8.2 (*Payments subject to applicable laws*), payment of any Periodic Distribution Amount will be made on the relevant due date for payment by the Principal Paying Agent by wire transfer in same day funds to the Certificateholder shown on the Register at the close of business on the seventh day before the Periodic Distribution Date. Such payment will be made to the registered account of each Certificateholder or by a U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars and mailed to the registered address of the Certificateholder if it does not have a registered account.

For the purposes of this Condition, a Certificateholder's registered account means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the second Business Day before the due date for payment and a Certificateholder's registered address means its address appearing on the Register at that time.

8.2 *Payments subject to applicable laws*

Payments in respect of Certificates are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment or other laws to which the Trustee is subject and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto, and the Trustee will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 10 (*Taxation*).

8.3 *Payment only on a Business Day*

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed in each case by the Principal Paying Agent, on the date for payment or if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of a Paying Agent.

Certificateholders will not be entitled to any Periodic Distribution Amount and/or Relevant Redemption Amount or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the relevant Certificateholder is late in surrendering its Certificate (if required to do so) or, if a cheque mailed in accordance with this Condition arrives after the due date for payment.

8.4 *Agents*

The names of the initial Agents and their initial specified offices are set out at the end of the Listing Particulars. The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that it will maintain a paying agent or such other agents in such jurisdictions as may be required by any stock exchange on which the Certificates are listed and/or admitted to trading. Notice of any termination or appointment and of any changes in specified offices will be given to Certificateholders promptly by the Trustee in accordance with Condition 15 (*Notices*).

9. *Dissolution of Trust*

9.1 *Scheduled Dissolution*

Unless the Certificates are previously redeemed, or purchased and cancelled, in full, the Certificates will be redeemed in full by the Trustee on the Scheduled Redemption Date in accordance with Condition 6.1 (*Scheduled Redemption*). The Trust will only be dissolved following such payment in full.

9.2 *Dissolution following a Dissolution Event*

Subject to Condition 12 (*Dissolution Events*), the Certificates shall be redeemed in full by the Trustee on the Early Redemption Date in accordance with Condition 6.2 (*Dissolution Event - Early*

Redemption). The Trust will only be dissolved following such payment in full and following all payments.

The Return Accumulation Period shall be adjusted to represent the period from, and including, the immediately preceding Periodic Distribution Date (or the Closing Date, as the case may be) to, but excluding, the due date for payment of the Relevant Redemption Amount, and the corresponding Periodic Distribution Amount shall be adjusted accordingly.

Upon payment in full of such amounts, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof.

9.3 **Cancellation**

All Certificates which are redeemed will forthwith be cancelled and accordingly may not be held, reissued or sold.

10. **Taxation**

All payments in respect of the Certificates shall be made in full without withholding or deduction for, or on account of, any present or future taxes, levies, duties, fees, assessments or other charges of whatever nature, imposed, collected, withheld, assessed or levied by or on behalf of a Relevant Jurisdiction or any authority therein or thereof having power to tax, and all charges, penalties or similar liabilities with respect thereto (“**Taxes**”), unless the withholding or deduction of such Taxes is required by law. In such event, the Trustee shall be required to pay additional amounts so that the full amount which otherwise would have been due and payable under the Certificates (if no such withholding or deduction had been made or required to be made) is received by parties entitled thereto, except that no such additional amount shall be payable by the Trustee in relation to any payment in respect of any Certificate:

- (a) presented for payment by or on behalf of a holder who is liable for such Taxes in respect of such Certificate by reason of having some connection with any Relevant Jurisdiction other than the mere holding of such Certificate; or
- (b) presented for payment more than thirty (30) days after the due date for payment of the Relevant Redemption Amount except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of thirty (30) days assuming, whether or not such is in fact the case, that day to have been a Business Day; or
- (c) presented for payment by or on behalf of a Certificateholder who would be able to avoid such withholding or deduction by presenting the relevant Certificate to another Paying Agent in a Member State of the European Union; or
- (d) where such withholding or deduction is for Taxes withheld or deducted pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (or any amended or successor version of such Sections), any U.S. Treasury regulations promulgated thereunder, any official interpretations thereof or any agreements entered into in connection with the implementation thereof (or any related law or guidance).

11. **Prescription**

Claims in respect of amounts due in respect of the Certificates will become prescribed unless made within periods of 10 years (in the case of principal) and five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect of the Certificates, subject to the provisions of Condition 8 (*Payment*).

12. **Dissolution Events**

12.1 **Dissolution Events**

The occurrence of any of the following events shall constitute a “**Dissolution Event**”:

- (a) a default is made in the payment of any Periodic Distribution Amount or the Relevant Redemption Amount on the date fixed for payment thereof and such default continues unremedied for a period of three (3) days; or
- (b) the Trustee defaults in the performance or observance of any of its other obligations under or in respect of the Declaration of Trust or the Agency Agreement and (except in any case where the failure is incapable of remedy) such default remains unremedied for twenty-one (21) days after written notice thereof, addressed to the Trustee by the Delegate, has been delivered to the Trustee; or
- (c) an Event of Default occurs; or
- (d) at any time it is or will become unlawful for the Trustee to perform or comply with any of its obligations under the Transaction Documents to which it is a party or any of the obligations of the Trustee under the Transaction Documents to which it is a party are not, or cease to be, legal, valid, binding and enforceable; or
- (e) (i) the Trustee becomes insolvent or is unable to pay its debts as they fall due; (ii) an administrator or liquidator of the whole or substantially the whole of the undertaking, assets and revenues of the Trustee is appointed (or application for any such appointment is made); (iii) the Trustee takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee or any indebtedness given by it; or (iv) the Trustee ceases or threatens to cease to carry on all or substantially the whole of its business (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (f) an order or decree is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Trustee; or
- (g) any event occurs which under the laws of the Cayman Islands has an analogous effect to any of the events referred to in paragraph (e) or (f) above.

Upon the occurrence of a Dissolution Event, the Trustee shall give notice of the occurrence of such Dissolution Event to the Delegate and the Certificateholders in accordance with Condition 15 (*Notices*) with a request to such Certificateholders to notify the Trustee and the Delegate in writing if they wish the Certificates to be declared immediately due and payable in accordance with the following paragraph.

Upon the occurrence of a Dissolution Event and following the issuance of a notice pursuant to the preceding paragraph, the Delegate in its sole discretion may, and if so requested in writing by the holders of at least 25 per cent. in aggregate principal amount of the Certificates then outstanding, or if so directed by an Extraordinary Resolution of the holders of the Certificates shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) or shall instruct the Trustee to, or if the Trustee so decides in its sole absolute discretion, the Trustee may, and, subject to Condition 13.1 (*Enforcement and Exercise of Rights*), if so directed in writing by the holders of at least 25 per cent. in aggregate principal amount of the Certificates then outstanding or if so directed by an Extraordinary Resolution of the Certificateholders shall, give notice to all the holders of the Certificates in accordance with Condition 15 (*Notices*) that the Certificates are immediately due and payable at the Relevant Redemption Amount (together with all other additional amounts due and payable under these Conditions) on the date specified in such notice (the “**Early Redemption Date**”) and the Trustee, failing which the Delegate, shall immediately thereafter serve an Exercise Notice on the Obligor in accordance with the terms of the Purchase Undertaking to enforce the obligations of the Obligor thereunder and shall demand pre-payment of the Deferred Amount under the Receivable Scheduling Agreement.

12.2 ***Further action and dissolution***

Notwithstanding the foregoing, no action may be taken to enforce the Security by any party except pursuant to Condition 13 (*Enforcement and Exercise of Rights*).

The Trust shall only be dissolved on the day after all Certificates have been redeemed in full.

13. Enforcement and Exercise of Rights

13.1 Upon the occurrence of a Dissolution Event, to the extent that the amounts payable in respect of the Certificates have not been paid in full following the steps referred to in Condition 12 (Dissolution Events), the Trustee and/or the Delegate (in the name of the Trustee and acting on behalf of the Certificateholders) may or (upon satisfaction of the requirements of Condition 13.3) shall take one or more of the following steps:

- (a) enforce the provisions of the Transaction Documents against Dana Gas (acting in any capacity);
- (b) take any action as it may consider necessary to enforce the security created by the Security Documents; and
- (c) take such other steps as the Trustee and/or the Delegate (as the case may be) may consider necessary to recover amounts due to the Certificateholders.

Notwithstanding the foregoing, the Trustee or the Delegate may at any time, at its discretion and without notice, take such proceedings and/or other steps as it may think fit against or in relation to Dana Gas (acting in any capacity) to enforce its obligations under the Transaction Documents, the Conditions and the Certificates.

13.2 Neither the Trustee nor the Delegate shall be bound to take any action in relation to the Trust Assets or any Dissolution Event or to take any proceedings or any other steps under these Conditions or the Transaction Documents unless required to do so by either (a) the Delegate (in the case of the Trustee) or (b) subject to Condition 13.3, either (i) by an Extraordinary Resolution or (ii) in writing by Certificateholders holding at least 25 per cent. in aggregate principal amount of the Certificates then outstanding, and in each case then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against all Liability to which it may render itself liable or which it may incur by so doing.

13.3 The Delegate (acting for and on behalf of the Certificateholders) shall not be bound in any circumstances including, but not limited to, in accordance with this Condition 13 to instruct the Trustee to take any action in relation to the Trust Assets and/or take any action pursuant to the Transaction Documents or otherwise unless directed or requested to do so (a) by an Extraordinary Resolution of the Certificateholders or (b) in writing by the holders of at least 25 per cent. in aggregate principal amount of the Certificates then outstanding and in either case then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against all Liability to which it may thereby render itself liable or which it may incur by so doing. In addition the Delegate shall not be bound to provide any instructions pursuant to the penultimate paragraph of Condition 12 (*Dissolution Events*) unless it has actual notice of a Dissolution Event.

13.4 No Certificateholder shall be entitled to proceed directly against the Obligor unless the Delegate or the Trustee, having become bound so to proceed, (i) fails so to do within a reasonable period, or (ii) is unable for any reason (including, without limitation, any order of any court) so to do, and the failure or inability shall be continuing. The sole right of the Trustee, the Delegate and Certificateholders against the Obligor shall be to enforce the obligations of the Obligor under the Transaction Documents, including to pay the Exercise Price, the Change of Control Exercise Price, the Total Loss Shortfall Amount (as applicable) and the Deferred Amount.

13.5 Conditions 13.1, 13.2, 13.3 and 13.4 are subject to this Condition 13.5. After enforcing and distributing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with Condition 4.4 (*Application of Proceeds from Trust Assets*), the obligations of the Delegate and the Trustee in respect of the Certificates shall be satisfied and neither Dana Gas nor any Certificateholder may take any steps against the Delegate or the Trustee to recover any sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished. In particular, no Certificateholder nor Dana Gas shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee or the Delegate, nor shall any of them have any claim in respect of the Trust Assets of any other trust established by the Trustee.

14. Replacement of Certificates

Should any Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified offices of the Transfer Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Trustee may reasonably require. Mutilated or defaced Certificates must be surrendered or an indemnity given before replacements will be issued.

15. Notices

15.1 All notices to the Certificateholders will be valid if:

- (a) published in a daily newspaper (which will be in a leading English language newspaper having general circulation) in the Gulf region and a daily newspaper having general circulation in London (which is expected to be the *Financial Times*) approved by the Trustee; or
- (b) mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by air mail at their respective addresses in the Register.

In addition, the Trustee shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) by which the Certificates have then been admitted to listing, trading and/or quotation. Any notice shall be deemed to have been given on the seventh day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

15.2 Notices to be given by any Certificateholder shall be given in writing and given by lodging the same (together with the relevant Certificates) with the Registrar and any relevant Agent. Any notice delivered to the Registrar or any Agent in accordance with these Conditions shall be deemed to have been delivered to the Trustee on the date on which such notice is delivered to the Registrar or the relevant Agent, as the case may be.

So long as the Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Certificateholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Certificateholders in substitution for notification as required by the Conditions except that, so long as the Certificates are listed on any stock exchange, notices shall also be published in accordance with the rules of such stock exchange. Any such notice shall be deemed to have been given to the Certificateholders on the day on which such notice is delivered to the relevant clearing systems.

16. Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination

16.1 The Delegate and/or the Trustee may convene meetings of Certificateholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of these Conditions or the provisions of the Declaration of Trust or any other Transaction Documents in accordance with these Conditions. The quorum at any meeting for passing an Extraordinary Resolution will be one or more Certificateholders, proxies or representatives holding or representing more than half in aggregate principal amount of the Certificates for the time being outstanding, or at any adjourned such meeting one or more Certificateholders, proxies or representatives present whatever the principal amount of the Certificates held or represented by him or them. To be passed, an Extraordinary Resolution requires a majority in favour consisting of not less than three quarters of the persons voting on a show of hands or, if a poll is demanded, a majority of not less than three quarters of the votes cast on such poll. An Extraordinary Resolution duly passed at any meeting of Certificateholders will be binding on all holders of the Certificates, whether or not they are present at the meeting and whether or not voting.

The Declaration of Trust provides that a Written Resolution signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Certificates outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held. Such Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Certificateholders.

- 16.2 The Delegate may agree, without the consent or sanction of the Certificateholders and without prejudice to its rights in respect of any subsequent breach, Dissolution Event or Potential Dissolution Event, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Declaration of Trust or any Transaction Document, or determine, without any such consent as aforesaid, that any Dissolution Event or Potential Dissolution Event shall not be treated as such, which in any such case is not, in the opinion of the Delegate, materially prejudicial to the interests of the Certificateholders provided always that the Delegate shall not exercise any powers conferred on it by this clause in contravention of any express direction given by Extraordinary Resolution or in writing by Certificateholders holding at least 25 per cent. in aggregate principal amount of the Certificates then outstanding but that no such Extraordinary Resolution or direction shall affect any waiver, authorisation or determination previously given or made or may agree, without any such consent as aforesaid, to any modification which, in the opinion of the Delegate, is of a formal, minor or technical nature or to correct a manifest error. Any modification, waiver, authorisation or determination made in accordance with this Condition 16.2 may be given or made on such terms and subject to such conditions (if any) as the Delegate may determine and shall be binding on Certificateholders and any such modification, abrogation, waiver, authorisation or determination shall be notified by the Trustee (unless the Delegate otherwise agrees) to Certificateholders as soon as practicable thereafter in accordance with Condition 15 (*Notices*), provided that a failure to give such notice shall not render invalid such modification, abrogation, waiver, authorisation or determination.
- 16.3 In connection with the exercise by it of any of its trusts, powers, authorities and discretions, when considering the interests of the Certificateholders, the Trustee or, as the case may be, the Delegate (acting on behalf of the Certificateholders) shall have regard to the general interests of Certificateholders as a class but shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Certificateholders or groups of Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and neither the Trustee nor the Delegate shall be entitled to require, nor shall any Certificateholder be entitled to claim, from the Trustee, the Delegate or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders except to the extent provided in Condition 10 (*Taxation*).
- 16.4 Any modification, abrogation, waiver, authorisation or determination made in accordance with these Conditions shall be binding on Certificateholders.

17. Indemnification and Liability of the Trustee and the Delegate

- 17.1 The Declaration of Trust contains provisions for the indemnification of the Trustee and the Delegate, in each case in certain circumstances and for relief from responsibility, including provisions relieving it from taking action (in particular, in connection with the exercise of any of its rights in respect of the Trust Assets) unless indemnified and/or secured and/or prefunded to its satisfaction. Prior to taking any such action, the Delegate may require that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient to indemnify it and, if such demand is made of Dana Gas, Dana Gas shall be obliged to make payment of all such sums in full.
- 17.2 Neither the Trustee nor the Delegate shall in any circumstances take any action unless directed to do so either by the Delegate (in the case of the Trustee only) or in accordance with Condition 13 (*Enforcement and Exercise of Rights*), and then only if the Trustee and/or the Delegate (as the case may be) shall have been indemnified and/or secured and/or prefunded to its satisfaction. This Condition 17.2 shall be without prejudice to the obligation of the Trustee to give notice of the occurrence of a Dissolution Event pursuant to Condition 12.1.
- 17.3 The Declaration of Trust also contains provisions pursuant to which no director or officer of the Delegate or of any holding, affiliated or associated company of the Delegate shall be precluded from purchasing or otherwise acquiring, holding, dealing in or disposing of any notes, bonds, debentures, shares or securities whatsoever or from being interested in any contract or transaction or from accepting and holding the office of trustee or administrator for the holders of any other securities, and in any case neither the Delegate nor any director or officer of the Delegate shall be liable to the Certificateholders for any profit made by it or him thereby or in connection therewith.

- 17.4 Each of the Delegate and the Trustee (solely in its capacity as such) makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of Dana Gas (acting in any capacity) under any Transaction Document to which it is a party and shall not under any circumstances have any liability or be obliged to account to Certificateholders in respect of any payment which should have been made by Dana Gas (acting in the relevant capacity), but is not so made, and shall not in any circumstances have any liability arising from the Trust Assets other than as expressly provided in these Conditions or the Declaration of Trust.
- 17.5 The Delegate and the Trustee shall not be liable in respect of any loss or theft of the Trust Assets or any cash or for failure in any obligation to insure the Trust Assets or any cash or for any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depositary or clearing system or are registered in the name of the Trustee or its nominee, unless (in the case of the Trustee) such loss or theft arises as a result of the actual fraud or wilful default of the Trustee or (in the case of the Delegate) such loss or theft arises as a result of the actual fraud or wilful default of the Delegate.
- 17.6 Nothing contained in any Transaction Document, the Certificates or these Conditions shall require the Delegate to expend or risk its own funds or otherwise incur any Liability in the performance of any of its duties or in the exercise of any of its rights, powers, authorities or discretions if it considers that the repayment of such funds or adequate indemnity against, or security for, such risk or Liability is not assured to it.

18. Currency Indemnity

Dana Gas agrees to indemnify each Certificateholder against any loss incurred by such holder as a result of any judgment or order being given or made for any amount due under such Certificate and such judgment or order is expressed and paid in a currency (the “**Judgment Currency**”) other than U.S. dollars and as a result of any variation as between (a) the rate of exchange at which the U.S. dollar is converted into the Judgment Currency for the purpose of such judgment or order and (b) the rate of exchange at which the holder on the date of payment of such judgment or order is able to purchase U.S. dollars with the amount of the Judgment Currency actually received by the holder. This indemnification will constitute a separate and independent obligation of Dana Gas and will continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term rate of exchange includes any premiums and costs of exchange payable in connection with the purchase of, or conversion into, U.S. dollars.

19. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, save that the Contracts (Rights of Third Parties) Act 1999 shall apply in favour of the Delegate in relation to these Conditions and the other Transaction Documents, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. Governing Law, Arbitration and Submission to Jurisdiction

- 20.1 The Declaration of Trust and the Certificates and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, English law.
- 20.2 Subject to Condition 20.3, any dispute, claim, difference or controversy arising out of, relating to or having any connection with, the Declaration of Trust (including any dispute as to the existence, validity, interpretation, performance, breach or termination of the Declaration of Trust or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it) (a “Dispute”) shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration (the “**LCIA**”) (the “**LCIA Rules**”), which LCIA Rules (as amended from time to time) are incorporated by reference into the Declaration of Trust. For these purposes:
- (a) the seat of arbitration shall be London, England;
 - (b) there shall be three arbitrators, each of whom shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the presiding arbitrator. In

cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly, shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the LCIA Rules, such arbitrator(s) shall be appointed by the LCIA. If the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA; and

(c) the language of the arbitration shall be English.

20.3 Notwithstanding 20.2, each of the Delegate, the Trustee and (but only where permitted to take action in accordance with these Conditions) any Certificateholder may, in the alternative, and at its sole discretion, by notice in writing to the other parties:

- (a) within 28 days of service of a Request for Arbitration (as defined in the LCIA Rules); or
- (b) if no arbitration has commenced,

require that a Dispute be heard by a court of law. If the Delegate, the Trustee or any Certificateholder (as the case may be) gives such notice, the Dispute to which such notice refers shall be referred to the courts of England or the courts of the DIFC and any arbitration commenced in respect of that Dispute will be terminated. The courts of England or the courts of the DIFC, at the option of the Trustee, Delegate or Certificateholder, as the case may be, are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Declaration of Trust or the Certificates. With the exception of the Delegate (whose costs will be borne by Dana Gas), each of the parties to the terminated arbitration will bear its own costs in relation thereto.

20.4 If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the Claimant or, but only where it is permitted to take action in accordance with the terms of the Declaration of Trust, any Certificateholder, as the case may be, must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the LCIA Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be functus officio. The termination is without prejudice to the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

20.5 In the event that a notice is given pursuant to Condition 20.3, the following provisions shall apply:

- (a) the courts of England or the courts of the DIFC, at the option of the Trustee, the Delegate or the relevant Certificateholder, as the case may be, shall have exclusive jurisdiction to settle any Dispute and each party irrevocably submits to the exclusive jurisdiction of such courts;
- (b) each of the Trustee and Dana Gas waives any objection to the courts of either England or the DIFC on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute; and
- (c) this Condition 20.5 is for the benefit of the Delegate, the Trustee and the Certificateholders only. As a result, and notwithstanding Condition 20.5(a), to the extent allowed by law, the Delegate, the Trustee or, but only where it is permitted to take action in accordance with the terms of these Conditions, any Certificateholder, may take proceedings relating to a Dispute (Proceedings) in any other courts with jurisdiction. To the extent allowed by law, the Delegate, the Trustee or, but only where it is permitted to take action in accordance with the terms of these Conditions, any Certificateholder, may take concurrent Proceedings in any number of jurisdictions.

20.6 Each of Dana Gas and the Trustee has in the Declaration of Trust irrevocably and unconditionally appointed an agent for service of process in England in respect of any suit, action or proceedings arising therefrom or in connection therewith and has undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Delegate may approve as its agent for that purpose. In the event that no such replacement agent for service of process in England has been appointed by Dana Gas or the Trustee (as applicable) within fourteen (14) days, the Delegate shall have the power to appoint, on

behalf of and at the expense of Dana Gas or the Trustee (as applicable), a replacement agent for service of process in England.

21. Definitions and Interpretation

21.1 Definitions

In these Conditions:

“**Additional Redemption Amount**” has the meaning given to it in Condition 5.3 (*Cessation of Accrual*).

“**Adjustment Factor**” means [●]²;

“**AED**” means the United Arab Emirates dirham, being the lawful currency for the time being of the United Arab Emirates.

“**Agents**” means any of the Paying Agents, the Registrar or the Transfer Agent appointed by the Trustee pursuant to the Agency Agreement.

“**Aggregate Face Amount**” means, at any time, the aggregate principal amount of the outstanding Certificates which, for the avoidance of doubt, shall be U.S.\$[●] on the Closing Date.

“**AI**” means “accredited investor” within the meaning of Regulation D under the Securities Act.

“**Appointee**” has the meaning given to it in Condition 4.4 (*Application of Proceeds from Trust Assets*).

“**Asset Exercise Notice**” has the meaning given to it in the Purchase Undertaking and the Sale Undertaking.

“**Asset Redemption Notice**” has the meaning given to it in the Sale Undertaking.

“**Business Day**” means a day that is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, Abu Dhabi and New York City.

“**Cancellation Date**” has the meaning given to it in the Sale Undertaking.

“**Cancellation Notice**” has the meaning given to it in the Sale Undertaking.

“**Certificateholder**” has the meaning given to it in Condition 1.2 (*Title*).

A “**Change of Control**” occurs when (i) an Offer in respect of the Shares has been recommended by the board of directors of Dana Gas; (ii) an Offer in respect of the Shares has become or been declared unconditional in all respects and Dana Gas becomes aware that the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Shareholders has or will become unconditionally vested in the offeror and/or any associates(s) of the offeror; or (iii) an event occurs which has a like or similar effect.

“**Change of Control Exercise Price**” has the meaning given to it in the Purchase Undertaking.

“**Change of Control Put Date**” has the meaning given to it in Condition 6.4(a) (*Redemption for Change of Control*).

“**Change of Control Put Exercise Notice**” has the meaning given to it in Condition 6.4(a) (*Redemption for Change of Control*).

“**Change of Control Put Option Period**” has the meaning given to it in Condition 6.4(a) (*Redemption for Change of Control*).

“**Change of Control Put Right**” has the meaning given to it in Condition 6.4(a) (*Redemption for Change of Control*).

“**Change of Control Redemption Amount**” means 101 per cent. of the aggregate principal amount of the Certificates to be redeemed on the Change of Control Put Date plus all unpaid accrued Periodic Distribution Amounts and all other accrued and unpaid distribution amounts (if any) due and payable under these Conditions in respect of such Certificates as of the Change of Control Put Date.

² The quotient of (i) 101 per cent of the Aggregate Face Amount, less (b) the Deferred Amount, divided by (ii) the *Ijara* Base Amount.

“Day Count Fraction” means, in relation to a Return Accumulation Period or any other period in respect of which a payment is due to be made, the number of days (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) in that period, divided by 360.

“Deferred Amount” has the meaning given to it in Condition 4.1 (*Summary of the Trust*);

“Dissolution Event” has the meaning given to it in Condition 12.1 (*Dissolution Events*).

“Early Redemption Date” has the meaning given to it in Condition 12.1 (*Dissolution Events*).

“Egyptian Assignment Agreement” means the conditional assignment of receivables under certain gas sales agreements executed no later than the date falling forty-five (45) days from the Closing Date between Dana Gas Egypt Ltd. and the Local Security Agent.

“Expert” means an independent investment bank of international repute or an independent financial adviser with appropriate expertise, which may include a calculation agent, appointed by the Trustee and/or the Delegate (at the expense of the Trustee, failing which, Dana Gas) and, where not appointed by the Delegate, approved in writing by the Delegate;

“Event of Default” means any of the events set out below:

- (a) **“Non-payment”**: Dana Gas (acting in any capacity) fails to pay any amount payable pursuant to any Transaction Document to which it is a party; or
- (b) **“Breach of other obligations”**: Dana Gas (acting in any capacity) defaults in the performance or observance of any of its other obligations under or in respect of the Transaction Documents to which it is a party, unless the default is capable of remedy and is remedied within twenty-one (21) days after written notice thereof, addressed to Dana Gas (acting in any capacity) by the Trustee or the Delegate has been delivered to Dana Gas (acting in any capacity); or
- (c) **“Repudiation”**: Dana Gas (acting in any capacity) repudiates or challenges the valid, legal, binding and enforceable nature or *Shari’ah* compliance of any or any part of a Transaction Document to which it is a party or does or causes to be done any act or thing evidencing an intention to repudiate or challenge the valid, legal, binding and enforceable nature or *Shari’ah* compliance of any Transaction Document to which it is a party; or
- (d) **“Illegality”**: at any time it is or will become unlawful for Dana Gas (acting in any capacity) to perform or comply with any or all of its obligations under the Transaction Documents to which it is a party, or any of the obligations of Dana Gas (acting in any capacity) under the Transaction Documents are not, or cease to be legal, valid, binding and enforceable; or
- (e) **“Cessation of Business”**: Dana Gas (acting in any capacity) or any of its Subsidiaries suspends, ceases or threatens to suspend or cease to carry on all or a substantial part of its business; or
- (f) **“Cross default”**: (i) any Financial Indebtedness of Dana Gas or any Subsidiary of Dana Gas is not paid when due nor within any originally applicable grace period; (ii) any Financial Indebtedness of Dana Gas or any Subsidiary of Dana Gas is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); (iii) any commitment for any Financial Indebtedness of Dana Gas or any Subsidiary of Dana Gas is cancelled or suspended by a creditor of Dana Gas as a result of an event of default (however described); or (iv) any creditor of Dana Gas or any Subsidiary of Dana Gas becomes entitled to declare any Financial Indebtedness of Dana Gas due and payable prior to its specified maturity as a result of an event of default (however described), provided always that, in each case, no Event of Default will occur under this paragraph (f) if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within sub-paragraphs (i) to (iv) above is less than U.S.\$25,000,000 (or its equivalent in any other currency or currencies); or
- (g) **“Failure to take action”**: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable Dana Gas (acting in any capacity) lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Transaction Documents to which it is a party or (ii) to ensure that those obligations are legal, valid, binding and enforceable, is not taken, fulfilled or done; or
- (h) **“Insolvency”**: either (i) Dana Gas or any Subsidiary of Dana Gas is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of

actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness; (ii) the value of the assets of Dana Gas or any Subsidiary of Dana Gas is less than its liabilities (taking into account contingent and prospective liabilities); or (iii) a moratorium is declared in respect of any indebtedness of Dana Gas or any Subsidiary of Dana Gas; or

- (i) **“Insolvency proceedings”**: either any order or decree is made or any corporate action, legal proceedings or other procedure or step is taken in relation to (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of either Dana Gas or any Subsidiary of Dana Gas (otherwise, in the case of Dana Gas’ Subsidiaries only, than for the purpose of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); (ii) a composition, compromise, assignment or arrangement with any creditor of Dana Gas or any Subsidiary of Dana Gas; (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of Dana Gas or any Subsidiary of Dana Gas or any of its assets; or (iv) enforcement of any security over any assets of Dana Gas in an amount exceeding U.S.\$25,000,000; or
- (j) **“Creditors’ process”**: any expropriation, attachment, sequestration, distress or execution made pursuant to a court order or judgment or arising by virtue of any law or regulation affects any asset or assets of a member of the Group having an aggregate value of at least U.S.\$25,000,000 (or its equivalent in any other currency or currencies) and is not discharged within thirty (30) days; or
- (k) **“Unsatisfied judgments”**: the aggregate amount of unsatisfied judgments, decrees or orders of courts or other appropriate law-enforcement bodies for the payment of money against Dana Gas or any Subsidiary of Dana Gas in the aggregate exceeds U.S.\$25,000,000, or the equivalent thereof in any other currency or currencies, and there is a period of sixty (60) days following the entry thereof or, if later, the date therein specified for payment during which such judgment, decree or order is not appealed, discharged, waived or the execution thereof stayed; or
- (l) **“Nationalisation”**: any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the *Ijara* Assets or the assets of Dana Gas or any Subsidiary of Dana Gas; or
- (m) **“Analogous Event”**: any event occurring in any jurisdiction which has the analogous effect of any of the events referred to in paragraphs (h) to (l) above.

“Exercise Notice” has the meaning given to it in the Purchase Undertaking.

“Exercise Price” has the meaning given to in in the Purchase Undertaking or the Sale Undertaking, as applicable.

“Existing Certificates” means the U.S.\$425,040,000 ordinary trust certificates and the U.S.\$425,040,000 exchangeable trust certificates each due 2017 issued by Dana Gas Sukuk Limited (in its capacity as issuer in respect of the Existing Certificates).

“Extraordinary Resolution” means a resolution passed at a meeting of Certificateholders duly convened and held in accordance with the provisions of Schedule 3 of the Declaration of Trust by a majority of not less than three quarters of the votes cast or a Written Resolution or an Electronic Consent.

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount drawn on any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, sukuk, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would be treated as a finance or capital lease in accordance with the accounting standards, policies and procedures published from time to time by the International Accounting Standards Committee or any equivalent successor body acceptable (acting reasonably) to the Trustee;

- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (f) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (g) any amount raised under any other transaction (including any *Shari'ah* compliant financing, forward sale or purchase agreement, sale and sale back or sale and leaseback agreement) having the commercial effect of either a borrowing or a drawing under a credit facility;
- (h) to the extent not otherwise included in this definition, the amount of any liability in respect of any repurchase or put option arrangement entered into in connection with any securitisation transaction;
- (i) shares which are expressed to be redeemable prior to the maturity of the Certificates;
- (j) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above,

provided that for the avoidance of doubt, the following will not be considered to fall within the definition of Financial Indebtedness:

- (i) any transaction entered into in the ordinary course of business in the oil and gas sector to guarantee or secure (or obtain letters of credit or bank or insurance guarantees that secure) the performance of tenders, contracts, statutory or governmental obligations, bonds, bids, leases, concession agreements, production sharing agreements, licenses, operating agreements, performance bonds, services, purchase, construction, development or sales contracts, completion guarantees, comfort letters and other similar obligations, in each case not incurred or made specifically in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property;
- (ii) any transaction entered into in the ordinary course of business in the oil and gas sector guaranteeing or securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof, in each case not incurred or made specifically in connection with the borrowing of money or the obtaining of advances or credit;
- (iii) any transaction entered into in the ordinary course of business in the oil and gas sector arising under a foreign exchange transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates not being a foreign exchange transaction for investment or speculative purposes or incurred or made specifically in connection with the borrowing of money, the obtaining of advances or credit;
- (iv) any transaction entered into in the ordinary course of business securing interest rate protection or other hedging obligations not being a derivative transaction for investment or speculative purposes or incurred as a means of borrowing money or obtaining advances or credit; and
- (v) any transaction entered into in the ordinary course of business in the oil and gas sector under finance or capital leases of vehicles, plant, equipment or computers, provided that the aggregate capital value of all such items so leased under outstanding leases by members of the Group does not exceed an amount equal to 5% of the consolidated total assets of the Group as shown in the Group Accounts (or its equivalent in another currency or currencies) at any time;

“**Group**” means Dana Gas and its Subsidiaries at the relevant point in time.

“Group Accounts” means the published financial statements of the Group, prepared in accordance with IFRS or such other international financial reporting standards as may be adopted, from time to time, by the Group.

“holder” has the meaning given to it in Condition 1.2 (*Title*).

“Insurance Coverage Amount” has the meaning given to it in the Servicing Agency Agreement.

“Judgment Currency” has the meaning given to it in Condition 18 (*Currency Indemnity*).

“Ijara Assets” has the meaning given to it in Condition 4.1 (*Summary of the Trust*).

“Ijara Base Amount” has the meaning given to it in the *Ijara* Agreement.

“Lessee” has the meaning given to it in Condition 4.3 (*Ijara Transaction*).

“Lessor” has the meaning given to it in Condition 4.3 (*Ijara Transaction*).

“Liability” means any loss, damage, cost, charge, claim, demand, expense, fee, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis.

“Local Security Agent” means SHUAA Capital psc.

“New Ijara Assets” has the meaning given to it in Condition 4.3 (*Ijara Transaction*).

“Newco Scheme” means a scheme of arrangement which effects the interposition of a limited liability company (“**Newco**”) between the Shareholders of Dana Gas immediately prior to the scheme of arrangement (the “**Existing Shareholders**”) and Dana Gas and which satisfies the following conditions:

- (a) immediately after completion of the scheme of arrangement the Existing Shareholders are the only shareholders of Newco and hold shares in Newco in the same proportions as each held Shares (immediately preceding the Newco Scheme) in Dana Gas;
- (b) all Subsidiaries of Dana Gas immediately prior to the scheme of arrangement (other than Newco, if Newco is then a Subsidiary of Dana Gas) are Subsidiaries of Dana Gas (or of Newco) immediately after the scheme of arrangement; and
- (c) immediately after completion of the scheme of arrangement Newco is substituted under the Transaction Documents and all such documents and agreements which, in the opinion of the Delegate, may be required to effect such substitution shall be duly authorised and executed by the parties thereto.

“Obligor” means Dana Gas acting in its own capacity under the Purchase Undertaking.

“Offer” means an offer to acquire Shares, whether expressed as a legal offer, an invitation to treat, a scheme with regard to such acquisition or in any other way (other than a Newco Scheme), in circumstances where such offer is available to all Shareholders or all Shareholders other than any Shareholder who is the person making such offer (or any associate of such person) or who is excluded from the offer by reason of being connected with one or more specific jurisdictions.

“Optional Partial Redemption Portion” means, in respect of any Certificateholder and any Optional Redemption Date, a fraction of the aggregate principal amount of Certificates held by the Certificateholder of which the numerator is the aggregate principal amount of Certificates to be redeemed on the Optional Redemption Date and the denominator is the Aggregate Face Amount on the Optional Redemption Date (ignoring the principal amount to be redeemed on such date).

“Optional Redemption Date” has the meaning given to it in Condition 6.3 (*Redemption at the Option of the Trustee*).

“Optional Redemption Notice” has the meaning given to it in Condition 6.3 (*Redemption at the Option of the Trustee*).

“Periodic Distribution Amount” means in respect of each Return Accumulation Period, an amount equal to the product of (i) the Profit Rate, (ii) the Aggregate Face Amount (as of the final day of such Return Accumulation Period) and (iii) the relevant Day Count Fraction for such Return Accumulation Period.

“Periodic Distribution Date” means 31 January, 30 April, 31 July and 31 October in each year, commencing on [●] 2018 up to and including 31 October 2020.

“person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government or agency, or political subdivision thereof, or other entity.

“Potential Dissolution Event” means any event which, with the giving of notice, lapse of time or fulfilment of any other applicable condition (or any combination of any of the foregoing) would constitute a Dissolution Event.

“Principal Security Agent” means BNY Mellon Corporate Trustee Services Limited.

“Proceedings” has the meaning given to it in Condition 20.2 (*Governing Law and Submission to Jurisdiction*).

“Profit Rate” means:

- (a) For the period from and including the Closing Date to but excluding the Profit Rate Reset Date; 4 per cent. per annum; and
- (b) For the period from and including the Profit Rate Reset Date to but excluding the Scheduled Redemption Date:
 - (i) to the extent that the aggregate face amount of the Certificates outstanding as at the Profit Rate Reset Date is less than or equal to [●]³, 4 per cent. per annum; and
 - (ii) otherwise, 6 per cent. per annum.

“Profit Rate Reset Date” means 31 October 2019.

“Purchase Agreement” has the meaning given to it in Condition 4.1 (*Summary of the Trust*).

“Purchase Price” means the applicable purchase price for the *Ijara* Assets as set out in the Purchase Agreement.

“Purchase Undertaking” has the meaning given to it in Condition 4.3 (*Ijara Transaction*).

“QIB” means “qualified institutional buyer” within the meaning of Rule 144A under the Securities Act.

“Redemption Amount” means, as of any date, the aggregate principal amount of the Certificates then outstanding plus all unpaid accrued Periodic Distribution Amounts and all other accrued and unpaid distribution amounts (if any) due and payable under these Conditions as of such date.

“Redemption Date” has the meaning given to it in Condition 4.5 (*Application of Proceeds from Trust Assets*).

“Register” has the meaning given to it in Condition 1.1 (*Form and Denomination*).

“Relevant Date” means, in respect of any payment in relation to a Certificate, the later of (a) the date on which the payment first becomes due, and (b) if the full amount payable has not been received by the Principal Paying Agent on or before the due date, the date on which (the full amount having been so received) notice to that effect has been given to the Certificateholders by the Trustee in accordance with Condition 15 (*Notices*).

“Relevant Fraction” means the fraction calculated in accordance with the following formula:

$$\text{Relevant Fraction} = 1 - (A \div B)$$

where:

“A” is an amount equal to the aggregate principal amount of Certificates either cancelled as set out in Condition 6.8 (*Cancellation*) or redeemed on an Optional Redemption Date as set out in Condition 6.3 (*Redemption at the Option of the Trustee*) or a Change of Control Put Date as set out in Condition 6.4 (*Redemption for Change of Control*); and

³ To be equal to 60% of the face amount of the Existing Certificates that will be allocated to the New Certificates, whether through election or scale-back

“B” is an amount equal to the Aggregate Face Amount on the last Business Day prior to the Cancellation Date, Optional Redemption Date or Change of Control Put Date (as applicable);

“**Relevant Jurisdiction**” means the United Arab Emirates and the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax.

“**Relevant Rate**” means on any day, and, in respect of the conversion of one currency into another currency, the rate of exchange between such currencies appearing on Bloomberg at 12 noon UK time on that day (provided always that, in the case of any conversion of any currency into AED, the relevant rate shall be the rate published on Bloomberg at 9 am GMT on the Relevant Date) whether or not such rate represents a “live” price, or, if that source is not available or that rate of exchange does not appear on that source on that day, the rate of exchange between such currencies appearing on Reuters at 12 noon UK time on that day, or if that rate of exchange is available on neither such sources, the rate of exchange between such currencies appearing on such other screen or information service, or determined in such other manner, as the Principal Paying Agent shall determine having consulted with the Expert.

“**Relevant Redemption Amount**” means:

- (a) with respect to the Scheduled Redemption Date, any Early Redemption Date specified in accordance with Condition 6.2 (*Dissolution Event - Early Redemption*), any Optional Redemption Date specified in accordance with Condition 6.3 (*Redemption at the Option of the Trustee*) or any Tax Redemption Amount specified in accordance with Condition 6.5 (*Redemption for Tax Reasons*) or any Total Loss Redemption Date specified in accordance with Condition 6.6 (*Redemption for Total Loss Event*), the Redemption Amount on such date; and
- (b) with respect to any Change of Control Put Date, the Change of Control Redemption Amount.

“**Return Accumulation Period**” means the period from and including the Closing Date to but excluding the first Periodic Distribution Date, and thereafter each successive period from and including a Periodic Distribution Date to but excluding the next succeeding Periodic Distribution Date.

“**SajGas Share Pledge**” means the pledge over the shares of Sajaa Gas Private Limited Company granted by Dana Gas in favour of the Local Security Agent on the Closing Date.

“**Sale Undertaking**” has the meaning given to it in Condition 4.3 (*Ijara Transaction*).

“**Scheduled Redemption Date**” means 31 October 2020.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**Security**” has the meaning given to it in Condition 3.1 (*Status and Security*).

“**Security Agency Agreement**” means the security agency agreement dated the Closing Date between, *inter alia*, the Trustee, the Delegate, Dana Gas and the Security Agents.

“**Security Agents**” means the Local Security Agent and the Principal Security Agent.

“**Security Agreement**” means the security agreement relating to the shares in Dana LNG Ventures Ltd. dated the Closing Date between, *inter alia*, the Trustee, Dana Gas and the Principal Security Agent.

“**Security Documents**” means the Security Agreement, the UAE Share Pledges, the UAE Mortgage and the Egyptian Assignment Agreement.

“**Service Charge Amount**” has the meaning given to it in the Servicing Agency Agreement.

“**Shareholders**” means the holders of the Shares.

“**Shares**” means the ordinary shares of Dana Gas.

“**Subsidiary**” means, with respect to any person:

- (a) any corporation, association, partnership or other business entity of which 50 per cent. or more of the total voting rights of its capital stock is at the time owned or controlled directly by such person, by such person and one or more Subsidiaries of such person, or by one or more Subsidiaries of such person;
- (b) any partnership in which such person or a Subsidiary of such person is, at the time, a general partner; or

- (c) any other person in which such person, one or more Subsidiaries of such person, or such person and one or more Subsidiaries of such person, directly or indirectly, at the date of determination thereof has (x) an ownership interest of 50 per cent. or more or (y) the power to elect or direct the election of a majority of the directors, members of the Board of Directors or other governing body of such person.

“**Substituted *Ijara* Assets**” has the meaning given to it in Condition 4.3 (*Ijara Transaction*).

“**Substitution Transfer Agreement**” has the meaning given to it in Condition 4.3 (*Ijara Transaction*).

“**Substitution Undertaking**” has the meaning given to it in Condition 4.3 (*Ijara Transaction*).

“**Tax Redemption Date**” has the meaning given to it in Condition 6.5(a) (*Redemption for Taxation Reasons*).

“**Taxes**” has the meaning given to it in Condition 10 (*Taxation*).

“**Total Loss Event**” means the total loss or destruction of, or damage to all of the *Ijara* Assets or any event or occurrence that renders all the *Ijara* Assets permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted in each case by any third party in respect of the *Ijara* Assets) the repair or remedial work in respect thereof is wholly uneconomical.

“**Total Loss Redemption Date**” has the meaning given to it in Condition 6.6 (*Redemption for Total Loss Event*).

“**Total Loss Shortfall Amount**” has the meaning given to it in the Servicing Agency Agreement.

“**Transaction Account**” has the meaning given to it in Condition 4.1 (*Summary of the Trust*).

“**Transaction Documents**” has the meaning given to it in Condition 4.1 (*Summary of the Trust*).

“**Trust**” has the meaning given to it in Condition 4.1 (*Summary of the Trust*).

“**Trust Assets**” has the meaning given to it in Condition 4.1 (*Summary of the Trust*).

“**UAE**” means the United Arab Emirates.

“**UAE Mortgage**” means the mortgage over a plot of land located in Sharjah dated the Closing Date between Sajaa Gas Private Limited Company and the Local Security Agent.

“**UAE Share Pledges**” means the SajGas Share Pledge and the UGTC Share Pledge.

“**UGTC Share Pledge**” means the pledge over the shares in United Gas Transmissions Company Limited granted by Dana Gas in favour of the Local Security Agent on the Closing Date.

“**U.S.\$**” and “**U.S. dollars**” means United States dollars, being the legal currency for the time being of the United States of America.

“**Written Resolution**” means a resolution in writing signed by the holders of not less than 75 per cent in face amount of the Certificates outstanding.

21.2 ***Interpretation***

In these Conditions, unless otherwise specified or unless the context otherwise requires, headings and sub-headings are for ease of reference only and shall not affect the construction of these Conditions.

SUMMARY OF PROVISIONS RELATING TO THE CERTIFICATES WHILE IN GLOBAL FORM

On issue, the Unrestricted Global Certificates and the Restricted Global Certificates will each be registered in the name of a nominee for, and deposited with, a common depositary (a “**Common Depositary**”) for Euroclear and Clearstream, following which Euroclear and Clearstream will credit each subscriber with a face amount of the Certificates equal to the face amount allocated to them on the Closing Date.

Beneficial interests in the Global Certificates will be held through Euroclear and Clearstream. See “*Clearance and Settlement—Registration and Form*”. Beneficial interests in each Global Certificate will be subject to certain restrictions on transfer set forth therein and in the Agency Agreement, and the Certificates will bear the legends set forth thereon regarding the restrictions set out in “*Transfer Restrictions*”.

Each Global Certificate contains the following provisions which apply to the Certificates while they are represented by such Global Certificate, some of which modify the effect of the Conditions. Terms defined in the Conditions have the same meaning in the paragraphs below, as the context may require.

Holders

For so long as all of the Certificates are represented by the Global Certificates and the Global Certificates are held on behalf of a clearing system, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream (as the case may be) as the holder of a particular aggregate face amount of such Certificates (each, a “**Holder**”) (in which regard any certificate or other document issued by Euroclear or Clearstream (as the case may be) as to the aggregate face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error or proven error) shall be treated as the holder of such aggregate face amount of such Certificates (and the expression “**Certificateholders**” and references to “**holding of Certificates**” and to “**holder of Certificates**” shall be construed accordingly) for all purposes other than with respect to payments and deliveries on such Certificates, the right to which shall be vested, as against the Trustee solely in the Common Depositary for the relevant clearing system in accordance with and subject to the terms of the Global Certificate. Each Holder must look solely to Euroclear or Clearstream, as the case may be, for its share of each payment made to the Common Depositary.

Cancellation

Cancellation of any Certificate pursuant to the Conditions will be effected by reduction in the aggregate face amount of the Certificates in the register of Certificateholders.

Payments

All payments in respect of Certificates represented by the Global Certificates will be made to the registered holder of the relevant Global Certificate(s) upon presentation or, if no further payment falls to be made in respect of the Certificates, against presentation and surrender of the relevant Global Certificate at the specified office of the Principal Paying Agent or to the order of the Registrar or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose. Each payment will be made to, or to the order of, the person whose name is entered on the relevant Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

Distributions of amounts with respect to book-entry interests in the Certificates held through Euroclear or Clearstream will be credited, to the extent received by the Common Depositary, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system’s rules and procedures.

Notices

So long as all the Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Certificateholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Certificateholders in substitution for notification as required by the Conditions except that, so long as the Certificates are listed on any stock exchange, notices shall also be

published in accordance with the rules of such stock exchange. Any such notice shall be deemed to have been given to the Certificateholders on the day on which such notice is delivered to the relevant clearing systems.

Registration of Title

Registration of title to Global Certificates in a name other than that of the Common Depositary or its nominee will not be permitted unless Euroclear or Clearstream, as appropriate, notifies the Trustee that it is unwilling or unable to continue as a clearing system in connection with the relevant Global Certificate, and in each case a successor clearing system approved by the Delegate is not appointed by the Trustee within sixty (60) days after receiving such notice from Euroclear or Clearstream. In these circumstances, title to a Global Certificate may be transferred into the names of holders notified by the Common Depositary in accordance with the Conditions, except that certificates in respect of Certificates so transferred may not be available until twenty-one (21) days after the request for transfer is duly made.

The Registrar will not register title to the Certificates in a name other than that of the Common Depositary or its nominee for a period of seven (7) calendar days preceding the due date for any payment of any amount in respect of the Certificates.

Transfers

Transfers of book-entry interests in the Certificates will be effected through the records of Euroclear or Clearstream and their respective participants in accordance with the rules and procedures of Euroclear or Clearstream and their respective direct and indirect participants, as more fully described under “*Clearance and Settlement*”.

Electronic Consent and Written Resolution

While any Certificate is held on behalf of, or any Certificate is registered in the name of any nominee for, a clearing system, then:

- (a) approval of a resolution proposed by the Trustee or the Delegate given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in face amount of the Certificates outstanding (an “**Electronic Consent**” as defined in the Declaration of Trust) shall, for all purposes, take effect as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held, and shall be binding on all Certificateholders whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as specified in the Declaration of Trust) has been validly passed, the Trustee and the Delegate shall be entitled to rely on consent or instructions given in writing directly to the Trustee or the Delegate (as applicable) by accountholders in the clearing system with entitlements to such Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Trustee or the Delegate (as applicable) has obtained commercially reasonable evidence to ascertain the validity of such holding and has taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any Written Resolution passed in such manner shall be binding on all Certificateholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “commercially reasonable evidence” includes any certificate or other document issued by Euroclear, Clearstream or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Certificates. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Certificates is clearly identified together with the amount of such holding. Neither the Delegate nor the Trustee shall be liable to any person by

reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Definitive Certificates

Interests in each Restricted Global Certificate will be exchangeable or transferable (free of charge), as the case may be, in whole for Restricted Certificates in definitive form (the “**Restricted Definitive Certificates**”) and interests in each Unrestricted Global Certificate will be exchangeable or transferable (free of charge), as the case may be, in whole for Unrestricted Certificates in definitive form (the “**Unrestricted Definitive Certificates**”) and, together with the Restricted Definitive Certificates, the “**Definitive Certificates**”) upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that both Euroclear and Clearstream are closed for business for a continuous period of fourteen (14) days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. In such case, the Trustee will issue Definitive Certificates in registered form in minimum denominations of U.S.\$36,000 and integral multiples of U.S.\$1 in excess thereof (in exchange for the whole of the relevant Global Certificate) within forty-five (45) days of the occurrence of the relevant Exchange Event upon presentation of the relevant Global Certificate by the person in whose name the Global Certificate is registered in the register kept by the Registrar in respect of the relevant Certificates on any day (other than a Saturday or Sunday) on which banks are open for business in the city in which the Registrar has its office.

A person having an interest in a Global Certificate must provide the Registrar with (a) a written order containing instructions and such other information as the Trustee and the Registrar may require to complete, execute and deliver such Definitive Certificates and (b) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A under the Securities Act, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a QIB or to an AI pursuant to an exemption from registration under the Securities Act. Definitive Certificates issued in exchange for an interest in a Restricted Global Certificate shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under “*Transfer Restrictions*”.

The holder of a Definitive Certificate may transfer the Certificates evidenced thereby in whole or in part in amounts of at least U.S.\$36,000 by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Restricted Definitive Certificate bearing the legend referred to under “*Transfer Restrictions*”, or upon specific request for removal of the legend on a Restricted Definitive Certificate, the Trustee will deliver only Restricted Definitive Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Trustee and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Trustee, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

DANA GAS – CAPITALISATION

The following table sets forth Dana Gas' cash and cash equivalents and consolidated capitalisation as at 31 December 2017. The financial statement data presented as at 31 December 2017 has been derived from the audited consolidated financial statements of Dana Gas, included elsewhere in these Listing Particulars.

	As at 31 December 2017 (Audited)	
	(U.S.\$m)	(AEDm)
Cash and cash equivalents.....	608	2,229
Borrowings:		
Non-current borrowings ⁽¹⁾	19	70
Current borrowings ⁽²⁾	4	15
Total borrowings.....	23	85
Capital received on issuance of Sukuk ⁽³⁾	700	2,566
Equity:		
Attributable to shareholders of Dana Gas.....	2,866	10,505
Non-controlling interest	1	4
Total equity.....	2,867	10,509
Total capitalisation⁽⁴⁾.....	3,590	13,160

Note:

- (1) Comprises borrowings with a maturity of twelve months or greater.
- (2) Comprises borrowings with a maturity of less than twelve months and bank overdrafts.
- (3) As of 30 June 2017, U.S.\$700 million in respect of the Ordinary Certificates and Exchangeable Certificates was reclassified from borrowings to capital received on issuance of Sukuk.
- (4) Capitalisation is calculated as the sum of total borrowings, capital received on issuance of Sukuk and total equity.

Except as otherwise disclosed in these Listing Particulars, there has been no material change to Dana Gas' consolidated capitalisation since 31 December 2017.

DANA GAS – SELECTED FINANCIAL INFORMATION

The following tables set forth selected consolidated financial data for Dana Gas. The financial statement data presented as at and for each of the years ended 31 December 2015, 31 December 2016 and 31 December 2017 has been derived from the audited financial statements of Dana Gas, included elsewhere in these Listing Particulars.

Dana Gas' consolidated financial statements and selected explanatory notes have been prepared in accordance with IFRS. The financial statement data in the following tables should be read in conjunction with "Presentation of Financial and Other Information", "Dana Gas – Management's Discussion and Analysis of Financial Condition and Results of Operations" and the annual financial statements and related notes included elsewhere in these Listing Particulars. Dana Gas operates in markets that have historically exhibited fluctuations due to current market rates for oil and gas. These fluctuations may result in volatility in Dana Gas' operating results.

Consolidated Income Statement Data

Consolidated Income Statement Data for the Years Ended 31 December 2015, 2016 and 2017

	Year ended 31 December					
	2015		2016		2017	
	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)
Revenue	417	1,529	392	1,437	450	1,649
Royalties	(146)	(535)	(137)	(502)	(169)	(619)
Net revenue	271	994	255	935	281	1,030
Operating Costs	(56)	(205)	(52)	(191)	(52)	(191)
Depreciation and depletion	(89)	(326)	(100)	(366)	(111)	(407)
Gross profit	126	463	103	378	118	432
General and administration expenses	(23)	(84)	(13)	(48)	(15)	(55)
Other Income	208	762	–	–	26	95
Investment and finance income	130	476	(55)	(202)	24	88
Reversal of/(provision for) surplus over entitlement	(153)	(561)	39	143	114	418
Provision for impairments	(24)	(88)	(7)	(26)	(36)	(132)
Other expenses	(8)	(29)	(19)	(69)	(20)	(73)
Change in fair value of investment property	(1)	(4)	(1)	(4)	–	–
Share of loss of a joint venture	(7)	(26)	(3)	(11)	–	–
Exploration expenditure	(14)	(51)	(4)	(15)	(19)	(69)
Finance costs	(77)	(282)	(97)	(355)	(71)	(260)
Profit before income tax	157	576	(57)	(209)	121	444
Income tax expense	(13)	(48)	(31)	(114)	(38)	(139)
PROFIT FOR THE YEAR	144	528	(88)	(323)	83	305
(Loss)profit attributable to:						
Equity holders of the parent	146	535	(88)	(323)	83	305
Non-controlling interest	(2)	(7)	–	–	–	–
	144	528	(88)	(323)	83	305
Basic (loss)/earnings per share (U.S.\$/AED per share)	0.021	0.077	(0.013)	(0.046)	0.012	0.044
Diluted (loss)/earnings per share (U.S.\$/AED per share)	0.019	0.072	(0.013)	(0.046)	0.012	0.044

Consolidated Balance Sheet Data as at 31 December 2015, 2016 and 2017

	As at 31 December					
	2015		2016		2017	
	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)
ASSETS						
Non-current assets:						
Property, plant and equipment	1,032	3,784	1,105	4,050	1,462	5,360
Intangible assets	748	2,741	690	2,529	644	2,361
Investment property.....	25	91	24	87	24	87
Interest in joint ventures.....	559	2,048	560	2,053	560	2,053
	2,364	8,664	2,379	8,719	2,690	9,861
Current assets:						
Inventories	53	194	49	180	50	183
Trade and other receivables.....	1,017	3,728	1,026	3,761	285	1,045
Available-for-sale financial assets	–	–	–	–	–	–

	As at 31 December					
	2015		2016		2017	
	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)
Financial assets at fair value through profit or loss.....	8	29	9	33	9	33
Funds held for development.....	-	-	-	-	140	513
Cash and bank balance	470	1,723	302	1,107	608	2,229
	1,548	5,674	1,386	5,081	1,092	4,003
TOTAL ASSETS	3,912	14,338	3,765	13,800	3,782	13,864
EQUITY AND LIABILITIES						
Capital and reserves attributable to equity holders of the Parent						
Share capital	1,901	6,969	1,901	6,969	1,903	6,977
Statutory reserve	108	395	108	395	116	424
Legal reserve	108	395	108	395	116	424
Retained earnings	693	2,540	603	2,210	669	2,453
Other reserves	2	7	3	11	4	15
Convertible bonds-equity component	58	212	58	212	58	212
Attributable to equity holders of the Parent.....	2,870	10,518	2,781	10,192	2,866	10,505
Non-controlling interest	1	4	1	4	1	4
TOTAL EQUITY	2,871	10,522	2,782	10,196	2,867	10,509
LIABILITIES						
Non-current liabilities:						
Borrowings	810	2,969	62	227	19	70
Provisions	16	59	11	40	14	51
Total non-current liabilities	826	3,028	73	267	33	121
Current liabilities:						
Capital received on issuance of Sukuk ⁽¹⁾	-	-	700	2,566	700	2,566
Borrowings	51	187	41	150	4	15
Trade payables and accruals.....	150	550	128	470	178	653
Provision for surplus over entitlements (net).....	14	51	41	151	-	-
	215	788	910	3,337	882	3,234
TOTAL LIABILITIES	1,041	3,816	983	3,604	915	3,355
TOTAL EQUITY AND LIABILITIES....	3,912	14,338	3,765	13,800	3,782	13,864

Note:

- (1) As of 30 June 2017, U.S.\$700 million in respect of the Ordinary Certificates and Exchangeable Certificates was reclassified from borrowings to capital received on issuance of Sukuk.

Consolidated Cash Flow Statement Data

Consolidated Cash Flow Statement Data for the Years Ended 31 December 2015, 2016 and 2017

	Year ended 31 December					
	2015		2016		2017	
	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)
Net cash flows from operating activities.....	203	744	82	300	465	1,705
Net cash flows from/(used in) investing activities.....	41	150	(111)	(407)	(46)	(168)
Net cash flows from/(used in) financing activities	13	47	(120)	(438)	(103)	(378)
Cash and cash equivalents at the end of the year...	441	1,615	292	1,070	608	2,229

Other Financial Data

Other Financial Data for the Years Ended 31 December 2015, 2016 and 2017

The following table reconciles EBITDAX to net profit for each of the years ended 31 December 2015, 2016 and 2017.

Year ended 31 December						
	2015		2016		2017	
	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)
Profit for the year	144	528	(88)	(323)	83	305
Income tax expense	(13)	(48)	(31)	(114)	(38)	(139)
Investment and finance income	130	476	(55)	(202)	24	88
Finance costs	(77)	(282)	(97)	(355)	(71)	(260)
Depreciation and depletion	(89)	(326)	(100)	(366)	(111)	(407)
Provision for impairments	(24)	(88)	(7)	(26)	(36)	(132)
Change of fair value of investment property	(1)	(4)	(1)	(4)	-	-
Exploration expenditure	(14)	(51)	(4)	(15)	(19)	(69)
EBITDAX⁽¹⁾	232	851	207	759	334	1,224

Note:

- (1) EBITDAX is a non-IFRS measure commonly defined as earnings before interest, taxes, depreciation, depletion and amortisation and exploration costs. This is further adjusted for investment and finance income and change in fair value of investment property. EBITDAX is useful to investors for evaluating the operating performance of Dana Gas and Dana Gas' ability to incur and service its indebtedness. EBITDAX and similar measures are used by different companies for differing purposes and are often calculated in ways which reflect the circumstances of those companies. Caution should be exercised in comparing EBITDAX as reported by Dana Gas to EBITDAX of other companies.

DANA GAS – MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of Dana Gas’ financial condition and results of operations should be read in connection with Dana Gas’ audited consolidated financial statements, and the related notes for each of the financial years ended 31 December 2015, 31 December 2016 and 31 December 2017. Dana Gas’ consolidated financial statements have been prepared in accordance with IFRS.

The following discussion of Dana Gas’ financial condition and results of operations contains forward-looking statements that are based on assumptions about Dana Gas’ future business development. As a result of many factors, including the risks set forth in the section entitled “Risk Factors” and elsewhere in these Listing Particulars, Dana Gas’ actual results may differ materially from those anticipated by these forward-looking statements.

Overview of Dana Gas’ Business

Dana Gas is an independent gas company with established operations in the MENA Region across most of the components of the natural gas industry from exploration and production, processing and transportation, to the sale and marketing of natural gas and its by-products as feedstock and fuel to the industrial and power sectors. Dana Gas is listed on the ADX and as at 31 December 2017, had a market capitalisation of approximately U.S.\$1,542 million.

Dana Gas has built gas businesses in Egypt, the Kurdistan Region of Iraq and the UAE. Each of these businesses is intended to be an individual profit centre, as well as to allow for the integration between upstream, midstream and downstream business segments (as explained below). Dana Gas believes that it is able to obtain more value from upstream business assets when they are combined with midstream and downstream opportunities, and *vice versa*. Dana Gas believes that this integration allows it to maximise the value extracted from its assets by participating in all aspects of the natural gas chain.

The “upstream segment”, which constitutes the significant majority of Dana Gas’ business in terms of revenue, primarily includes gas exploration and production and encompasses Dana Gas’ activities in Egypt through its wholly-owned subsidiary Dana Gas Egypt; in the Kurdistan Region of Iraq through Pearl, in which Dana Gas holds a 35 per cent. shareholding; and in the UAE through its wholly-owned subsidiary DG Zora.

The “midstream segment” includes the transportation and processing of natural gas and gas liquids, including LPG and condensates. This encompasses gas processing plants in El Wastani and South El Manzala in Egypt operated by Dana Gas Egypt, a gas processing plant in Khor Mor in the Kurdistan Region of Iraq owned and operated by Pearl and its interest in a gas liquids extraction plant in the Ras Shukheir area of the Gulf of Suez region in Egypt owned and operated by EBGDCo, and gas transmission, reception and processing facilities in the UAE owned and operated by UGTC and SajGas, respectively.

The “downstream segment” involves the sale of gas and liquids to end-user industries, including the petrochemicals business, and captures Dana Gas’ ownership of natural gas and petroleum resources by-products, which includes its gas resource ownership and merchant operations in Dubai, Sharjah and the Northern Emirates. It also incorporates Dana Gas’ plans in relation to the development and promotion of Gas Cities. Gas Cities are intended to be integrated industrial cities designed for the systematic and comprehensive utilisation of natural gas as fuel and feedstock, proposed to be developed by Gas Cities Limited, a joint venture company established by Dana Gas and Crescent. Gas Cities Limited is currently pursuing Gas Cities projects in the Kurdistan Region of Iraq, Yemen and Egypt.

Dana Gas manages its operations on the basis of three geographical units, each of which consists of one or more operating subsidiaries, based on the reports reviewed by the Chief Executive Officer that are used to make strategic decisions. The following operating segments constitute Dana Gas’ primary business segments:

Egypt

Dana Gas is engaged in upstream, midstream and downstream activities in Egypt. Dana Gas engages in exploration, production and processing of natural gas through its wholly-owned subsidiary Dana Gas Egypt, which operates in three concession areas in the Nile Delta region of Egypt known as the El Manzala, West El Manzala and West El Qantara concessions, two exploration blocks, known as North El Salhiya (Block 1) and

North El Arish (Block 6), and, in partnership with BP, El Matariya (Block 3). It also undertakes LPG extraction and processing at the El Wastani gas processing plant in the Nile Delta region of Egypt and through its 26.4 per cent. effective interest in EBGDCo's gas liquids extraction plant in the Ras Shukheir area of the Gulf of Suez region in Egypt, and the marketing and sale of gas and condensate through Dana Gas Egypt. For the year ended 31 December 2017, this geographical segment contributed U.S.\$165 million, or 59 per cent., of Dana Gas' net revenues (see "*Dana Gas – Business Description – Business Segments – Egypt*").

Kurdistan Region of Iraq

Dana Gas, as joint operator and as a 35 per cent. shareholder in Pearl, is engaged in and has interests in upstream, midstream and downstream activities in the Kurdistan Region of Iraq, including exploration, production and processing of natural gas, gas transmission and the sale of petroleum products (including gas) in the Kurdistan Region of Iraq. For the year ended 31 December 2017, this geographical segment contributed U.S.\$98 million, or 35 per cent., of Dana Gas' net revenues (see "*Dana Gas – Business Description – Business Segments – the Kurdistan Region of Iraq*").

United Arab Emirates

Dana Gas is engaged in the exploration, development and production of gas and condensate in the UAE through its 100 per cent. interest in the Sharjah Western Offshore concession and the Ajman concession, under a royalty regime with the Government of Sharjah and the Government of Ajman, respectively. DG Zora, a wholly-owned subsidiary of Dana Gas, is the legal holder of the concession interests and the operators of the concession. Dana Gas is also engaged in gas transmission through UGTC, gas processing through SajGas and gas marketing and trading through CNGCL. For the year ended 31 December 2017, this geographical segment contributed U.S.\$18 million, or 6 per cent., of Dana Gas' net revenues (see "*Dana Gas – Business Description – Business Segments – United Arab Emirates*").

Current Trading and Recent Developments

There have been no major developments since 31 December 2017 which will have a material impact on the financial statements of Dana Gas.

Principal Factors Affecting the Results of Operations of Dana Gas

The following is a discussion of the principal factors that have affected, or are expected to affect, Dana Gas' results of operations.

Oil and Gas Prices

Dana Gas' cash flows and profitability are sensitive to commodity prices for Brent crude oil and other hydrocarbons and are influenced by certain factors over which Dana Gas has no control, including the global balance of supply and demand, the state of and expectations with respect to the global economy, the relative strength of the U.S. dollar (the principal currency for crude oil trading on the global commodities market), expectations with respect to inflation, speculative activity, consumption patterns and global or regional macroeconomic or geopolitical conditions.

International oil prices have fluctuated significantly over the past two decades, and may remain volatile in the future. More recently, international oil prices have witnessed a significant decline since mid-2014, with the OPEC Reference Basket price (a weighted average of prices per barrel for petroleum blends produced by the OPEC countries) declining from a monthly average of U.S.\$107.89 in June 2014 to a monthly average of U.S.\$26.50 in January 2016, before partially recovering to a monthly average of U.S.\$63.48 in February 2018.

Prices for oil and gas are based on world supply and demand dynamics and are subject to large fluctuations in response to relatively minor changes in demand, whether as a result of market uncertainty or other factors beyond the control of Dana Gas, including actions taken by OPEC and adherence to agreed production quotas, war, terrorism, government regulation, social and political conditions in oil producing countries generally, economic conditions, prevailing weather patterns and meteorological phenomena such as storms and hurricanes and the availability and price of alternative sources of energy. It is impossible to accurately predict future oil and gas price movements. There can be no assurance that these factors, in combination with others, will not result in a prolonged or further decline in oil prices.

Dana Gas' exposure to commodity prices varies according to a number of factors, including the mix of production and sales. While industry costs tend to rise or fall with commodity prices in the long term, there is no guarantee that movements in sales prices and costs would align in any year. Dana Gas is exposed to commodity price risk (Brent crude oil price), however, this has been partially mitigated due to a fixed pricing agreement in Egypt and UAE for the sale of natural gas, which constitutes approximately 45 per cent. of Dana Gas' gross revenue for the year ended 31 December 2017. If the average price of crude oil had increased/decreased by 10 per cent. in the year ended 31 December 2017, with all other variables held constant, Dana Gas' comprehensive profit for that period would have been U.S.\$15 million higher/lower.

Dana Gas' ability to produce economically from a field is determined, in large part, by the difference between the revenue received for condensate, LPG and natural gas produced by Dana Gas or at fields in which Dana Gas holds an interest and Dana Gas' operating costs, taxation costs, royalties and other costs. Therefore, lower condensate, LPG and natural gas prices may ultimately reduce the amount of condensate, LPG or natural gas that Dana Gas or operators of the fields where Dana Gas holds an interest are able to produce economically or may reduce the economic viability of the production levels of specific wells or of projects planned or in development to the extent that production costs exceed anticipated revenue from such production. This could, in turn, result in a reduction in Dana Gas' revenues and resources to the extent certain fields are no longer economically viable to develop.

Receivables Collected

Dana Gas' business is affected by its ability to collect receivables in a timely manner. The challenging credit environment and political unrest in the MENA Region witnessed in recent years has highlighted the importance of managing receivables risk. Dana Gas' exposure to receivables risk takes the form of a loss that would be recognised if counterparties (including sovereign entities) failed, or were unable, to meet their payment or performance obligations. Dana Gas is exposed to political and economic risks that exacerbate country risk and which may cause non-payment of obligations to Dana Gas by governments or government-owned entities. The majority of Dana Gas' trade receivables arise from its operations in Egypt and the Kurdistan Region of Iraq.

In Egypt, Dana Gas' strategy has been to keep the operating unit self-funded. Hence, the collections in Dana Gas Egypt are used to meet its capital and operational expenditures. In August 2014, Dana Gas Egypt signed a Gas Processing Enhancement Agreement with the Egyptian government to invest in further production growth and pay down historical receivables owed to Dana Gas Egypt by the Egyptian government. However, Dana Gas still faces significant challenges with regard to collections in Egypt. In Egypt, Dana Gas collected 64 per cent. of net revenue invoiced for the year ended 31 December 2016 collecting U.S.\$79 million, a 37 per cent. decrease as compared to U.S.\$125 million in the year ended 31 December 2015.

In May and June 2017, the Egyptian Government made a payment to international oil and gas companies operating in Egypt of which Dana Gas' share was U.S.\$110 million. As a result of the payment, Dana Gas Egypt's outstanding receivables decreased to U.S.\$228 million as at 31 December 2017. During the year, Dana Gas collected a total of U.S.\$164 million, of which U.S.\$113 million was received in U.S. dollars, U.S.\$44 million in equivalent Egyptian pounds and U.S.\$7 million was offset against payables to government owned contractors.

In the Kurdistan Region of Iraq, Dana Gas' share of collections was U.S.\$466 million in 2017, compared to U.S.\$101 million in 2016. The significant increase in collections was due to the receipt of U.S.\$1 billion (of which Dana Gas' 35 per cent. share was U.S.\$ 350 million) received from KRG following signing of the KRG Settlement.

On 21 October 2013, the Consortium commenced international arbitration proceedings at the LCIA against the KRG in accordance with the dispute resolution mechanism of the Petroleum Development Agreement, in relation to a dispute over payments due from KRG to the Consortium for the supply of condensates and LPG. The arbitration proceedings were finally settled on 30 August 2017 pursuant to the KRG Settlement Agreement, with Dana Gas receiving a 35 per cent. share in the settlement (see "*Dana Gas – Business Description – Recent Developments*", "*Business Description – Litigation and Arbitration – Arbitration Case - KRG*" and "*Business Description – Business Segment – Receivables – Kurdistan Region of Iraq*").

Levels of Production

Dana Gas' revenues are also directly affected by Dana Gas' levels of production of gas, liquids and condensates, which are in turn dependent on the continued operational performance of its producing assets in Egypt and the Kurdistan Region of Iraq. Dana Gas' producing assets are subject to a number of operational issues, including: reduced availability of those assets due to planned activities such as maintenance or shutdowns; unplanned outages which may, for example, be due to equipment or human failure; asset integrity and HSSE incidents; adverse reserves recovery; the performance of joint venture partners; the performance of Dana Gas' contractors; and exposure to natural hazards, such as extreme weather events or acts of terrorism or political violence.

The following table presents information on Dana Gas' effective working interest oil and gas production:

	Year ended 31 December		
	2015	2016	2017
Working Interest			
Total Production			
Average production (boed).....	63,900	67,050	67,600
Total production (MMboe).....	23.3	24.4	24.7
Liquids Production			
Average condensate/LPG production (boed).....	16,200	17,100	17,400
Total condensate/LPG production (MMboe).....	5.9	6.2	6.4
Gas Production			
Average gas production (MMcfd).....	286	299	301
Total gas production (Bcf).....	104	109	110

Costs of Production

Over the medium term, Dana Gas' financial position could also be affected by cost escalation in materials and services. Increase in operating cost base could be caused by high oil/gas prices leading to inflationary pressures in the supply markets; organic demand from the energy industry coupled with regional hotspots for services; and costs associated with supporting the drive for increased asset integrity. Commodity price increases can cause supply or capacity constraints in areas such as specialist staff, construction or operations. This in turn can create cost pressure on Dana Gas' operating and capital costs, which affect ongoing financial performance.

Exchange Rates

Dana Gas is exposed to material foreign currency risks in relation to its cash balance denominated in Egyptian pounds held in Egypt with local banks.

At 31 December 2017, if the Egyptian pound had strengthened/weakened by 10 per cent. against the U.S. dollar with all other variables held constant, total comprehensive profit for the year would have been U.S.\$0.3 million higher/lower (compared to U.S.\$2 million as at 31 December 2016), as a result of foreign exchange gains/losses on translation of Egyptian pound denominated cash and bank balance.

Oil and Gas Reserves

The costs of developing a field are spread over the life of the field (the unit of production method of accounting under IFRS). The reserves of the field are based on the latest technical estimates based on production history, pressure measurements, porosity of source rock, estimates of likely reservoir limits and other factors, and cannot be known with certainty during the life of the field. If there is a significant change in the estimated reserves for a producing field, the total costs will be spread over a smaller or larger reserves number significantly increasing or decreasing, respectively, the cost per barrel and therefore the total cost of sales in a period. These reserves will also underpin the total value of the field used for impairment calculations, so in very significant cases a reduction to the reserve estimate can lead to an impairment write-down.

Exploration Success and Impairment

Dana Gas faces risks in connection with its appraisal, exploration and development activities. There are risks inherent in Dana Gas' strategy of geographic diversification and acquisition of new exploration and development properties. Dana Gas' success or failure in its exploration and appraisal activities will affect the level of its reserves and resources.

Dana Gas follows the “successful efforts” method of accounting in relation to its oil and natural gas exploration and evaluation expenditure. Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. If hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity which may include the drilling of further wells (exploration or exploratory type stratigraphic test wells), are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to a technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proven reserves of oil and natural gas are determined and development is sanctioned, capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure. Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

Description of Principal Line Items in the Income Statements of Dana Gas

Revenue

Revenue consists of sales value before deduction of royalties. Revenue is recognised to the extent that it is probable that the economic benefit will flow to Dana Gas and the revenue can be reliably measured. Revenue from sale of hydrocarbons is recognised when the significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably.

Royalties

Royalty cost consists of the share of production pertaining to the relevant government/entities in the countries and regions in which Dana Gas operates.

Operating Costs

Operating costs consist primarily of running costs of production facilities, logistics cost, direct lifting cost, fuel and management cost and cost of work overs.

Depreciation and Depletion

Depreciation and depletion costs are allocated on a unit-of-production method except for gas processing plants and pipelines where the costs are spread either on a straight-line basis over the expected life or on a unit-of-production method. Unit-of-production rates are based on proved reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods.

General and Administration Expenses

Dana Gas’ administrative expenses consist primarily of employee and other expenses related to staff in its corporate office in Sharjah and its branch office in the Kurdistan Region of Iraq.

Other Income

Other income includes one-off items which cannot be classified in any other line.

Investment and Finance Income

Investment and finance income primarily includes profit on bank deposits, interest on overdue trade receivables, dividend income and revaluation gains on investments.

Reversal of Surplus over Entitlement

Reversal of surplus over entitlement relates to reversal of provision relating to the KRG entitlement, which was initially recognised by Pearl in 2015. As per the terms of the Petroleum Development Agreement, delay in payment by the KRG further increases Pearl’s entitlements and reduces the amount payable to the KRG.

Provision for Impairments

Provision for impairments relates to exploration and development wells which are successful but which are not expected to produce cash flows sufficient to cover their existing cost. An impairment provision is created for the amount by which the carrying amount exceeds their recoverable amount.

Other Expenses

Other expenses primarily includes corporate social responsibility related payments, one-off expenditures related to various arbitrations and legal costs relating to litigation proceedings in respect of the Existing Certificates (see “Dana Gas – Business Description – Litigation and Arbitration – Litigation – Existing Certificates”).

Change in Fair Value of Investment Property

This relates to change in fair value of investment property, which is based on the valuation performed by an independent firm of qualified property consultants on an annual basis.

Share of Loss of a Joint Venture

Share of loss of a joint venture relates to Dana Gas’ share of loss in its joint ventures, principally CNGCL, EBGDCo and Gas Cities.

Exploration Expenditure

Oil and natural gas exploration and evaluation expenditures are accounted for using the “successful efforts” method. Exploration expenditure relates to unsuccessful exploration wells where no commercial quantities of hydrocarbons have been found and includes geological and geophysical exploration costs.

Finance Costs

Finance cost includes costs relating to Dana Gas’ outstanding indebtedness and exchange loss on Egyptian pounds held at the balance sheet date.

Income Tax Expense

Income tax represents the sum of expected tax payable by Dana Gas and any production delivered to governmental entities in lieu of such tax. Dana Gas records this share of production as a current income tax expense.

Results of Operations

The following tables set forth selected consolidated income statement data for the years ended 31 December 2015, 2016 and 2017:

Consolidated Income Statement Data for the Years Ended 31 December 2015, 2016 and 2017

	Year ended 31 December					
	2015		2016		2017	
	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)
Revenue.....	417	1,529	392	1,437	450	1,649
Royalties	(146)	(535)	(137)	(502)	(169)	(619)
Net revenue	271	994	255	935	281	1,030
Operating Costs.....	(56)	(205)	(52)	(191)	(52)	(191)
Depreciation and depletion.....	(89)	(326)	(100)	(366)	(111)	(407)
Gross profit.....	126	463	103	378	118	432
General and administration expenses	(23)	(84)	(13)	(48)	(15)	(55)
Other Income	208	762	—	—	26	95
Investment and finance income	130	476	(55)	(202)	24	88
Reversal of/(provision for) surplus over entitlement	(153)	(561)	39	143	114	418
Provision for impairments	(24)	(88)	(7)	(26)	(36)	(132)
Other expenses.....	(8)	(29)	(19)	(69)	(20)	(73)
Change in fair value of investment property	(1)	(4)	(1)	(4)	-	-
Share of loss of a joint venture	(7)	(26)	(3)	(11)	-	-
Exploration expenditure.....	(14)	(51)	(4)	(15)	(19)	(69)
Finance costs.....	(77)	(282)	(97)	(355)	(71)	(260)
Profit before income tax.....	157	576	(57)	(209)	121	444
Income tax expense.....	(13)	(48)	(31)	(114)	(38)	(139)
PROFIT FOR THE YEAR.....	144	528	(88)	(323)	83	305
(Loss)profit attributable to:						
Equity holders of the parent	146	535	(88)	(323)	83	305
Non-controlling interest	(2)	(7)	—	—	—	—
	<u>144</u>	<u>528</u>	<u>(88)</u>	<u>(323)</u>	<u>83</u>	<u>305</u>
Basic earnings/(loss) per share (U.S.\$/AED per share)	0.021	0.077	(0.013)	(0.046)	0.012	0.044
Diluted earnings/(loss) per share (U.S.\$/AED per share)	<u>0.019</u>	<u>0.072</u>	<u>(0.013)</u>	<u>(0.046)</u>	<u>0.012</u>	<u>0.044</u>

Analysis of Results of Operations of Dana Gas for the Financial Year Ended 31 December 2016 Compared to the Financial Year Ended 31 December 2017

Revenue

Revenue for the year ended 31 December 2017 was U.S.\$450 million, a 15 per cent. increase compared to U.S.\$392 million for the year ended 31 December 2016. This increase was primarily due to increased production in Egypt and higher realised hydrocarbon prices in the year ended 31 December 2017. Realised prices averaged U.S.\$45/bbl for condensate and U.S.\$30/boe for LPG compared to U.S.\$36/bbl and U.S.\$28/boe, respectively in the year ended 31 December 2016.

Royalties

Royalties for the year ended 31 December 2017 were U.S.\$169 million, a 23 per cent. increase compared to U.S.\$137 million during the year ended 31 December 2016. This royalty relates to the Egyptian government's share of production that, along with tax, is taken in kind and the Government of Sharjah and Government of Ajman's royalty in the UAE which is paid in cash. The increase in royalty was primarily due to higher production and higher realised hydrocarbon prices in Egypt in the year ended 31 December 2017 as compared to the corresponding period.

Operating Costs

Operating costs for the years ended 31 December 2017 and 31 December 2016 were U.S.\$52 million.

Depreciation and Depletion

Depreciation and depletion for the year ended 31 December 2017 was U.S.\$111 million, an 11 per cent. increase compared to U.S.\$100 million for the year ended 31 December 2016. Oil and gas properties across all the business units are depleted using the unit-of-production method. Unit of production rates are based on yearly production and proved reserves (1P), which are oil and gas reserves estimated to be recovered from existing facilities using current operating methods. The increase in depreciation and depletion was primarily due to an increase in depletable costs in the Kurdistan Region of Iraq, pursuant to the KRG Settlement Agreement, with

U.S.\$1.25 billion of debt due to the Consortium (of which Dana Gas' share was U.S.\$439 million) having been converted to petroleum costs and classified as oil and gas interests. In addition, depletion in the Zora gas field was higher based on revised proved reserves reported in the 2017 year-end reserve report.

General and Administration Expenses

General and administration expenses for the year ended 31 December 2017 were U.S.\$15 million, a 15.4 per cent. increase compared to U.S.\$13 million for the year ended 31 December 2016. This increase was primarily due to the full year impact of positions hired in 2016.

Other Income

In December 2010, Dana Gas and Crescent initiated international arbitration proceedings before an arbitration tribunal in London alleging that RWEST had breached certain confidentiality agreements between the parties. On 10 March 2015, the Tribunal held that RWEST's breaches of the confidentiality agreements had harmed the claimants' interests in the Kurdistan Region of Iraq. On 27 November 2015, the claimants reached a mutually satisfactory and confidential settlement with RWEST (the "**RWEST Settlement Agreement**"). As part of the settlement, Dana Gas and Crescent transferred an equity interest of 5 per cent. of their respective shareholdings in Pearl to RWE Middle East. Under the RWEST Settlement Agreement, Dana Gas is entitled to further confined payments from RWEST only in the case and in the same amount that dividends are distributed to RWE Middle East by Pearl (based on RWE Middle East's 10 per cent. equity share in Pearl). During the year ended 31 December 2017, Dana Gas received an amount of U.S.\$26 million towards such confined payments. Accordingly, this amount has been recognised in other income. No such amounts were received in the year ended 31 December 2016.

Investment and Finance Income

Investment and finance income for the year ended 31 December 2017 was U.S.\$24 million, a 144 per cent. increase as compared to a cost of U.S.\$55 million for the year ended 31 December 2016. In 2016, a one-time interest reversal of U.S.\$66 million was recognised on overdue receivables due from KRG following the issuance of the Third Partial Final Award. This resulted in the investment and finance income being negative in 2016.

Reversal of Surplus over Entitlement

Reversal of surplus over entitlement for the year ended 31 December 2017 was U.S.\$114 million, a 192 per cent. increase compared to a reversal of surplus over entitlement of U.S.\$39 million for the year ended 31 December 2016. The increase was due to reset of entitlement in the KRG pursuant to the KRG Settlement Agreement.

As per the terms of the Petroleum Development Agreement, Pearl takes title to all petroleum produced by the KRG and accordingly recognises 100 per cent. revenue from the sale of condensate and LPG. From such revenue received in cash, Pearl is entitled to retain the petroleum costs and remuneration fee as per the terms of the Petroleum Development Agreement and any residual amount is to be paid to the KRG. The right under the Petroleum Development Agreement for Pearl to receive such revenue in full was upheld by the LCIA in its Second Partial Final Award (dated 27 November 2015 and updated by Memorandum of Correction dated 20 January 2016).

On an accruals basis, the cumulative revenue recognised by Pearl as at 31 December 2016 exceeded its net entitlements under the Petroleum Development Agreement with the KRG, if all invoices and outstanding receivables were to be paid by the KRG in an amount of U.S.\$326 million, of which Dana Gas' 35 per cent. share was U.S.\$114 million. This notational surplus was only due on the assumption that all the outstanding liquid petroleum invoices as at 31 December 2016 had been paid in full by the KRG as of that date, which they had not.

Pursuant to the KRG Settlement Agreement, an amount of U.S.\$1 billion was paid in cash by the KRG and the residual debt of U.S.\$1.24 billion (including interest and transportation cost receivables) was converted to petroleum costs under the Petroleum Development Agreement. Post this conversion of the residual debt to petroleum costs, Pearl is again in a cost recovery mode wherein Pearl is yet to recover its full entitlement under the Petroleum Development Agreement. Accordingly, the provision for surplus over entitlement of U.S.\$260 million (of which Dana Gas' share was U.S.\$91 million), as of 30 August 2017 is no longer required and has been fully reversed to the income statement.

Other Expenses

Other expenses for the year ended 31 December 2017 remained almost constant at U.S.\$20 million as compared to U.S.\$19 million for the year ended 31 December 2016, reflecting corporate social responsibility costs, arbitration related costs and legal costs pertaining to the litigation proceedings in respect of the Existing Certificates (see “*Dana Gas – Business Description – Litigation and Arbitration – Litigation – Existing Certificates*”).

Provision for Impairments

Provision for impairments for the year ended 31 December 2017 was U.S.\$36 million, a 414 per cent. increase compared to U.S.\$7 million for the year ended 31 December 2016. The increase was mainly due to an amount of U.S.\$34 being recognised in respect of the Zora gas field assets following write down of the proved and probable reserves (2P) in the 2017 year-end independent reserve report.

Share of Loss of a Joint Venture

There was no share of loss of a joint venture for the year ended 31 December 2017. The share of loss of a joint venture for the year ended 31 December 2016 was U.S.\$3 million. This reflects decrease in loss in the EBGDCo, a joint venture in which Dana Gas has a 26.4 per cent. interest, as a result of higher realised prices.

Exploration Expenditure

Exploration expenditure for the year ended 31 December 2017 was U.S.\$19 million, a 375 per cent. increase from U.S.\$4 million for the year ended 31 December 2016, primarily as a result of increased exploration activity. The cost of U.S.\$19 million includes expenditure relating to dry hole costs of three exploratory wells, seismic studies costs and related overhead costs. As Dana Gas follows the “successful efforts” method for exploration and evaluation expenditure, dry hole costs for all of the above unsuccessful wells were written off.

Finance Costs

Finance costs for the year ended 31 December 2017 were U.S.\$71 million, a 27 per cent. decrease compared to U.S.\$97 million for the year ended 31 December 2016, as a result of repayment of the U.S.\$100 million term facility taken by DG Zora in respect of the financing of Zora gas field (the “**Zora Gas Field Project Financing**”) and the U.S.\$25 million commodity murabaha facility with Mashreq Bank PJSC (the “**Mashreq Facility**”) in the second quarter of 2017. In addition, during 2016, Dana Gas booked an exchange loss of U.S.\$20 million following devaluation of the Egypt pound. No devaluation of the Egyptian pound took place during 2017.

Income Tax Expense

Income tax expense for the year ended 31 December 2017 was U.S.\$38 million, a 23 per cent. increase compared to U.S.\$31 million for the year ended 31 December 2016. Income tax in Egypt is charged at the rate of 41 per cent. of taxable income and is taken in kind as a portion of the Egyptian government’s production share. This increase was primarily due to an increase in the taxable income of Dana Gas Egypt as a result of higher production in Egypt coupled with higher realised hydrocarbon prices during the period.

Profit for the Year

Profit for the year ended 31 December 2017 was U.S.\$83 million as compared to a loss of U.S.\$88 million in the year ended 31 December 2016, an increase of 144 per cent. mainly due to the reversal of surplus over entitlement in the Kurdistan Region of Iraq, higher revenues and other income. In addition, finance costs decreased by U.S.\$26 million, or 26.8 per cent., as a result of the settlement of certain loans during the period and no further devaluation in Egypt. The profit growth in 2017 was impacted by an impairment amount of U.S.\$34 million against the Zora gas field assets following receipt of the year-end independent reserve report. In 2016, the main contributor to the net loss was a one-time interest reversal of U.S.\$66 million on overdue receivables due from the KRG following the issuance of the Third Partial Final Award.

Analysis of Results of Operations of Dana Gas for the Financial Year Ended 31 December 2016 Compared to the Financial Year Ended 31 December 2015

Revenue

Dana Gas earned gross revenue of U.S.\$392 million in 2016, as compared to U.S.\$417 million in 2015, a decrease of 6 per cent. reflecting a decline in realised hydrocarbon prices in 2016 as compared to 2015. Realised hydrocarbon prices were down by 26 per cent. in 2016 averaging U.S.\$36/bbl for condensate and U.S.\$28/boe for LPG in 2016 compared to U.S.\$50/bbl and U.S.\$37/boe, respectively, in 2015.

This decline in revenue due to lower realised prices was partly offset by an increase in production from Egypt and new production coming onstream from the Zora gas field, which together added U.S.\$47 million to gross revenue (U.S.\$21 million of which was attributable to the Zora gas field). Production in Egypt increased by 11 per cent. in 2016, increasing from 33,900 boepd in 2015 to 37,600 boepd in 2016. The higher production is a result of increased drilling activities which led to additional reserves for the Nile Delta fields and reflects Dana Gas commitments made under the GPEA.

Egypt contributed U.S.\$289 million to gross revenue in 2016 as compared to U.S.\$271 million in 2015. Dana Gas' share of revenue from the joint operations in the Kurdistan Region of Iraq was U.S.\$78 million in 2016, a decrease of 45 per cent. as compared to U.S.\$142 million in 2015. The decline in revenue in the Kurdistan Region of Iraq was due to a change in the Dana Gas' interest in Pearl from 40 per cent. to 35 per cent. in 2016 following the disposal of a 5 per cent. interest in Pearl on 27 November 2015 to RWE Middle East, coupled with lower realised hydrocarbon prices during 2016.

Royalties

Royalties for the year ended 31 December 2016 were U.S.\$137 million, a 6 per cent. decrease compared to U.S.\$146 million for the year ended 31 December 2015. This royalty relates to the Egyptian government's share of production which, along with tax, is taken in kind and the Government of Sharjah and Government of Ajman's royalty in the UAE which is paid in cash. The decrease in royalty was primarily due to lower revenues in Egypt during 2016.

Operating Costs

Operating costs for the year ended 31 December 2016 were U.S.\$52 million, a 7 per cent. decrease compared to U.S.\$56 million for the year ended 31 December 2015. This decrease was primarily due to operating cost efficiencies resulting from operational efficiencies and the impact of Egyptian currency devaluation, partly offset by the inclusion of the Zora gas field operations in operating costs.

Depreciation and Depletion

Depreciation and depletion for the year ended 31 December 2016 was U.S.\$100 million, a 12 per cent. increase compared to U.S.\$89 million for the year ended 31 December 2015. The increase was mainly due to increased production in Egypt and the commencement of production at the Zora gas field in the UAE. Oil and gas properties are depleted using the unit-of-production method. Unit of production rates are based on yearly production and proved reserves, which are oil and gas reserves estimated to be recovered from existing facilities using current operating methods. Production for the year in Egypt increased to 37,600 boed in 2016 from 33,900 boed in 2015 and this had a corresponding impact on depletion.

General and Administration Expenses

General and administration expenses for the year ended 31 December 2016 were U.S.\$13 million, a 43 per cent. decrease compared to U.S.\$23 million for the year ended 31 December 2015. This decrease was primarily due to a cost optimisation exercise which Dana Gas undertook in 2015, including a reduction of 40 per cent. in its head office headcount.

Other Income

On 27 November 2015, in relation to the arbitration dispute between Dana Gas, Crescent and RWEST, the parties reached an amicable and mutually beneficial settlement agreement with RWEST to address all claims and

bring the arbitration to a close. The settlement of the arbitration including the sale of a 5 per cent. interest in Pearl by Dana Gas to RWE Middle East resulted in other income of U.S.\$208 million. No other income was recognised in the year ended 31 December 2016.

Investment and Finance Income

Investment and finance income for the year ended 31 December 2016 was U.S.\$11 million, which was offset by a one-time reversal of interest on overdue receivables of U.S.\$66 million (net), resulting in a cost of U.S.\$55 million, a 142 per cent. decrease compared to an income of U.S.\$130 million for the year ended 31 December 2015. The net charge of U.S.\$66 million was due to a one-time interest reversal on overdue receivables due from the KRG following the Third Partial Final Award in which the tribunal determined that the claimants were entitled to interest on all overdue liquids receivables for each day that such sums are overdue at the rate of LIBOR + 2 per cent. compounded monthly.

The interest that had previously been reflected in the financial results of 2015 was based on Pearl's financial statements which reflected the actual cost incurred by Dana Gas on the profit payments due in respect of its Ordinary Certificates, as per the interpretation of the terms of the Petroleum Development Agreement between Pearl and the KRG by Dana Gas and its adviser.

Reversal of Surplus over Entitlement

Reversal of surplus over entitlement for the year ended 31 December 2016 was U.S.\$39 million, a 126 per cent. decrease compared to a provision for surplus over entitlement of U.S.\$153 million for the year ended 31 December 2015. As per the terms of the Petroleum Development Agreement, delay in payment by the KRG increases Pearl's entitlement and reduces the amount payable to the KRG, which results in a reversal of surplus over entitlement provision.

Provision for Impairments

Provision for impairments for the year ended 31 December 2016 was U.S.\$7 million, a 71 per cent. decrease compared to U.S.\$24 million for the year ended 31 December 2015. During 2016, the provision for impairment was taken following Dana Gas' evaluation of its tangible assets with a provision for impairments created for certain wells whose carrying amount exceeded their recoverable amount based on expected production level and cash flows. The decrease in the provision for impairments during 2016 was due to the fact that in 2015 an impairment charge of U.S.\$10 million was recognised in Egypt, whereas in 2016 no such provision was required based on the annual Gaffney Cline Associates reserve report.

Other Expenses

Other expenses for the year ended 31 December 2016 were U.S.\$19 million, a 138 per cent. increase compared to U.S.\$8 million for the year ended 31 December 2015. Other expenses primarily includes arbitration related cost and preservation cost relating to Sajgas and UGTC.

Change in Fair Value of Investment Property

Change in fair value of investment property for the year ended 31 December 2016 stayed constant at a loss of \$U.S. 1 million compared to the year ended 31 December 2015. This was based on a valuation performed by an independent firm of qualified property consultants, by reference to comparable market transactions.

Share of Loss of a Joint Venture

Share of loss of a joint venture for the year ended 31 December 2016 were U.S.\$3 million, a 57 per cent. decrease compared to U.S.\$7 million for the year ended 31 December 2015. This reflects a decrease in loss in the EBGDCo, a joint venture in which Dana Gas has a 26.4 per cent. interest as a result of no deferred tax charge during the year.

Exploration Expenditure

Exploration expenditure relating to dry hole costs for the year ended 31 December 2016 was U.S.\$4 million, a 71 per cent. decrease compared to U.S.\$14 million for the year ended 31 December 2015. During the year ended 31

December 2016, Dana Gas conducted a 6-well exploration programme in 2016, with a 67 per cent. success rate resulting in 2P gas reserve additions of 87 bcf. Exploration expenditure of U.S.\$4 million relates to exploratory well write-offs, seismic studies cost and related overhead cost. As Dana Gas follows the “successful efforts” method for exploration and evaluation expenditure, dry hole costs for all of the above unsuccessful wells were written off.

Finance Costs

Finance costs for the year ended 31 December 2016 were U.S.\$97 million, a 26 per cent. increase compared to U.S.\$77 million for the year ended 31 December 2015 and includes profit payment on outstanding debts. The increase in finance costs in 2016 was mainly due to exchange loss of U.S.\$20 million on Egyptian pounds held by Dana Gas at the end of 31 December 2016.

Income Tax Expense

Income tax expense for the year ended 31 December 2016 was U.S.\$31 million, a 138 per cent. increase compared to U.S.\$13 million for the year ended 31 December 2015. Income tax in Egypt is charged at the rate of 41 per cent. of taxable income and is taken in kind as a portion of the Egyptian government’s production share. The increase was primarily due to an increase in the taxable income of Dana Gas Egypt as a result of higher production in Egypt.

Profit for the Year

Dana Gas made a loss of U.S.\$88 million for the year ended 31 December 2016, as compared to a profit of U.S.\$144 million for the year ended 31 December 2015. Whilst optimisation of operating costs and general and administrative expenses together with increase in entitlements in the Kurdistan Region of Iraq has contributed positively towards operating profit, a one-off income recognised as other income in the year ended 31 December 2015 and a one-time interest reversal recognised as investment and finance cost in the year ended 31 December 2016, resulted in a significant variance in profitability.

Financial Position

The following table sets forth the financial position of Dana Gas as at 31 December 2015, 2016 and 2017:

Consolidated Balance Sheet Data

	As at 31 December					
	2015		2016		2017	
	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)
ASSETS						
Non-current assets:						
Property, plant and equipment	1,032	3,784	1,105	4,050	1,462	5,360
Intangible assets	748	2,741	690	2,529	644	2,361
Investment property.....	25	91	24	87	24	87
Interest in joint ventures.....	559	2,048	560	2,053	560	2,053
	2,364	8,664	2,379	8,719	2,690	9,861
Current assets:						
Inventories	53	194	49	180	50	183
Trade and other receivables.....	1,017	3,728	1,026	3,761	285	1,045
Available-for-sale financial assets	—	—	—	—	—	—
Financial assets at fair value through profit or loss	8	29	9	33	9	33
Funds held for development	—	—	—	—	140	513
Cash and bank balance	470	1,723	302	1,107	608	2,229
	1,548	5,674	1,386	5,081	1,092	4,003
TOTAL ASSETS	3,912	14,338	3,765	13,800	3,782	13,864
EQUITY AND LIABILITIES						
Capital and reserves attributable to equity holders of the Parent						
Share capital	1,901	6,969	1,901	6,969	1,903	6,977
Statutory reserve.....	108	395	108	395	116	424
Legal reserve	108	395	108	395	116	424
Retained earnings.....	693	2,540	603	2,210	669	2,453
Other reserves	2	7	3	11	4	15

	As at 31 December					
	2015		2016		2017	
	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)
Convertible bonds-equity component	58	212	58	212	58	212
Attributable to equity holders of the Parent						
.....	2,870	10,518	2,781	10,192	2,866	10,505
Non-controlling interest	1	4	1	4	1	4
TOTAL EQUITY	2,871	10,522	2,782	10,196	2,867	10,509
LIABILITIES						
Non-current liabilities:						
Borrowings	810	2,969	62	227	19	70
Provisions	16	59	11	40	14	51
Total non-current liabilities	826	3,028	73	267	33	121
Current liabilities:						
Capital received on issuance of Sukuk ⁽¹⁾	-	-	700	2,566	700	2,566
Borrowings	51	187	41	150	4	15
Trade payables and accruals	150	550	128	470	178	653
Provision for surplus over entitlements (net)	14	51	41	151	-	-
	215	788	910	3,337	882	3,234
TOTAL LIABILITIES	1,041	3,816	983	3,604	915	3,355
TOTAL EQUITY AND LIABILITIES....	3,912	14,338	3,765	13,800	3,782	13,864

Note:

- (1) As of 30 June 2017, U.S.\$700 million in respect of the Ordinary Certificates and Exchangeable Certificates was reclassified from borrowings to capital received on issuance of Sukuk.

Analysis of Financial Position of Dana Gas as at 31 December 2015, 2016 and 2017

Non-Current Assets

Non-current assets of Dana Gas as at 31 December 2017 stood at U.S.\$2,690 million, a 13 per cent. increase compared to U.S.\$2,379 million as at 31 December 2016, which in turn was a 1 per cent. increase compared to U.S.\$2,364 million as at 31 December 2015.

The increase in non-current assets of Dana Gas in the year ended 31 December 2017 was primarily due to an increase in property, plant and equipment from U.S.\$1.1 billion as at 31 December 2016 to U.S.\$1.5 billion as at 31 December 2017. This increase was mainly due to the transfer of U.S.\$1.25 billion balance debt due from the KRG (of which Dana Gas' share was U.S.\$439 million), post cash settlement of U.S.\$1 billion, to petroleum costs pursuant to the KRG Settlement Agreement.

The increase in non-current assets of Dana Gas by U.S.\$15 million in the year ended 31 December 2016 was primarily due to an increase in tangible and intangible expenditure in Egypt, with Dana Gas spending a total of U.S.\$113 million in 2016. This increase was partially offset by depletion of property, plant and equipment of U.S.\$100 million.

Current Assets

Current assets of Dana Gas as at 31 December 2017 stood at U.S.\$1.1 billion, a 21 per cent. decrease compared to U.S.\$1.4 billion as at 31 December 2016, which in turn was a 10 per cent. decrease compared to U.S.\$1.5 billion as at 31 December 2015.

The decrease in current assets of Dana Gas in the year ended 31 December 2017 was primarily due to a decrease in trade and other receivables from U.S.\$1.02 billion as at 31 December 2016 to U.S.\$285 million as at 31 December 2017, a decline of 72 per cent., with trade receivables decreasing from U.S.\$982 million as at 31 December 2016 to U.S.\$239 million as at 31 December 2017. This decrease was mainly due to a cash settlement of U.S.\$1 billion (of which Dana Gas' share was U.S.\$350 million) under the KRG Settlement Agreement.

The decrease in current assets of Dana Gas in the year ended 31 December 2017 was partially offset by an increase in cash and cash equivalents from U.S.\$302 million as at 31 December 2016 to U.S.\$608 million as at 31 December 2017, an increase of 101 per cent., as a result of the receipt by Dana Gas of its 35 per cent. share of U.S.\$600 million (U.S.\$210 million) out of the U.S.\$1 billion cash settlement under the KRG Settlement Agreement and the receipt of U.S.\$110 million from EGPC against outstanding receivables. In addition, of the

U.S.\$1 billion received by Pearl under the KRG Settlement Agreement, U.S.\$400 million (of which Dana Gas' share was U.S.\$140 million) is classified as funds held for development. These funds are dedicated for investment exclusively for further development to substantially increase production in the Kurdistan Region of Iraq. Pearl is entitled to use any funds remaining of the U.S.\$400 million after the said development is complete or 29 February 2020, whichever occurs the earliest. If, to the reasonable satisfaction of the KRG, Pearl secures financing for all or part of the development, Pearl shall be entitled to use funds from the designated U.S.\$400 million (of which Dana Gas' share is U.S.\$140 million) in the same amount as such financing for any purpose other than the development without restriction.

The decrease in current assets of Dana Gas in the year ended 31 December 2016 was primarily due to a decline in cash balance from U.S.\$470 million in 2015 to U.S.\$302 million in 2016. The reduction in cash balance was due to payments to vendors working on the Zora gas field, exploration and development activities in Egypt, loan and profit payments, Sukuk buyback and other general overheads.

Non-Current Liabilities

Non-current liabilities of Dana Gas as at 31 December 2017 stood at U.S.\$33 million, a 55 per cent. decrease compared to U.S.\$73 million as at 31 December 2016, which was itself a 91 per cent. decrease from U.S.\$826 million as at 31 December 2015.

The decrease in non-current liability of Dana Gas as at the year ended 31 December 2017 was primarily due to full settlement of the Zora Gas Field Project Financing on 2 May 2017.

The decrease in non-current liabilities of Dana Gas in the year ended 31 December 2016 was primarily due to the reclassification of Dana Gas' liability relating to the Existing Certificates from non-current liabilities to current liabilities to reflect the fact that less than a year remained to maturity and regular paydown of the Zora Gas Field Project Financing quarterly instalments.

Current Liabilities

Current liabilities of Dana Gas as at 31 December 2017 stood at U.S.\$882 million, a 3 per cent. decrease compared to U.S.\$910 million as at 31 December 2016, which was a 323 per cent. increase compared to U.S.\$215 million as at 31 December 2015.

The decrease in the year ended 31 December 2017 was primarily due to full settlement of the Zora Gas Field Project Financing on 2 May 2017, repayment of amount drawn under the Mashreq Facility and reversal of provision for surplus over entitlement pursuant to the KRG Settlement Agreement.

The increase in the year ended 31 December 2016 was primarily due to the reclassification of Dana Gas' liability relating to the Existing Certificates from non-current liabilities to current liabilities to reflect the fact that less than a year remained to maturity.

Liquidity and Capital Resources

The following tables set forth selected cash flow statement data for the years ended 31 December 2015, 2016 and 2017.

	Year ended 31 December					
	2015		2016		2017	
	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)
Net cash flows from operating activities.....	203	744	82	300	465	1,705
Net cash flows from/(used in) investing activities.....	41	150	(111)	(407)	(46)	(168)
Net cash flows from/(used in) financing activities	13	47	(120)	(438)	(103)	(378)
Cash and cash equivalents at the end of the year...	441	1,615	292	1,070	608	2,229

Net Cash Flows from Operating Activities

Net cash flows from operating activities for the year ended 31 December 2017 were U.S.\$465 million, a 467 per cent. increase compared to U.S.\$82 million for the year ended 31 December 2016. The increase in net cash flows from operating activities was primarily due to receipt of U.S.\$1 billion by Pearl (of which Dana Gas' share was U.S.\$350 million) from the Kurdistan Region of Iraq towards partial settlement of outstanding receivables and

U.S.\$110 million received from the Egyptian government as part of a payment made by the Egyptian government to international oil and gas companies operating in Egypt during the months of May and June 2017.

Net cash flows from operating activities for the year ended 31 December 2016 were U.S.\$82 million, a 60 per cent. decrease compared to U.S.\$203 million for the year ended 31 December 2015. The key reason for variance in operating cash flow was the one off amount received from RWEST in November 2015 under the RWEST Settlement Agreement.

Net Cash Flows from/(used in) Investing Activities

Net cash used in investing activities for the year ended 31 December 2017 was U.S.\$46 million, a 59 per cent. decrease compared to U.S.\$111 million for the year ended 31 December 2016. The decrease in net cash used in investing activities was primarily due to a lower level of capital expenditure in Egypt during year ended 31 December 2017.

Net cash from investing activities for the year ended 31 December 2016 decreased from net cash from investing activities of U.S.\$41 million in 2015 to net cash used in investing activities of U.S.\$111 million in 2016. The net cash used in investing activities in 2016 was mainly due to the capital expenditure in Egypt and on the Zora gas field. In 2015, the money spent on capital cost was more than offset by one-off proceeds from a 5 per cent. sale of Dana Gas' interest in Pearl, as well as the disposal of MOL shares.

Net Cash Flows from/(used in) Financing Activities

Net cash (used in) financing activities for the year ended 31 December 2017 was U.S.\$103 million, a 14 per cent decrease compared to U.S.\$120 million for the year ended 31 December 2016. In the year ended 31 December 2017, net cash flows used in financing activities primarily related to an amount paid to fully settle the Zora Gas Field Project Financing and the Mashreq Facility together with profit payment on Dana Gas' borrowings.

Net cash (used in) financing activities was U.S.\$13 million in the year ended 31 December 2015 compared to net cash for financing activities of U.S.\$120 million in the year ended 31 December 2016. The net cash during the year ended 31 December 2016 was due to the repurchase of Sukuk amounting to U.S.\$45 million, payment of profit on borrowings (U.S.\$64 million) and installments paid against loans obtained for the Zora Gas Field Project Financing and the Mashreq Facility.

Segmental Information

The following table sets forth selected consolidated income statement data of Dana Gas as broken down by operating segment for each of the years ended 31 December 2015, 2016 and 2017.

	Year ended 31 December					
	2015		2016		2017	
	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)
Net revenues:						
UAE.....	4	15	23	84	18	66
Egypt.....	125	458	154	565	165	605
Kurdistan Region of	142	521	78	286	98	359
Iraq.....						
Total revenue	271	994	255	935	281	1,030
Gross profit:						
UAE.....	2	7	(3)	(11)	(11)	(40)
Egypt.....	16	60	63	231	75	275
Kurdistan Region of	108	396	43	158	54	197
Iraq.....						
Total gross profit	126	463	103	378	118	432

The following table sets forth the financial position of Dana Gas as broken down by operating segment as at 31 December 2015, 2016 and 2017.

	Year ended 31 December					
	2015		2016		2017	
	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)	(U.S.\$m)	(AEDm)
Assets:						
UAE.....	1,792	6,568	1,659	6,081	1,912	7,008
Egypt.....	1,105	4,050	1,111	4,072	1,023	3,750
Kurdistan Region of Iraq.....	1,015	3,720	995	3,647	847	3,106
Total assets	3,912	14,338	3,765	13,800	3,782	13,864
Liabilities:						
UAE.....	877	3,214	784	2,875	770	2,823
Egypt.....	133	488	131	480	108	396
Kurdistan Region of Iraq.....	31	114	68	249	37	136
Total liabilities	1,041	3,816	983	3,604	915	3,355

Capital Expenditure

Capital Expenditure in the year ended 31 December 2017

Dana Gas incurred an amount of U.S.\$47 million in capital expenditure during the year ended 31 December 2017. The entire amount was spent in Egypt on care and maintenance capital expenditure as well as on drilling during the second half of 2017.

Capital Expenditure of Dana Gas in the Year Ended 31 December 2016

In the year ended 31 December 2016, capital expenditure of Dana Gas was U.S.\$122 million. In Egypt, Dana Gas spent U.S.\$116 million on the drilling of five exploration/appraisal wells and 11 development/recompletion wells together with various field development activities to grow production. The decline in capital expenditure during 2016 was mainly due to the fact that the Zora gas field, which was under development in 2015, was completed in early 2016.

Future Capital Expenditure

Dana Gas' capital expenditure will be driven largely by the development and appraisal of its blocks in the Kurdistan Region of Iraq. A field development plan is in the process of being implemented and will include debottlenecking of existing facilities and further expansion to more than double the current production capacity. Any capital expenditure in the Kurdistan Region of Iraq will be funded through financing arrangements and/or the deployment of the amount of U.S.\$400 million held in a bank account of Pearl for the purpose of future development activities. In Egypt, the Dana Gas plans to continue with its strategy of managing capital expenditure in line with collections. With respect to care and maintenance, Dana Gas estimates that capital expenditure will be in the range of U.S.\$40 to U.S.\$50 million.

Dana Gas continually evaluates its capital needs and compares them with its estimated funds available, and its actual future capital expenditure may be higher or lower than its budgeted amounts. It is important to note that the dynamic nature of Dana Gas' business limits its ability to precisely predict its future capital expenditure. In particular, Dana Gas' capital expenditure may increase as additional exploration or development opportunities arise.

Contractual Commitments, Contingent Assets and Contingent Liabilities

Dana Gas Egypt

In March 2006, Dana Gas Egypt entered into an agreement with CTIP Oil and Gas Limited ("CTIP") to acquire a 25 per cent. working interest in the West El Manzala and West El Qantara concessions. Following the closing of this acquisition, Dana Gas held a 100 per cent. participating interest in each of these concessions. As agreed under the terms of the acquisition agreement, Dana Gas Egypt has paid U.S.\$13 million as a result of the first Government-approved plan of Development in the West El Manzala Concession. In addition, Dana Gas Egypt has agreed to pay additional payments that could total up to a further U.S.\$12.5 million as and when total proved reserves for both El Manzala and West El Qantara concessions collectively and in the aggregate exceeds 1 trillion cubic feet of natural gas. Dana Gas Egypt has also granted a three per cent. net profit interest to CTIP on future profit from the concessions.

In April 2013, Dana Gas Egypt was awarded a 100 per cent. working interest in North El Arish Offshore (Block 6). The exploration block is located offshore Nile Delta, in the eastern part of the Mediterranean Sea. As per the concession agreement, Dana Gas Egypt committed to spend U.S.\$25.5 million on the block during the first four-year phase of exploration, which expired on 12 February 2018. Dana Gas has been granted a one-year extension for the first phase of exploration until 10 February 2019. To date, Dana Gas Egypt has spent approximately U.S.\$14.7 million out of the total commitment.

In October 2014, Dana Gas Egypt was awarded a 100 per cent. working interest North El Salhiya (Block 1). The exploration block is located in the Nile Delta next to Dana Gas Egypt existing development leases. As per the concession agreement, Dana Gas Egypt committed to spend U.S.\$20 million on the block during the first three-year phase of exploration which expired on 14 January 2018. Dana Gas Egypt has been granted a six-month extension for the first phase of exploration until 14 July 2018. To date, Dana Gas Egypt has spent approximately U.S.\$7.5 million out of the total commitment.

In October 2014, Dana Gas Egypt was also awarded El Matariya (Block 3), an onshore exploration block in the Nile Delta. Dana Gas Egypt with BP as partner and operator will participate in the concession on a 50:50 basis. Dana Gas Egypt and BP have committed to spend U.S.\$60 million on the block during the first three-year phase of exploration. As per the terms of the agreement with BP, BP will fund all of the cost (including Dana Gas' share) of the first exploration well up to an agreed maximum limit. BP also has the option to acquire 50 per cent. in the deep potential of some of Dana Gas' adjacent development leases. The Mocha-1 and West Ward Delta-2 exploration wells were drilled during the first exploration phase. Dana Gas Egypt and BP have elected to continue with the second phase of exploration with a commitment to spend U.S.\$15 million during the three-year phase. The drilling costs in relation to the Mocha-1 and West Ward Delta-2 wells have fulfilled the spend commitment for the first and second phases of exploration.

Financial Risk Management Objectives and Policies

Foreign Currency Risk

Dana Gas is exposed to material foreign currency risks in relation to its cash balance in Egyptian pounds held in Egypt with local banks.

At 31 December 2017, if the Egyptian pound had strengthened/weakened by 10 per cent. against the U.S. dollar with all other variables held constant, total comprehensive gain for the year would have been U.S.\$0.3 million higher/ lower (2016: U.S.\$2 million), as a result of foreign exchange gains/losses on translation of Egyptian pound denominated cash and bank balance.

Profit Rate Risk

Dana Gas has minimal exposure to profit rate risk on bank deposits.

Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Dana Gas is exposed to credit risk from trade receivables and bank balances.

The trade receivables arise from its operations in UAE, Egypt and the Kurdistan Region of Iraq. The requirement for impairment is analysed at each reporting date on an individual basis for major customers. As the majority of Dana Gas' trade receivables are from government related entities no impairment was necessitated at this point. The maximum exposure to credit risk at the reporting date is the carrying amount of trade receivables, which as of 31 December 2017 stood at U.S.\$239 million.

Credit risk from balances with banks and financial institutions is managed by Dana Gas' treasury in accordance with Company policy. Investment of surplus funds is made only with counterparties approved by Dana Gas' Board of Directors. Dana Gas' maximum exposure to credit risk in respect of bank balances as at 31 December 2017 is U.S.\$608 million.

Liquidity Risk

Dana Gas' objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings, trade payables and other payables. The table below sets forth the maturity profile of Dana Gas' financial liabilities as at 31 December 2016 and 31 December 2017 based on contractual undiscounted payments.

As at 31 December 2016					
	<1 month	< 1 year (U.S.\$m)	1 to 5 years	> 5 years	Total
Capital received on issuance of Sukuk	-	756	-	-	756
Borrowings	-	46	68	1	115
Trade and other payables.....	-	128	-	-	128
Provisions	3	-	6	8	17
Total	3	930	74	9	1,016

As at 31 December 2017					
	<1 month	< 1 year (U.S.\$m)	1 to 5 years	> 5 years	Total
Capital received on issuance of Sukuk ⁽¹⁾	-	700	-	-	700
Borrowings	-	5	21	1	27
Trade and other payables.....	-	178	-	-	178
Provisions	-	-	6	8	14
Total	-	883	27	9	919

Note:

(1) See "Dana Gas – Business Description – Litigation and Arbitration – Litigation – Existing Certificates".

Significant Accounting Policies and Estimates

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment property, available-for-sale financial assets and financial assets at fair value through profit or loss account that have been measured at fair value. The consolidated financial statements are presented in U.S. dollars, which is Dana Gas' functional currency, and all the values are rounded to the nearest million except where otherwise indicated. AED amounts have been presented solely for the convenience to readers of the consolidated financial statements. AED amounts have been translated at the rate of AED 3.6655 to U.S.\$1.

The consolidated financial statements of Dana Gas have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying Dana Gas' accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below:

Impairment of Goodwill

Dana Gas determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires Dana Gas to make an estimate of the expected future cash flows from each cash-generating unit and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2017 was U.S.\$308 million (2016: U.S.\$308 million).

Recoverable Value of Intangible Oil and Gas Assets

Dana Gas assesses at each statement of financial position date whether there is any evidence of impairment in the carrying value of its intangible oil and gas assets. This requires management to estimate the recoverable value of its intangible oil and gas assets using estimates and assumptions such as long term oil prices, discount rates, operating costs, future capital requirements, decommissioning costs, explorations potentials, reserves and operating performance uncertainty. These estimates and assumptions are subject to risk and uncertainty. The carrying amount of such intangibles at 31 December 2017 was U.S.\$47 million (2016: U.S.\$93 million).

Investment Properties

Dana Gas carries its investment properties at fair value, with changes in fair value being recognised in the consolidated income statement. Dana Gas engaged a firm of qualified independent property consultants to determine fair value reflecting market conditions as at 31 December 2017.

Decommissioning Costs

Decommissioning costs will be incurred by Dana Gas at the end of the operating life of some of Dana Gas' facilities and properties. Dana Gas assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

Units of Production Depreciation of Oil and Gas Properties

Oil and gas properties are depreciated using the units of production (UOP) method over total proved reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates changes. Changes to prove reserves could arise due to changes in the factors or assumptions used in estimating reserves and are accounted for prospectively.

Exploration and Evaluation Expenditure

The application of Dana Gas' accounting policy for exploration and evaluation expenditure requires judgment to determine whether it is likely that future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact whether or not Dana Gas defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written-off in profit or loss in the period when the new information becomes available.

Hydrocarbon Reserve and Resource Estimates

Oil and gas properties are depreciated on a units UOP basis at a rate calculated by reference to total proved reserves determined in accordance with the Society of Petroleum Engineers' rules and incorporating the estimated future cost of developing those reserves. Dana Gas estimates its commercial reserves based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the relevant commercial arrangements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.

As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Dana Gas' reported financial position and results, which include:

- the carrying value of oil and gas properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows;

- depreciation and amortisation charges in profit or loss may change where such charges are determined using the UOP method, or where the useful life of the related assets change; and
- provisions for decommissioning may change as the changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.

Basis of Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which Dana Gas has control. Dana Gas controls an entity when Dana Gas is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to Dana Gas. They are deconsolidated from the date the control ceases.

Where Dana Gas has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement(s) with the other vote holders of the investee, rights arising from other contractual arrangements and Dana Gas' voting rights and potential voting rights. Dana Gas reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Specifically, Dana Gas controls an investee if and only if Dana Gas has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When Dana Gas has less than a majority of the voting or similar rights of an investee, Dana Gas considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- Dana Gas' voting rights and potential voting rights.

Dana Gas applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by Dana Gas. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date.

Dana Gas recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by Dana Gas is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest

recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Dana Gas re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when Dana Gas obtains control over the subsidiary and ceases when Dana Gas loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date Dana Gas gains control until the date Dana Gas ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of Dana Gas and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Dana Gas' accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between group members are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Dana Gas' accounting policies.

Changes in Ownership Interests in Subsidiaries without Change of Control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of Subsidiaries

When Dana Gas ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if Dana Gas had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If Dana Gas loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss.

Joint arrangement

Dana Gas has applied IFRS 11 to all joint arrangements as of 1 January 2013. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise Dana Gas' share of the post-acquisition profits or losses and movements in other comprehensive income. When Dana Gas' share of losses in a joint venture equals or exceeds its interest in the joint ventures (which includes any long-term interests that, in substance, form part of Dana Gas' net investment in the joint ventures), Dana Gas does not recognise further losses, unless it has incurred obligations or made payments on behalf of joint ventures.

Unrealised gains on transactions between Dana Gas and its joint ventures are eliminated to the extent of Dana Gas' interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The aggregate of Dana Gas' share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax.

The financial statements of the associate or joint venture are prepared for the same reporting period as Dana Gas. When necessary, adjustments are made to bring the accounting policies in line with those of Dana Gas.

After application of the equity method, Dana Gas determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, Dana Gas determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, Dana Gas calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as share of profit of an associate and a joint venture in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, Dana Gas measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interest in joint operations, Dana Gas recognises its:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from its joint operations;
- share of the revenue from the sale of the output by its joint operations; and
- expenses, including its share of any expenses incurred jointly.

Associates

Associates are all entities over which Dana Gas has significant influence but not control, generally accompanying a shareholding of between 20 per cent. and 50 per cent. of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Dana Gas' investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dana Gas' share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When Dana Gas' share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, Dana Gas does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Dana Gas determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, Dana Gas calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit/(loss) of associates" in the income statement.

Profits and losses resulting from upstream and downstream transactions between Dana Gas and its associates are recognised in Dana Gas' financial statements only to the extent of unrelated investors' interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset

transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by Dana Gas.

Dilution of gains and losses arising in investments in associates are recognised in the income statement.

Oil and Gas Assets

Oil and natural gas exploration and evaluation expenditures are accounted for using the ‘successful efforts’ method of accounting. Pre-license costs are expensed in the period in which they are incurred. License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Exploration license and leasehold property acquisition costs are capitalised in intangible assets. Geological and geophysical costs are recognised in the income statement, as incurred.

Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. If hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity which may include the drilling of further wells (exploration or exploratory-type stratigraphic test wells), are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to a technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proven reserves of oil and natural gas are determined and development is sanctioned, capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure. Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

Depletion

Oil and gas properties are depleted using the unit-of-production method. Unit-of-production rates are based on proved reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods.

Impairment – Exploration and Evaluation Assets

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets’ carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets’ fair value less cost to sell and their value in use. For the purpose of assessing impairment, the exploration and evaluation assets subject to testing are grouped with existing cash-generating units of production fields that are located in the same geographical region.

Intangible Assets

Intangible assets acquired as part of a business combination relating to oil and gas properties are recognised separately from goodwill if the asset is separable or arises from contractual or legal rights and its fair value can be measured reliably.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually either individually or at the cash-generating unit level. When development in respect of the oil and gas properties is internally approved, the related amount is transferred from intangible assets to property, plant and equipment and

depleted in accordance with the Dana Gas' policy. If no future activity is planned, the remaining balance is written off.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Dana Gas' interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit ("CGU") (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Provisions

General

Provisions are recognised when Dana Gas has a present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Decommissioning Liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of that particular asset. The cash flows are discounted at a current pre tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. The abandonment and site restoration costs initially recorded are depleted using the unit-of-production method based on proven oil and gas reserves. Subsequent revisions to abandonment and site restoration costs are considered as a change in estimates and are accounted for on a prospective basis.

Employees' End-of-Service Benefits

Dana Gas provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. With respect to its UAE national employees, Dana Gas makes contributions to a pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. Dana Gas' obligations are limited to these contributions, which are expensed when due.

DANA GAS – BUSINESS DESCRIPTION

Introduction

Dana Gas is an independent gas company with established operations in the MENA Region across most of the components of the natural gas industry from exploration and production, through processing and transportation, to the sale and marketing of natural gas and its by-products, such as LPG, condensate and propane, as feedstock and fuel to the industrial and power sectors. For the year ended 31 December 2017, Dana Gas' revenue and EBITDAX were U.S.\$450 million and U.S.\$334 million, respectively. Dana Gas is listed on the ADX and, as at 31 December 2017, had a market capitalisation of approximately U.S.\$1,542 million. Dana Gas' registered office is at P.O. Box 2011, Sharjah, UAE. The telephone number of the head office is +971 (0)6 5569444 and the fax number of the head office is +971 (0)6 5566522.

Since its establishment in 2005, Dana Gas has expanded rapidly to become a medium-sized regional energy company. As at 31 December 2017, Dana Gas and its wholly-owned subsidiaries employed around 145 employees and 34 contractors, and the companies in which Dana Gas has a joint venture interest employed around 978 employees and 406 contractors, of which Dana Gas' net interest was 605 employees and 350 contractors. The vast majority of these employees and contractors are based in Egypt, the Kurdistan Region of Iraq and Sharjah.

Dana Gas has an issued and fully paid up share capital of 6,976,623,422 common shares of AED1.00 each. All shares are of the same class and carry equal voting rights. Only one shareholder of Dana Gas, Crescent (which owns 19.04 per cent. as at 31 December 2017), owns more than 5 per cent. of the share capital of Dana Gas. The remaining shares are held by a number of high net worth individuals, institutions and retail investors across the GCC countries and internationally. In accordance with UAE law, a minimum of 51 per cent. of the share capital of Dana Gas must be held by UAE nationals and/or GCC nationals and/or legal entities fully controlled by UAE nationals and/or GCC nationals.

Business Overview

Dana Gas has built gas businesses in Egypt, the Kurdistan Region of Iraq and the UAE. Each of these businesses is intended to be an individual profit centre, as well as to allow for the integration between upstream, midstream and downstream business segments (as explained below). Dana Gas believes that it is able to obtain more value from upstream business assets when they are combined with midstream and downstream opportunities, and *vice versa*. Dana Gas believes that this integration allows it to maximise the value extracted from its assets by participating in all aspects of the natural gas chain.

Upstream Segment

The "upstream segment", which constitutes the significant majority of Dana Gas' business in terms of revenue, primarily includes gas exploration and production and encompasses Dana Gas' activities in Egypt through its wholly-owned subsidiary Dana Gas Egypt; in the Kurdistan Region of Iraq through the activities of Dana Gas and Pearl, in which Dana Gas holds a 35 per cent. shareholding; and in the UAE through its wholly-owned subsidiary DG Zora.

- ***Egypt:*** Dana Gas engages in the production of natural gas in Egypt under a production sharing regime with the Government of Egypt, through its wholly-owned subsidiary Dana Gas Egypt, which operates in three concession areas in the Nile Delta region of Egypt known as the El Manzala, West El Manzala and West El Qantara concessions and two exploration blocks, known as the North El Salhiya (Block 1) and North El Arish (Block 6). Through its partnership with BP, Dana Gas Egypt also has a non-operational interest in El Matariya (Block 3). A total of 14 development leases have been granted to Dana Gas Egypt: three under the El Manzala concession; nine under the West El Manzala concession and two under the West El Qantara concession.
- ***Kurdistan Region of Iraq:*** Dana Gas, as joint operator and as a shareholder in Pearl, is engaged in the appraisal, development and production of petroleum and gas resources from within the Khor Mor and Chemchamal gas fields in the Kurdistan Region of Iraq, under an arrangement with the KRG.
- ***United Arab Emirates:*** Dana Gas is engaged in the exploration, development and production of gas and condensate in the UAE through its 100 per cent. interest in the Sharjah Western Offshore concession

and the Ajman concession, under a royalty regime with the Government of Sharjah and Government of Ajman, respectively. DG Zora, a wholly-owned subsidiary of Dana Gas, is the legal holder of the concession interests. The Sharjah Western Offshore concession covers a total area of over 1,000 sq km and includes part of the Zora gas field, which is located approximately 33 km offshore and has established gas reserves. The Ajman concession covers a total area of 260 sq km and also includes part of the Zora Gas Field. The Zora gas field is located in a unitized development area which straddles the two concession areas.

The tables below set out the details of the average daily production levels of Dana Gas by geographic segment during the years ended 31 December 2016 and 31 December 2017:

	Year ended 31 December 2016		
	Gas (boed)	Condensate and oil (boed)	LPG (boed)
Egypt:			
El Manzala	2317	263	205
West El Manzala	23902	4550	2356
West El Qantara	3196	508	267
EBGDCo ⁽¹⁾	-	-	739
Kurdistan Region of Iraq:			
Khor Mor ⁽²⁾	17909	4644	3411
Chemchemal	0	0	0
United Arab Emirates:			
Zora Gas Field	2545	199	0

Note:

- (3) Dana Gas' share in EBGDCo is 26.4 per cent.
(4) Production levels relate to Pearl, in which Dana Gas has a 35 per cent. shareholding.

	Year ended 31 December 2017		
	Gas (boed)	Condensate and oil (boed)	LPG (boed)
Egypt:			
El Manzala	1,831	234	122
West El Manzala	26,627	5,391	1,964
West El Qantara	2,753	393	168
EBGDCo ⁽¹⁾	-	-	669
Kurdistan Region of Iraq:			
Khor Mor ⁽²⁾	17,460	4,510	3,775
Chemchemal	0	0	0
United Arab Emirates:			
Zora Gas Field	1,537	98	-

Note:

- (3) Dana Gas' share in EBGDCo is 26.4 per cent.
(4) Production levels relate to Pearl, in which Dana Gas has a 35 per cent. shareholding.

Midstream Segment

The “midstream segment” includes the transportation and processing of natural gas and gas liquids, including LPG and condensates. This encompasses gas processing plants in El Wastani and South El Manzala in Egypt operated by Dana Gas Egypt, an LPG processing plant in Khor Mor in the Kurdistan Region of Iraq owned by Pearl and jointly operated by Dana Gas and Crescent and its effective interest in a gas liquids extraction plant in Egypt owned and operated by EBGDCo, which became operational in August 2012, and gas transmission and reception facilities in the UAE owned and operated by UGTC.

Downstream Segment

The “downstream segment” involves the sale of gas and liquids to end-user industries, including the petrochemicals business, and captures Dana Gas' ownership of natural gas and petroleum resources by-products, which includes its gas resource ownership and merchant operations in Dubai, Sharjah and the Northern Emirates. It also incorporates Dana Gas' plans in relation to the development and promotion of Gas Cities. Gas Cities are intended to be integrated industrial cities designed for the systematic and comprehensive utilisation of natural gas as fuel and feedstock and maximise industrial output, proposed to be developed by Gas Cities Limited, a joint venture company established by Dana Gas and Crescent. Gas Cities Limited is currently pursuing opportunities for the development of Gas City projects in the MENA Region and Sub-Saharan Africa.

History of Dana Gas

In July 2005, prior to the incorporation of Dana Gas, certain individuals and institutions transferred their shareholdings in SajGas and UGTC to a company under formation known as Dana Gas (the “**Company under Formation**”). Crescent also transferred a shareholding of 35 per cent. in CNGCL in addition to its shareholdings in SajGas and UGTC for shares in the Company under Formation. Such transfer represented an aggregate of 32.7 per cent. of the total share capital of the Company under Formation.

In July 2005, the Company under Formation participated in a private placement of shares amounting to a further 33.0 per cent. of its share capital at the time to its founding shareholders, raising AED 1.98 billion. In October 2005, the Company under Formation completed an initial public offering for the remaining 34.3 per cent. of the total share capital of the Company under Formation, raising AED 2.06 billion.

Dana Gas was incorporated on 20 November 2005 in the Emirate of Sharjah in the UAE as a public joint stock company pursuant to incorporation decree number 429/2005 issued by the Ministry of Economy and in accordance with the provisions of UAE Federal Law No. (8) of 1984 Concerning Commercial Companies, as amended. On 6 December 2005, Dana Gas’ shares were admitted to the official list of the Abu Dhabi Securities Market (now known as the Abu Dhabi Securities Exchange).

In January 2006, Dana Gas, signed a Memorandum of Understanding with the Federal Electricity and Water Authority of the UAE and the Sharjah Electricity and Water Authority and CNGCL for the implementation and utilisation of the Hamriyah Gas Pipeline Project (see “– *Corporate Structure– Joint Ventures – UGTC Joint Venture Project with Emarat*”).

In January 2007, Dana Gas completed the U.S.\$1.1 billion acquisition of Calgary-based Centurion Energy, with assets in Egypt, Tunisia and Nigeria/Sao Tome. The acquisition of Centurion Energy by Dana Gas was, at the time, the largest acquisition of an international energy company by a UAE-listed company (see “– *Business Segments – Egypt*”).

In April 2007, Dana Gas entered into a Strategic Alliance Protocol with the KRG, under the terms of which the KRG, Dana Gas and Crescent agreed jointly to review the natural gas resources in the Kurdistan Region of Iraq to optimise, develop and utilise those resources. Dana Gas was awarded the Petroleum Development Agreement, and was engaged to develop, to process and to transport natural gas from the Khor Mor gas field on a fast-track basis in order to fuel domestic electrical power generation plants near Erbil and Sulaymaniya, and also to appraise and develop the Chemchemal gas field (see “– *Business Segments – Kurdistan Region of Iraq*”). The validity of the Petroleum Development Agreement was duly affirmed by the Kurdistan Region Oil & Gas Council for purposes of the then recently enacted Kurdistan Region Oil & Gas Law in December 2007; and subsequent thereto in January 2008, the Petroleum Development Agreement was amended and amplified. The terms of the Petroleum Development Agreement were again further amended in 2017 as part of an arbitration settlement agreement with KRG (see “–*Material Agreements Relating to Dana Gas’ Assets – Petroleum Development Agreement*”).

In June 2007, Dana Gas acquired a 26.4 per cent. effective shareholding in EBGDCo, an entity developing a gas liquids extraction plant in Ras Shukeir, Egypt through its 66 per cent. stake in Danagaz W.L.L, a limited liability company registered in the Kingdom of Bahrain, which in turn holds a 44 per cent. stake in EBDGCo. The other joint venture partners in EBGDCo are the state-owned EGAS and APICORP, an inter-governmental regional financial institution owned by the member states of the Organisation of Arab Petroleum Exporting Countries. EBGDCo’s gas liquids extraction plant commenced operations in August 2012 (see “– *Business Segments – Egypt – Production Facilities*”).

In October 2007, Dana Gas arranged to issue convertible Sukuk Al Mudarabah (the “**Sukuk**”) for a total value of U.S.\$1 billion in the form of trust certificates through a special purpose company. The Sukuk, which were intended to conform to the principles of Islamic *Shari’ah*, were approved by Dana Gas’ shareholders at an extraordinary general meeting held in July 2007. The Sukuk matured on 31 October 2012, although Dana Gas defaulted on the payment due at such time. On 23 April 2013, the Certificateholders (by extraordinary resolution passed at a meeting of the holders) and Dana Gas’ shareholders (by extraordinary general meeting) approved the Sukuk refinancing transaction. The terms of the refinancing included a reduction of outstanding debt in the capital on issuance of the Sukuk from U.S.\$1 billion to U.S.\$850 million via a cash pay-down of U.S.\$70 million down and cancellation of U.S.\$80 million of the existing Sukuk already held by Dana Gas. The remaining U.S.\$850 million was split into the Ordinary Certificates and Exchangeable Certificates.

In March 2008, Dana Gas entered into a 25-year agreement with the Emirate of Sharjah for the exploration and development of the Sharjah Western Offshore concession. The concession agreement covers a total offshore area of over 1,000 sq km, and includes the development of the Zora gas field in Sharjah, which was discovered in 1979 (see “– *Business Segments – United Arab Emirates – Exploration and Production – Sharjah*”). In November 2012, Dana Gas entered into a unitisation agreement with the Government of Sharjah, the Government of Ajman and Ajman Petroleum Investment Company LLC (“**APIC**”) dealing with the sharing of natural gas from the Zora gas field between the two governments. In the same month, Dana Gas also entered into a unitisation and unit operating agreement with APIC and a gas sales and purchase agreement (the “**Sharjah GSPA**”) with Sharjah Petroleum Council (“**SPC**”). Both the unitisation agreement and the unitisation and unit operating agreement were terminated in 2014 when the Government of Ajman awarded the Ajman concession to Dana Gas (see “– *Material Agreements Relating to Dana Gas’ Assets – United Arab Emirates*”). In January 2014, Dana Gas entered into a 25-year agreement with Emirate of Ajman for the exploration and development of the Ajman concession which includes part of the Zora gas field within the offshore border of the Emirate of Ajman (the “**Ajman Concession Agreement**”) (see “– *Material Agreements Relating to Dana Gas’ Assets – United Arab Emirates*”). The Ajman Concession Agreement covers a total offshore area of over 260 sq km. In February 2014, Dana Gas entered into a unitisation agreement with the Government of Sharjah, the Government of Ajman and DG Zora defining the respective tract participation rights of the holders to hydrocarbons from the unit area (“**Zora Unitisation Agreement**”). DG Zora is the unit area operator for both the Ajman and Sharjah unit areas. At the same time Dana Gas also entered into a gas sales and purchase agreement (the “**Ajman GSPA**”) with the SPC (see “– *Material Agreements Relating to Dana Gas’ Assets – United Arab Emirates*”).

In May 2009, Dana Gas and Crescent concluded a strategic partnership with two leading Central European integrated oil and gas groups, OMV, a subsidiary of OMV AG, one of Austria’s largest listed industrial companies, and MOL, one of Hungary’s largest listed companies. Pursuant to this arrangement each of OMV and MOL became a 10 per cent. shareholder in Pearl, the entity holding Dana Gas’ upstream interests in the Kurdistan Region of Iraq. Following a mutually satisfactory and confidential settlement with RWE Supply & Trading GmbH (“**RWEST**”) regarding an arbitration which was initiated in December 2010, Dana Gas transferred 5 per cent. of its shareholdings in Pearl to RWE Middle East. Dana Gas’ shareholding in Pearl consequently decreased to 35 per cent. (see “– *Business Segments - KRG – Background*”).

On 21 October 2013, Dana Gas together with Crescent and Pearl (its consortium partners which hold petroleum rights in the Kurdistan Region of Iraq), together the “Consortium”, commenced international arbitration proceedings at the LCIA against the KRG pursuant to the Petroleum Development Agreement, in relation to a dispute over payments due from KRG to the Consortium for the supply of condensates and LPG. The arbitration proceedings were settled on 30 August 2017 pursuant to the KRG Settlement Agreement, with Dana Gas receiving a 35 per cent. share in the settlement (see “– *Recent Developments*”, “– *Litigation and Arbitration – Arbitration Case - KRG*” and “*Business Segment – Receivables – Kurdistan Region of Iraq*”). However, on 11 September 2017, MOL issued a default notice under the terms of the joint venture agreement entered into by the shareholders of Pearl, alleging that the actions of Dana Gas and Crescent in concluding the KRG Settlement Agreement amounts to a breach of the shareholders’ agreement. Dana Gas and Crescent reject the allegations and the validity of the default notice and have initiated arbitration proceedings in the LCIA in order to obtain a formal declaration to resolve the matter. The arbitration hearing is scheduled to commence in November 2018 (see “– *Litigation and Arbitration – Arbitration Case - MOL*”).

In August 2014, Dana Gas signed the GPEA with the Egyptian government to invest in further production and pay down historical receivables (see “– *Material Agreements Relating to Dana Gas’ Assets- Egypt - GPEA*”).

During the period January to June 2014, Dana Gas received voluntary early conversion notices for the Exchangeable Certificates amounting to U.S.\$72.9 million and required ordinary shares of Dana Gas were issued to satisfy these notices. In addition, Dana Gas has bought back Ordinary and Exchangeable Certificates amounting to U.S.\$75.2 million and U.S.\$2.2 million respectively.

In February 2016, Zora gas field started continuous production. Due to lower production rates, a field development plan has been formulated to evaluate possible future options for further development and to determine the gas price required to make such further development economically viable.

Recent Developments

KRG Settlement Agreement

On 30 August 2017, the arbitration proceedings brought by the Consortium against the KRG in 2013 were settled pursuant to the KRG Settlement Agreement. The parties mutually agreed to fully and finally settle all their differences amicably by terminating the arbitration and related court proceedings and releasing all remaining claims between them, including the substantial damages asserted by the Consortium against the KRG, while implementing a mechanism for the settlement of U.S.\$2.239 billion total debt due from the KRG as at 30 August 2017. As part of the KRG Settlement Agreement, KRG partially settled the outstanding amount of trade receivables amounting to U.S.\$1.98 billion (of which Dana Gas' share amounted to U.S.\$695 million) as of 30 August 2017 by payment of U.S.\$1 billion (of which Dana Gas' share was U.S.\$350 million) in cash with the residual receivables being converted to petroleum costs and classified as oil and gas interests under property, plant & equipment. The petroleum costs are outstanding costs recoverable by Pearl from future revenues generated from the areas under the Petroleum Development Agreement.

On 11 September 2017, MOL issued a default notice under the terms of the joint venture agreement entered into by the shareholders of Pearl, alleging that the actions of Dana Gas and Crescent in concluding the KRG Settlement Agreement amounts to a breach of the shareholders' agreement. Dana Gas and Crescent reject the allegations and the validity of the default notice and have initiated arbitration proceedings in the LCIA in order to obtain a formal declaration to resolve the matter. The arbitration hearing is scheduled to commence in November 2018.

Following the entry into the KRG Settlement Agreement, Pearl entered into a 10-year gas sales agreement with the KRG on 30 January 2018, Pearl entered into a 10-year gas sales agreement with the KRG, pursuant to which the parties agreed the terms for the supply and sale of additional quantities of gas in the Khor Mor field produced from a debottlenecking project in the Kurdistan Region of Iraq, which has secured an amount of U.S.\$25.9 million in third-party financing. The gas sales agreement enables an increase in delivered gas production from the Khor Mor field by an anticipated 80 million cubic feet of sales gas per day before the end of 2018, from the current level of 305 million cubic feet per day. Pearl is on track to increase the daily production of natural gas and condensates in the Kurdistan Region of Iraq by approximately 20 per cent. by the end of 2018 and 170 per cent. by the end of 2021.

Litigation Proceedings

Dana Gas is currently involved in litigation proceedings in the UAE and UK that challenge the validity of the Existing Certificates and the related transaction documents. An injunction in support of those proceedings was also obtained from the BVI court, although on 23 March 2018 Dana Gas instructed its BVI lawyers to take steps in the BVI court to have the injunction lifted. Due to what Dana Gas alleges to be the evolution and continual development of Islamic financial instruments and their interpretation, Dana Gas has received legal advice stating that the Existing Certificates are unlawful under UAE law and not compliant with *Shari'ah* principles and are therefore void and unenforceable. Accordingly, Dana Gas has instituted legal action in the UAE courts (and UK courts) for declarations to that effect, seeking liquidation of the Existing Certificates and nullification of the related transaction documents and a reconciliation of the amounts paid. Certain holders of the Existing Certificates have, in turn, opposed those declarations.

On 17 November 2017, the English High Court declared that the purchase undertaking entered into in connection with the Existing Certificates is valid and enforceable in accordance with its terms pursuant to English Law. Dana Gas applied to overturn the judgment obtained on 17 November 2017 but the English High Court rejected its application on 1 February 2018 and further ordered that all remaining issues of English and UAE law in relation to the Certificates should be determined by the English Courts. On 22 February 2018, Dana Gas filed an appeal to the English Court of Appeal to set aside the English High Court's decision regarding the validity of the purchase undertaking and to obtain an order declaring that Dana Gas' purported obligation to pay the exercise price under the purchase undertaking has been discharged. Such appeal was rejected by the English Court of Appeal on 20 March 2018. Meanwhile, upon the application of certain of Dana Gas's shareholders, the Sharjah court has served orders on Dana Gas to, among other things, suspend the enforcement in the UAE of the judgments issued on 1 February 2018 by the English High Court. However, in order to allow time for proper notification of the proceedings on the parties, the hearing was adjourned until 20 May 2018. On 26 March 2018, upon the application of a further shareholder of Dana Gas, the Sharjah court issued an anti-suit injunction against certain parties, including one of the largest holders of the Existing Certificates, from directly or indirectly taking any proceedings against Dana Gas or its shareholders in the UAE and the UK.

On 4 April 2018, the English High Court granted an injunction against Dana Gas at the request of one of the holders of the Existing Certificates. The injunction instructed Dana Gas, among other things, to (i) comply with the undertakings in the purchase undertaking; (ii) refrain from liquidating the *mudarabah* assets; and (iii) not

declare any dividend or other distribution in respect of its share capital. Dana Gas sought to set aside the 4 April order on 10 April 2018. Following a return date hearing on 27 April 2018, that application was refused and the injunction was continued. On 16 April 2018, the Sharjah court issued a further anti-suit injunction against all holders of the Existing Certificate and future certificate holders from taking any action against Dana Gas or its shareholders in the UAE, UK or elsewhere based on the decisions or orders of the English High Court and ordered the suspension of the enforcement of the 4 April order and all other English High Court decisions and orders pending determination by the UAE courts as to whether the English court orders are eligible for enforcement in the UAE. On 18 April 2018, Dana Gas' shareholders proceeded to vote in favour of a 5 per cent. cash dividend payment at the annual general meeting, despite the English High Court order prohibiting it to do so. As an alternative to the payment of the dividend, on 27 April 2018, the English High Court decided that Dana Gas may, if it so elected, transfer any potential dividend to an English bank account, held in escrow for the shareholders of Dana Gas, pending resolution of the litigation proceedings. The transfer of dividend monies to any account other than the officially nominated Abu Dhabi Securities Exchange account is not permitted pursuant to regulations promulgated by the SCA. On 30 April 2018, Dana Gas announced that it would pay the dividend into the Abu Dhabi Securities Exchange account in order to avoid violating UAE laws or contravening the regulations of the SCA. At a case management conference on 4 May 2018, directions were made for the resolution of all remaining issues of English and UAE law by the English Court and a trial is fixed for 3 September 2018.

The Sharjah court proceedings set to determine the validity of the Existing Certificates, the purchase undertaking and the other related transaction documents pursuant to UAE Law were due to commence at a hearing on 25 December 2017. However, the hearing has now been scheduled for 29 May 2018, although Dana Gas has been restricted from participating in these proceedings as a result of an anti-suit injunction obtained by one of the holders of the Existing Certificates. The English High Court has also directed Dana Gas to discontinue these proceedings. The Sharjah Court has directed Dana Gas to maintain and proceed with the same proceedings (see "*Dana Gas – Business Description – Litigation and Arbitration – Litigation – Existing Certificates*").

Restructuring of the Existing Certificates

On 3 May 2017, Dana Gas announced that it would commence restructuring discussions with holders of its U.S.\$425,040,000 9 per cent. ordinary certificates (the "**Ordinary Certificates**") and U.S.\$425,040,000 7 per cent. exchangeable certificates (the "**Exchangeable Certificates**") each due in October 2017 (the Ordinary Certificates and Exchangeable Certificates, together the "**Existing Certificates**", each an "**Existing Series**"). On 11 May 2018, Dana Gas entered into a binding lock-up and standstill agreement (the "**Lock-up and Standstill Agreement**") with an ad-hoc committee comprising certain holders of the Existing Certificates (the "**Ad Hoc Committee**") in connection with the proposed restructuring of the Existing Certificates. On the same date, Dana Gas and certain members of the Ad Hoc Committee at that time involved in the litigation proceedings relating to the Existing Certificates entered into a litigation dismissal agreement (the "**Litigation Dismissal Agreement**"). The Litigation Dismissal Agreement provided a mechanism for the settlement and termination and/or discharge of all litigation pending at that time in the UAE and UK relating to the Existing Certificates, including the costs of such litigation and other costs incurred, as a condition precedent to the issuance of the Certificates.

As part of the proposed restructuring, Dana Gas agreed to (i) invite holders of the Existing Certificates to offer to tender to Dana Gas their outstanding Existing Certificates for a cash payment and (ii) solicit consents from the holders of the Existing Certificates to, *inter alia*, certain proposed amendments and waivers of certain terms and conditions of the Existing Certificates pursuant to a tender offer and consent solicitation memorandum. The Certificates described in these Listing Particulars have been issued as part of the restructuring of the Existing Certificates and in accordance with the terms agreed between Dana Gas and the members of the Ad Hoc Committee in the Lock-up and Standstill Agreement.

Results of Operations for the three months ended 31 March 2018

Dana Gas' revenue for the three-month period ended 31 March 2018 was U.S.\$120 million, a 2 per cent. increase compared to U.S.\$118 million for the three-month period ended 31 March 2017. This increase was primarily due to an increase in realised hydrocarbon prices during the three-month period ended 31 March 2018. Realised prices increased by 14 per cent. in the three-month period ended 31 March 2018, contributing an additional U.S.\$12 million to total revenue. This additional revenue was partly offset by a decline in revenue by U.S.\$10 million from Egypt and the Zora gas field due to a decline in the production of those operations. Realised prices averaged U.S.\$57/bbl for condensate and U.S.\$33/boe for LPG compared to U.S.\$47/bbl and U.S.\$34/boe, respectively in the three-month period ended 31 March 2017.

Dana Gas' operating costs for the three-month period ended 31 March 2018 were U.S.\$13 million, a 30 per cent. increase compared to U.S.\$10 million for the three-month period ended 31 March 2017. This increase was primarily due to higher allocation of general and administrative expenses to operating costs due to a decline in capital expenditure in Egypt during the three-month period ended 31 March 2018.

Dana Gas' share of production for the three-month period ended 31 March 2018 was 5.9 million boe equivalent to 65,000 boepd, a decrease of 7 per cent. compared to 6.3 million boe equivalent to 69,900 boepd for the three-month period ended 31 March 2017. Production in Egypt and the Zora gas field decreased by 10 per cent. and 22 per cent., respectively, during the same period

Dana Gas' net profit amount after tax was U.S.\$14 million for the three-month period ended 31 March 2018, a 27 per cent. increase compared to U.S.\$11 million for the three-month period ended 31 March 2017. This increase was mainly due to reversal of accruals made by Pearl for certain operating charges in prior years, which are no longer required following entry into the KRG Settlement Agreement.

Dana Gas' earnings before interest, tax, depreciation and amortisation in the three-month period ended 31 March 2018 were U.S.\$71 million, a 3 per cent. increase compared to U.S.\$69 million for the three-month period ended 31 March 2017.

Summary of Reserves

GCA, an independent reserves auditor, has produced the GCA Report. The GCA Report presents an independent audit of the oil and gas reserves held by Dana Gas. These include Dana Gas Egypt and the Zora gas field. The required data to perform the assessment on Pearl were not available to be included in the GCA Report, but have been addressed in a separate audit exercise. The GCA Report is based on the data set made available by Dana Gas including geological, geophysical, petrophysical and engineering data and reports, together with financial data and other information pertaining to the fiscal and contractual terms applicable to the concessions held by Dana Gas. GCA has accepted, after conducting certain independent verifications, the accuracy and completeness of these data.

The reserves specified in the GCA Report were based upon reserves considered proved, probable and possible under the joint definitions of the Society of Petroleum Engineers, World Petroleum Council, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers, as set out in the PRMS document, approved in March 2007:

- ***Proved reserves:*** Proved reserves are those quantities of petroleum, which by analysis of geoscience and engineering data can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations. If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90 per cent. probability that the quantities actually recovered will equal or exceed the estimate.
- ***Probable reserves:*** Probable reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated proved plus probable reserves ("2P"). In this context, when probabilistic methods are used, there should be at least a 50 per cent. probability that the actual quantities recovered will equal or exceed the 2P estimate.
- ***Possible reserves:*** Possible reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of proved plus probable plus possible ("3P"), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10 per cent. probability that the actual quantities recovered will equal or exceed the 3P estimate.

There are a number of uncertainties inherent in estimating quantities of proved, probable and possible reserves, including many factors beyond Dana Gas' control, such as commodity pricing. Therefore, the reserve information in the GCA Report represents only estimates. Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact manner. The

accuracy of any reserve estimate is a function of a number of variable factors and assumptions many of which are beyond Dana Gas' control, including the quality of available data and of engineering and geological interpretation and judgment. As a result, estimates of different engineers may vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, due to the inherent uncertainties and the necessarily limited nature of reservoir data and the inherently imprecise nature of reserves estimates, the initial reserve estimates are often different from the quantities of oil and natural gas that are ultimately recovered. The meaningfulness of such estimates depends primarily on the accuracy of the assumptions upon which they were based. Thus, investors should not place undue reliance on the ability of the GCA Report to predict actual reserves or on comparisons of similar reports concerning companies established in other economic systems. In addition, except to the extent that Dana Gas acquires additional properties containing proved, probable and possible reserves or conducts successful exploration and development activities, or both, Dana Gas' proved, probable and possible reserves will decline as reserves are produced (see *"Risk Factors – There are numerous risks relating to gas operations and production"* and *"Risk Factors – Natural gas and energy reserve valuations are inherently subjective and uncertain and are based on estimates"*).

The following table sets out a summary of Dana Gas' gas reserves in Egypt and the UAE, as at 31 December 2017:

Concession	Gross gas reserves (Bscf) ⁽¹⁾			Dana Gas entitlement gas reserves (Bscf) ⁽²⁾		
	Total proved	Proved plus probable	Proved plus probable plus possible	Total proved	Proved plus probable	Proved plus probable plus possible
Egypt:						
El Manzala.....	25	46	67	12	21	32
West El Manzala	312	486	655	147	224	282
West El Qantara.....	18	29	51	9	14	24
Total Egypt.....	355	561	773	168	259	338
Sharjah/Ajman:						
Zora Field ⁽³⁾ :	45	134	332	45	134	332
Grand Total.....	400	695	1,105	213	393	670

Notes:

- (1) Gross for El Manzala, West El Manzala and West El Qantara means 100 per cent. of the field (i.e., Dana Gas' working interest is 100 per cent.).
- (2) Dana Gas' entitlement reserves are Dana Gas' net economic entitlement under the PSC or Concession Agreement that governs the asset, i.e., Dana Gas' share of cost and profit hydrocarbons.
- (3) The Zora gas field extends into both Sharjah and Ajman. It is assessed on the basis of the unitized development area. Gross for Zora gas field means 100 per cent. of the field (i.e Dana Gas' working interest is 100 per cent). Net entitlement under the concession agreement is equivalent to gross values.

The following table sets out a summary of Dana Gas' oil and field condensate reserves in Egypt and the UAE, as at 31 December 2017:

Concession	Gross oil and field condensate reserves (MMstb) ⁽¹⁾			Dana Gas entitlement oil and field condensate reserves (MMstb) ⁽²⁾		
	Total proved	Proved plus probable	Proved plus probable plus possible	Total proved	Proved plus probable	Proved plus probable plus possible
Egypt:						
El Manzala.....	0.45	0.78	1.15	0.21	0.37	0.54
West El Manzala	8.25	12.27	16.12	3.60	3.81	4.27
West El Qantara.....	0.30	0.41	0.73	0.14	0.20	0.35
Total Egypt	9.00	13.47	18.00	3.95	4.37	5.16
Sharjah/Ajman:						
Zora Field ⁽³⁾	0.72	2.11	5.35	0.72	2.11	5.35
Grand Total	9.72	15.57	23.35	4.67	6.49	10.51

Notes:

- (1) Gross for El Manzala, West El Manzala and West El Qantara means 100 per cent. of field (i.e., Dana Gas' working interest is 100 per cent.).
- (2) Dana Gas' entitlement reserves are Dana Gas' net economic entitlement under the PSC or Concession Agreement that governs the asset, i.e., Dana Gas' share of cost and profit hydrocarbons.
- (3) The Zora gas field extends into both Sharjah and Ajman. It is assessed on the basis of the unitized development area. Gross for Zora gas field means 100 per cent. of the field (i.e Dana Gas' working interest is 100 per cent). Net entitlement under the concession agreement is equivalent to gross values.

The following table sets out a summary of Dana Gas' LPG reserves in Egypt as at 31 December 2017 (there are no LPG reserves in the Zora gas field in Sharjah/Ajman):

Concession	Gross LPG reserves (MMbbl) ⁽¹⁾⁽²⁾			Dana Gas entitlement LPG reserves (MMbbl) ⁽³⁾		
	Total proved	Proved plus probable	Proved plus probable plus possible	Total proved	Proved plus probable	Proved plus probable plus possible
Egypt:						
El Manzala.....	0.38	0.66	0.96	0.18	0.31	0.46
West El Manzala	5.76	9.08	12.01	2.72	4.18	5.17
West El Qantara.....	0.26	0.32	0.55	0.12	0.15	0.26
TOTAL.....	6.39	10.06	13.52	3.02	4.64	5.89

Notes:

- (1) The LPG volumes include the liquids that are extracted from the export gas stream prior to the sale of the gas but after the removal of field condensates. These volumes are the quantities of hydrocarbons that will be sold in the liquid phase at elevated conditions of pressure.
- (2) Gross for El Manzala, West El Manzala and West El Qantara means 100 per cent. of field (Dana Gas' working interest is 100 per cent.).
- (3) Dana Gas' entitlement reserves are Company's net economic entitlement under the PSC or Concession Agreement that governs the asset, ie, Company's share of cost and profit hydrocarbons.

Competitive Strengths

Dana Gas believes that its competitive strengths are as follows:

A strategically positioned independent gas company with strong local relationships

Dana Gas is an independent gas company with established operations in the MENA Region. Dana Gas has a track record of significant operating experience in the UAE, Egypt and the Kurdistan Region of Iraq. It has also developed strong relationships with local governmental entities, including the Government of Sharjah, the Egyptian Ministry of Petroleum and Mineral Resources and the KRG, and strategic partnerships with local and international oil and gas companies, such as EGAS and APICORP in the case of the EBGDCo joint venture in Egypt (see “– Business Segments – Egypt – Production Facilities – Egypt”) and OMV, MOL and RWE Middle East in the case of the Pearl joint venture in the Kurdistan Region of Iraq (see “– Business Segments – Kurdistan Region of Iraq”).

Dana Gas believes that its track record and relationships provide it with access to opportunities to capitalise on the growing importance of natural gas. This growth and expansion is combined with economic diversification and rapidly growing populations. The MENA Region has an established gas exploration and production industry, and with environmental considerations growing in importance, demand for natural gas is increasing. Natural gas demand in the MENA Region has more than doubled in the last decade and is expected to grow even faster going forward, with hundreds of billions of dollars of investments required in the natural gas industry across the region (see “– Strategy – Focus on the natural gas business in the MENA Region”).

Dana Gas believes that each of these factors combine to provide it with a viable platform to grow its upstream portfolio in Egypt, Iraq, the UAE and the MENA Region generally.

Track record of efficient production and reserve growth

Dana Gas' management and technical team has demonstrated execution capability through strong production and reserve growth in Dana Gas' development leases. The Khor Mor and Chemchemal fields in the Kurdistan Region of Iraq were reviewed by a Pearl appointed external independent petroleum consultant as at 31 December 2015 and the consultant's report confirmed that these fields have the potential to be the largest gas fields in the Kurdistan Region of Iraq and indeed in the whole of Iraq. Dana Gas has been producing from the Khor Mor field since 2008. Dana Gas Egypt originally had three producing development leases in El Manzala and two exploration blocks, West El Manzala and West El Qantara, in 2007. Dana Gas Egypt now has 14 producing development leases under three concession agreements, and recorded an exploration and development drilling success rate of more than 90 per cent during the 2015-2016 drilling campaign. As of 31 December 2017, Dana Gas Egypt successfully drilled 19 wells under the GPEA. In 2017, Dana Gas achieved an important milestone with the first international sale of condensate under the GPEA, with approximately 150,000 barrels of condensate loaded on 15 April 2017. Three further condensate cargos were loaded on 15 July 2017, 10 October 2017 and 10 January 2018.

Board and management team with strong local representation complemented by regionally based experienced personnel

The Board of Directors, the International Advisory Board and major shareholders of Dana Gas, which comprise leading industry figures from across the GCC region, the wider Arab world and the West, have extensive oil and gas experience as well as strong ties to the countries in which Dana Gas operates, and extensive experience working in those countries. This combined industry and regional expertise enables Dana Gas to develop beneficial working relationships with local companies, governments, local authorities and communities, supporting its international growth. Dana Gas' current Chairman, Vice-Chairman and Chief Executive Officer have decades of combined oil and gas experience, including a long history of managing and financing oil and gas operations in the MENA Region. Additionally, Dana Gas' senior management team has extensive industry experience, including with, among others, Shell Saudi Arabia, Serica Energy plc, Erin Energy, Sasol E&P International, Shell Egypt and Petro Canada.

Dana Gas' management team has a strong reputation in the oil and gas industry, having expanded Dana Gas' market position and profitability since Dana Gas' establishment in 2005. This expansion has, in turn, increased Dana Gas' profile within the industry, enabling Dana Gas to recruit and retain industry veterans and experienced personnel, including strong technical and engineering teams. In addition, in all operational locations, Dana Gas benefits from full-service offices staffed primarily by locally-based employees. This local presence provides Dana Gas with direct insight into local issues, as well as allowing Dana Gas to react to operational matters promptly and effectively.

A private sector strength

Dana Gas believes that as a medium-sized private sector entity it has the flexibility to capitalise on opportunities within the countries in which it operates and to respond quickly through streamlined decision making to tailor solutions to the needs of its customers across the Natural Gas Value Chain, while having the resources available to it to complete challenging operations. Dana Gas believes that its responsiveness and flexibility in accessing and delivering a solution tailored to the specific requirements of the KRG was an important consideration in being awarded the Petroleum Development Agreement to develop and produce natural gas in the Kurdistan Region of Iraq and to supply natural gas to the Erbil and Sulaymaniya power stations. Due to the lean structure of Dana Gas' management, Dana Gas was successfully able to develop the natural gas fields and to lay over 180 km of pipeline in a relatively short timeframe in order to enable gas to flow to the power stations by October 2008 since project initiation in April 2007.

Poised to take advantage of future opportunities

Dana Gas believes that, in the MENA Region, its structure complements the strategic aspirations of the regional NOCs and IOCs. As discussed above, Dana Gas' track record and relationships, its accomplished Board of Directors and senior management team and diversified regional shareholding enable Dana Gas to efficiently enter new markets that IOCs and regional NOCs may, for various reasons, be reluctant or unable to enter. Dana Gas therefore believes that by developing partnerships and alliances, it can further develop a network of strategic partnerships and cooperation agreements in the MENASA Region.

In connection with the negotiation of the KRG Settlement Agreement at the end of August 2017, Pearl committed to expanding its investment and operations in the Kurdistan Region of Iraq, which will consist of the installation of a multi-well drilling program in both the Khor Mor and Chemchemal fields, and of additional gas processing and liquids extraction facilities. On 30 January 2018, Pearl entered into a 10-year gas sales agreement with the KRG, pursuant to which the parties agreed the terms for the supply and sale of additional quantities of gas in the Khor Mor field produced from a debottlenecking project in the Kurdistan Region of Iraq, which has secured an amount of U.S.\$25.9 million in third-party financing. The gas sales agreement enables an increase in delivered gas production from the Khor Mor field by an anticipated 80 million cubic feet of sales gas per day before the end of 2018, from the current level of 305 million cubic feet per day. Pearl is on track to increase the daily production of natural gas and condensates in the Kurdistan Region of Iraq by approximately 20 per cent. by the end of 2018 and 170 per cent. by the end of 2021. As part of the KRG Settlement Agreement Pearl has been allocated additional exploration blocks known as "Block 19" and "Block 20" in the Kurdistan Region of Iraq representing further growth potential. Amendments to the Petroleum Development Agreement are expected to significantly improve the value of further investment opportunities and enable production increases in the Kurdistan Region of Iraq in the coming years (see "*Dana Gas – Business Description – Material Agreements Relating to Dana Gas' Assets – Petroleum Development Agreement*").

Strong corporate governance

Dana Gas strongly believes in the role of proper corporate governance and its importance in defining appropriate strategic objectives and business plans. In April 2006, a few months after the incorporation of Dana Gas, Dana Gas commissioned the World Bank's advisory group, the International Finance Corporation, to assess corporate governance practices within Dana Gas with a view to improving the efficiency and effectiveness of the Board of Directors by strengthening the control environment and ensuring that Dana Gas' disclosure and transparency practices were consistent with international standards. To this end, Dana Gas continues to develop and apply policies in relation to environmental and social responsibilities and corporate governance.

The Board of Directors is committed to ensuring long-term value growth for its shareholders and strongly believes in the role of corporate governance in the realisation of continued growth and in defining appropriate strategic objectives and the business plans furthering such growth. The Board of Directors and senior management of Dana Gas implement and follow-up corporate governance practices as a means to developing and improving the standards of transparency, internal control and professional conduct and to enhance the confidence of shareholders and investors.

Strategy

Dana Gas' goal is to be the leading private-sector integrated natural gas company combining upstream, midstream and downstream business segments operating in the MENASA Region, with a reputation for safety and cost efficiency and to continue to increase its development portfolio across key gas-producing regions. Dana Gas intends to achieve its goal by focusing on the following core strategies:

Focus on the natural gas business in the MENA Region

Dana Gas is focused on the natural gas business and believes that this focus provides it with a competitive advantage over energy investment companies in the MENA Region which have a less focused energy portfolio. The International Energy Agency reports that the countries in the MENA Region together have 41 per cent. of the world's proven gas reserves.

Dana Gas has defined its sphere of operation as being in those countries in the MENA Region with the most immediate and significant need for investment in the natural gas industry. Dana Gas intends to focus on sustainable growth in the MENA Region across the Natural Gas Value Chain. One such opportunity in the MENA Region is reflected in Dana Gas' involvement in the development and promotion of Gas Cities, which are intended to be integrated industrial cities designed for the systematic and comprehensive utilisation of natural gas as fuel and feedstock.

Leverage development track record and continue to focus on operating efficiency

Dana Gas seeks to be the operator on the majority of its projects and will continue to do so, such that it can develop drilling programs and optimisation projects that add value through reserve and production growth and future operational synergies. In addition, Dana Gas seeks to maximise its value by leveraging its technical track record and experienced workforce. Dana Gas also believes the concentration of its interests within certain project areas provides it with the opportunity to capture economies of scale by utilising existing infrastructure and expertise in new projects. Dana Gas' management team is also focused on continuous improvement of Dana Gas' operating efficiency and has significant experience in successfully converting early-stage resource opportunities into reserves with value potential, as evidenced by Dana Gas' discovery of a number of new fields in Egypt from its exploration activities. Dana Gas will continue to exert downward pressure on its finding and development costs and which Dana Gas anticipates, together with its low cost structure, will contribute to higher margins.

Focus on asset preservation

As a result of acquisitions and expansion in recent years, Dana Gas' operations have grown significantly, increasing its participation in the MENA Region in accordance with its previously defined strategy. Given the current unsettled economic and political environment in a number of the countries in which it operates, Dana Gas' strategy is to re-invest cash flows that arise through receivable collections into activities that will preserve and protect the value of its assets.

Focus on being a full-service provider

Dana Gas is focused on being a full-service provider along the Natural Gas Value Chain, which encompasses exploration, production, processing and marketing activities in Egypt, the Kurdistan Region of Iraq and the UAE. Dana Gas believes that this positioning and ability set it apart and differentiate it from the competition. For example IOCs operating in the region are often focused on the export of natural gas rather than domestic industrial use and NOCs in the region are often focused on specific sectors or within confined national boundaries. Dana Gas also engages in contract arrangements in the upstream business segment that give it access to midstream and downstream opportunities, as is the case in the Kurdistan Region of Iraq.

Participation in partnerships and joint ventures

It is Dana Gas' strategy to continue to grow its reserve and production portfolio, as it has done previously through partnerships with local companies and accretive acquisitions. In balance with Dana Gas' established production and development platform, it has also assembled an exploration portfolio, including within its development leases in Egypt. Dana Gas intends to continue creating quality opportunities, pursuing a full-cycle exploration and production business model of re-investing a portion of internally generated revenues to deliver organic reserves development growth. The natural gas business requires large long-term investments. Strategic partnerships and alliances are an integral part of Dana Gas' business strategy. Dana Gas seeks to leverage its regional strengths by building partnerships with both NOCs as well as IOCs, in a manner that will enable it to capture opportunities and enter new markets in the MENASA Region.

In addition, over the past few years Dana Gas has gained a reputation in the regions in which it operates for its technical, operational and financial capabilities, making it an attractive partner in the exploration and development of assets. Dana Gas believes that increasing governmental promotion of local participation in the development of natural resources places it in a favourable position in key areas of operation, creating unique opportunities for growth.

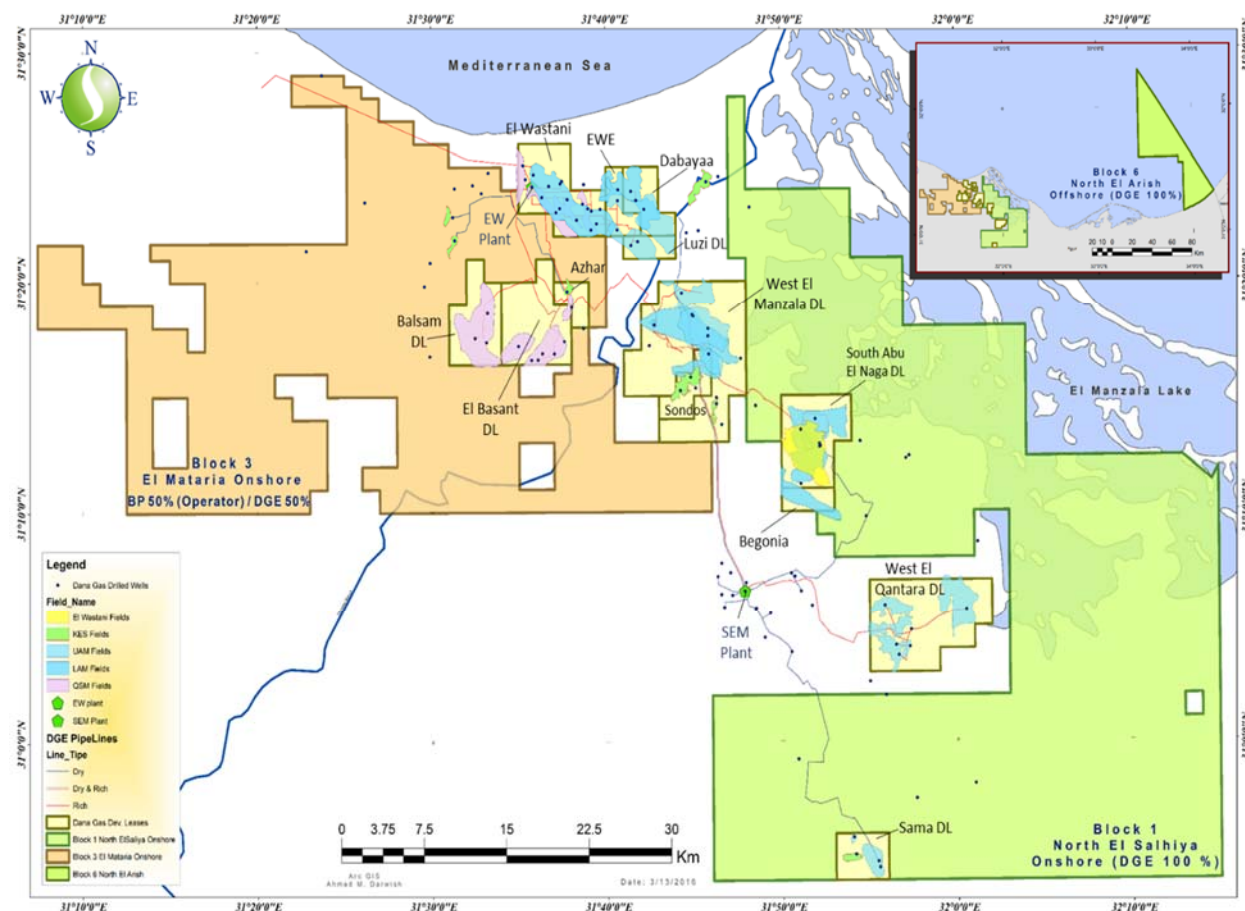
Business Segments

Dana Gas considers the business from a geographic perspective and divides its business into three geographical segments, both from a strategic and accounting perspective. These geographical segments are Egypt, the Kurdistan Region of Iraq and the UAE.

Egypt

Dana Gas is engaged in upstream, midstream and downstream activities in Egypt. Dana Gas engages in exploration, production and processing of natural gas through its wholly-owned subsidiary Dana Gas Egypt, which operates in three concession areas in the Nile Delta region of Egypt known as the El Manzala, West El Manzala and West El Qantara concessions, two exploration blocks, known as North El Salhiya (Block 1) and North El Arish (Block 6), and, in partnership with BP, has a non-operational interest in El Matariya (Block 3). Dana Gas also undertakes LPG extraction and processing at the El Wastani and South El Manzala gas processing plants in Egypt and through its 26.4 per cent. effective interest in EBGDCo's gas liquids extraction plant in Ras Sukhier in the Gulf of Suez, and the marketing and sale of gas and condensate.

The following map illustrates the concessions held by Dana Gas in Egypt.



Nile Delta Region

Dana Gas, through the operations of Dana Gas Egypt, is engaged in the exploration, development and production of gas, condensate and LPG in the Nile Delta region and owns a 100 per cent. interest in three concessions in this region, the El Manzala, West El Manzala and West El Qantara concessions. A total of 14 development leases have been granted in the Nile Delta region of Egypt; three under the El Manzala concession, nine under the West El Manzala concession and two under the West El Qantara concession. Dana Gas also owns a 100 per cent. interest in two exploration blocks in this region, North El Salhiya (Block 1) and North El Arish (Block 6) and owns a 50 per cent. non-operational exploration interest in El Matariya (Block 3). Two gas processing plants are also located in the region, at El Wastani and South El Manzala.

The rich gas from the fields under the El Manzala, West El Manzala and West El Qantara concessions is processed at the El Wastani gas processing plant, where the condensate and LPG from the gas stream is extracted. Dry gas from West El Manzala and West El Qantara is processed at the South El Manzala gas processing plant (see “– Business Segments – Egypt – Production Facilities – Egypt”). All of the natural gas products from these fields are currently sold domestically within Egypt through either the state-owned EGPC (under the El Manzala concession) or EGAS (under the West El Manzala and West El Qantara concessions), with which Dana Gas has entered into gas sales agreements. Various amendments were made to the gas sales agreements entered into with EGAS in respect of the West El Manzala concession and West El Qantara concession to include new development leases under the gas sales agreements. While some of the gas sales agreements may give Dana Gas Egypt the right to elect to supply its entitlement of gas from its development leases to any other buyers of gas in Egypt, the approval of EGPC and/or EGAS, as the case may be, is required before existing gas produced from El Manzala, West El Manzala and West El Qantara concessions can be sold to third parties. Under the newly-issued gas law which became effective in February 2018, Dana Gas Egypt has the right to supply new gas produced from its exploration blocks North El Salhiya (Block 1), El Matariya (Block 3) and North El Arish (Block 6) in Egypt to third parties in Egypt without the requirement for approval once the exploration blocks convert to development leases.

Description of Dana Gas' concessions in Nile Delta Region

The details of the development leases held by Dana Gas in the Nile Delta are set out in the table below:

Development lease/Concession	Effective Date	First Production	Co-holder	Percentage participation by Dana Gas	Sq km	Current Phase Expiration Date
NILE DELTA						
El Manzala concession:						
El Wastani	June 2001	March 2002	EGPC	100 per cent.	40.7	March 2022
East El Wastani	April 2002	December 2004	EGPC	100 per cent.	12	December 2025
South El Manzala	April 2002	October 2003	EGPC	100 per cent.	65	December 2025
West El Manzala concession:						
Luzi	December 2006	June 2007	EGAS	100 per cent.	20	June 2027
Dabayaa	August 2007	September 2007	EGAS	100 per cent.	17.5	September 2027
El Basant	December 2008	March 2009	EGAS	100 per cent.	30.7	March 2029
Sondos	March 2009	June 2009	EGAS	100 per cent.	14.6	June 2029
Azhar Delta	November 2009	December 2009	EGAS	100 per cent.	82.8	December 2029
West El Manzala	April 2010	September 2010	EGAS	100 per cent.	100.8	August 2030
South Abu El Naga	December 2012	January 2013	EGAS	100 per cent.	41	July 2033
Balsam	December 2012	December 2015	EGAS	100 per cent.	31.8	December 2035
Ward Delta ⁽¹⁾	October 2010	March 2011	EGAS	100 per cent.	29.4	October 2030
Begonia	June 2013	Not Applicable	EGAS	100 per cent.	30.47	Lease Expiry Date to be determined
West El Qantara concession:						
Sama	August 2009	February 2010	EGAS	100 per cent.	11.6	February 2030
West El Qantara Area 1	April 2010	December 2013	EGAS	100 per cent.	285	Dec-33
Exploration Blocks:						
North El Salhiya (Block 1)	January 2015	Not Applicable	None	100 per cent.	960	Jan-21
North El Arish (Block 6)	February 2014	Not Applicable	None	100 per cent.	3039	Feb-22
El Matariya (Block 3)	January 2015	Not Applicable	BP	50 per cent.	1525	Jan-21

Note:

- (1) Ward Delta is currently not producing and wells are now shut. No further development activity is planned for this development lease. Hence, it is not counted in the 14 development leases which are producing.

Dana Gas Egypt's average daily production from these development leases increased by 5.0 per cent. to 39,483 boepd in the year ended 31 December 2017, compared to 37,600 boepd in the year ended 31 December 2016. As of 31 December 2017, Dana Gas Egypt successfully drilled 19 wells under the GPEA. In 2017, Dana Gas achieved an important milestone with the first international sale of condensate under the GPEA, with approximately 150,000 barrels of condensate loaded on 15 April 2017. Three further condensate cargos were loaded on 15 July 2017, 10 October 2017 and 10 January 2018.

GCA carried out an independent evaluation of Dana Gas Egypt's hydrocarbon reserves as at 31 December 2017 and estimated that the gross proved reserves (1P) of these development leases as at 31 December 2017 (converted to an approximate total liquid equivalent basis) were 75 MMboe. They estimated that the gross proved and probable reserves (2P) of these development leases as at 31 December 2017 were 117 MMboe. They estimated that the gross proved, probable and possible reserves (3P) of these developmental leases as at 31 December 2017 were 160 MMboe.

El Manzala Concession

The concession agreement for El Manzala was awarded in May 1995. Dana Gas Egypt (then operating as Centurion Petroleum Corporation) began operations in Egypt in 1997, when it entered into a farm-in agreement with Marathon Petroleum in the El Manzala concession, earning a 40 per cent. interest. In September 1999, Centurion Petroleum Corporation purchased the remaining 60 per cent. interest, to become sole licence holder and operator of the El Manzala concession. The exploration period under the concession agreement expired in 2002 following the award of three development leases: El Wastani field (awarded in 2001, with first production in March 2002), El Wastani East field (awarded in 2002, with first production in December 2004) and South El Manzala field (awarded in 2002, with first production in October 2003).

The term of each development lease is, in the case of a commercial oil discovery, 20 years from the date of such commercial discovery, and in the case of a commercial gas discovery, 20 years from the date of first delivery of gas locally or for export, each with an option to extend the development leases for an additional five years subject to notice to EGPC prior to the expiry of the 20-year period and the approval of the Egyptian Minister of Petroleum.

The fields are a combination of structural/stratigraphic traps and multiple reservoirs and have been mapped and developed by Dana Gas Egypt through drilling and reservoir modelling techniques. The El Wastani development lease contains 53 sq km of land included within its boundaries and represents approximately 5 per cent. of Dana

Gas Egypt's current production in Egypt. The El Wastani field's daily production during the year ended 31 December 2017 averaged approximately 11 MMscfpd of gas, 234 boed of condensate and 122 boed of LPG. The natural gas produced by the El Wastani field is transported to and processed by the El Wastani gas processing plant (see “– Business Segments – Egypt – Production Facilities – Egypt – El Wastani Gas Processing Plant”). The shut-in and not currently producing El Wastani East field and South El Manzala field together contain around 470 sq km of land within their boundaries. The development leases under the El Manzala concession produce approximately 5.86 per cent. of the natural gas produced by Dana Gas Egypt.

The tables below set out the details of the average daily production levels of the El Wastani development lease during the years ended 31 December 2016 and 31 December 2017:

Year ended 31 December 2016				
	Gas (MMscfpd)	Condensate (boed)	LPG (boed)	Total (boed)
Development lease:				
El Wastani	13.90	263	205	2785
Year ended 31 December 2017				
	Gas (MMscfpd)	Condensate (boed)	LPG (boed)	Total (boed)
Development lease:				
El Wastani	10.99	234	122	2,187

Under the terms of the El Manzala concession agreement, Dana Gas Egypt receives both a cost recovery portion and profit portion of the hydrocarbons produced. The cost recovery portion is limited to the lesser of (i) 30 per cent. of gross sales, and (ii) 20 per cent. of non-recovered capital costs plus 100 per cent. of current operating costs. The remaining portion is deemed the “profit portion” which Dana Gas Egypt and the Government of Egypt share at an agreed rate, depending on production levels. Egyptian corporate taxes are paid on Dana Gas’ behalf by EGPC (see “Material Agreements Relating to Dana Gas’ Assets – Egypt – El Manzala Concession Agreement”).

Dana Gas Egypt’s share of the hydrocarbons pursuant to the El Manzala concession are sold to EGPC. The sales of LPG and condensates are made pursuant to the concession agreement and no separate sale contracts are in place. The condensate is sold as Western Desert crude oil and is priced at the average Brent price for the given month less a discount per barrel, while the LPG is sold at the prevailing market prices for propane and butane less a percentage discount. The sale of natural gas is made pursuant to two separate gas sales agreements that Dana Gas Egypt entered into with EGPC on 10 September 2005. These agreements provide that Dana Gas Egypt will make predetermined volumes sourced from the El Wastani field and East El Wastani field (the “**El Wastani GSA**”) and the South El Manzala field (the “**South El Manzala GSA**”) available to EGPC. The amounts in respect of this natural gas are to be invoiced monthly and payable in U.S. dollars. The gas price formula is the same under both the El Wastani GSA and South El Manzala GSA and uses a sliding price scale depending on production.

West El Manzala Concession

The West El Manzala concession was awarded on 29 June 2005 and currently includes 1,927 sq km of exploration land. Under the terms of the concession there was an initial exploration period of three years, followed by two successive extensions to the initial exploration period for periods of two years each. The exploration period under the concession agreement expired on 28 December 2012.

Dana Gas has been granted the following development leases in the West El Manzala concession: Luzi field (awarded in 2006, with first production in June 2007), Dabayaa field (awarded in 2007, with first production in September 2007), El Basant field which includes Allium Field (awarded in 2008, with first production in March 2009), Sondos field (awarded in 2009, with first production in June 2009), Azhar Delta, which includes Azhar Delta field and Orchid field (awarded in 2009 in relation to Azhar Delta field, with first production in December 2009 and subsequently expanded in October 2010 to include the Orchid field), West El Manzala, which includes the Sharabas, Faraskur, and South Faraskur areas (awarded in 2010, with first production in September 2010), South Abu El Naga field (awarded in December 2012, with first production in January 2013), Balsam Field (awarded in December 2012, with first production in December 2015), Begonia (awarded in June 2013 under which production has not yet started) and Ward Delta (awarded in October 2010 under which production has now ceased).

The development leases run for a period of, in the case of a commercial oil discovery, 20 years from the date of such commercial discovery, and in the case of a commercial gas discovery, 20 years from the date of first delivery of gas locally or for export, each with an option to extend the development leases for an additional five

years subject to notice to EGAS prior to the expiry of the 20-year period and the approval of the Egyptian Minister of Petroleum.

The fields are a combination of structural/stratigraphic traps and multiple reservoirs and have been mapped and developed by Dana Gas Egypt through drilling and reservoir modelling techniques. All of the fields above, with the exception of the Sondos field which ceased production in February 2013, the Azhar Delta field which ceased production in December 2015, the Ward Delta field which ceased production in July 2012 and the Begonia field which has not yet started production, are producing gas and condensate, with total daily production for these development leases during the year ended 31 December 2017 averaging approximately 160 MMscfpd of gas, 5,391 boed of condensate and 1,964 boed of LPG, compared to 143 MMscfpd of gas, 4,550 boed of condensate and 2,356 boed of LPG during the year ended 31 December 2016. The development leases under the West El Manzala concession produce approximately 86 per cent. of the natural gas produced by Dana Gas Egypt. Dana Gas plans to undertake workover activity on some of its existing wells in order to maintain production levels.

The tables below set out the details of the average daily production levels of each development lease in the West El Manzala concession during the years ended 31 December 2016 and 31 December 2017:

	Year ended 31 December 2016			
	Gas (MMscfpd)	Condensate (bpd)	LPG (bpd)	Total (boed)
Development lease:				
Luzi02	1	0	5
Dabayaa	3.99	56	61	784
El Basant	12.60	303	168	2573
West El Manzala	55.55	1143	661	11062
South Abu El Naga	32.62	1190	825	7451
Balsam	38.61	1857	641	8933
Total	143.37	4550	2356	30808

	Year ended 31 December 2017			
	Gas (MMscfpd)	Condensate (boed)	LPG (boed)	Total (boed)
Development lease:				
Luzi	0.03	1.12	0.41	6
Dabayaa	2.72	36	30	520
El Basant	9.59	197	95	1,891
West El Manzala	48.80	991	440	9,564
South Abu El Naga	23.69	768	430	5,146
Balsam	74.93	3,398	969	16,855
Total	159.76	5,391	1,964	33,982

Wet gas production is processed through the El Wastani gas processing plant, with gas, condensate and LPG recovery, which is located in the El Manzala Concession. Dry gas production is processed through the South Manzala gas processing plant in the El Manzala concession located near the border of the West El Qantara concession.

Under the terms of the West El Manzala concession agreement, Dana Gas Egypt receives both a cost recovery portion and profit portion of the hydrocarbons produced. The cost recovery portion is limited to the lesser of (i) 30 per cent. of gross sales, and (ii) 20 per cent. of non-recovered capital costs plus 100 per cent. of current operating costs. The remaining portion is deemed the “profit portion” which Dana Gas Egypt and the Government of Egypt share at an agreed rate depending on production levels. Egyptian taxes are paid on Dana Gas’ behalf by EGAS. (see “*Material Agreements Relating to Dana Gas’ Assets – Egypt – West El Manzala Concession Agreement*”).

Dana Gas Egypt’s share of the hydrocarbons pursuant to the West El Manzala concession is sold to EGAS. The sales of LPG and condensates are made pursuant to the concession agreement and no separate sale contracts are in place. The condensate is sold as Western Desert crude oil and is priced at the average Brent price for the given month less a discount per barrel, while the LPG is sold at the prevailing market prices for propane and butane less a percentage discounted. The sale of natural gas is made pursuant to a separate gas sales agreement which Dana Gas Egypt entered with EGAS on 18 June 2007 (the “**Luzi GSA**”). The Luzi GSA specifies that Dana Gas Egypt will make predetermined volumes sourced from the development area covered under the Luzi field available to EGAS. The amount in respect of the natural gas provided to EGAS under the agreement is to be invoiced monthly and payable in U.S. dollars. The gas price formula is based on a sliding price scale depending on production.

As additional discoveries have been made in the West El Manzala concession, a series of seven amendments have been made to the Luzi GSA to include the Sondos, Dabayaa, El Basant, Azhar Delta, West El Manzala, Ward Delta, South Abu El Naga, Balsam and Begonia development leases. Dana Gas Egypt has the right to elect to supply its entitlement of gas from these development leases to any other buyers of gas in Egypt with the prior approval of EGAS. Under the newly-issued gas law which became effective in February 2018, Dana Gas Egypt has the right to supply new gas produced from North El Salhiya (Block 1), El Matariya (Block 3) and North El Arish (Block 6) in Egypt to third parties in Egypt without the requirement for approval once the exploration blocks convert to development leases.

West El Qantara Concession

The West El Qantara concession was awarded in June 2005, and currently includes 1,293 sq km of exploration land. Under the terms of the West El Qantara concession, there was an initial exploration period of three years, followed by two successive extensions to the initial exploration period for periods of two years each. The final exploration period expired on 28 December 2012.

Dana Gas has been granted two development leases in the West El Qantara concession: Sama field which includes West Sama and Boronia field (awarded in 2009, with first production in February 2010) and the West El Qantara Area 1 development lease, which includes the fields of Salma Delta, Salma North and Tulip (awarded in 2010, with first production in December 2013). The development leases run for a period of, in the case of a commercial oil discovery, 20 years from the date of such commercial discovery, and in the case of a commercial gas discovery, 20 years from the date of first delivery of gas locally or for export, each with an option to extend the development leases for an additional five years subject to notice to EGAS prior to the expiry of the 20-year period and the approval of the Egyptian Minister of Petroleum.

The fields are a combination of structural/stratigraphic traps and multiple reservoirs and have been mapped and developed by Dana Gas Egypt through drilling and reservoir modelling techniques. All of the fields above, are producing, with total average daily production for these development leases during the year ended 31 December 2017 averaging approximately 17 MMscfpd of gas, 393 boed of condensate and 168 boed of LPG compared to 19 MMscfpd of gas, 508 boed of condensate and 267 boed of LPG in during the year ended 31 December 2016. The development leases under the West El Qantara concession produce approximately 9 per cent. of the natural gas produced by Dana Gas Egypt.

The tables below set out the details of the average daily production levels of each development lease in the West El Qantara concession during the years ended 31 December 2016 and 31 December 2017:

	Year ended 31 December 2016			
	Gas (MMscfpd)	Condensate (bpd)	LPG (bpd)	Total (boed)
Development lease:				
Sama	2.08	0	0	347
West El Qantara Area 1	17.10	508	267	3624
Total	19.18	508	267	3971

	Year ended 31 December 2017			
	Gas (MMscfpd)	Condensate (boed)	LPG (boed)	Total (boed)
Development lease:				
Sama	2.27	Dry Gas	Dry Gas	379
West El Qantara Area 1	14.24	393	168	2,935
Total	16.51	393	168	3314

Wet gas production is processed through the El Wastani gas processing plant, with gas, condensate and LPG recovery, which is located in the El Manzala Concession. Dry gas production is processed through the South Manzala gas processing plant in the El Manzala concession located near the border of the West El Qantara concession.

Under the terms of the West El Qantara concession agreement, Dana Gas Egypt receives both a cost recovery portion and profit portion of the hydrocarbons produced. The cost recovery portion is limited to the lesser of (i) 30 per cent. of gross sales, and (ii) 20 per cent. of non-recovered capital costs plus 100 per cent. of current operating costs. The remaining portion is deemed the profit portion which Dana Gas Egypt and the Government of Egypt share at an agreed rate, depending on production level. Egyptian taxes are paid on Dana Gas' behalf by EGAS (see "*Material Agreements Relating to Dana Gas' Assets – Egypt – West El Qantara Concession Agreement*").

Dana Gas Egypt's share of the hydrocarbons pursuant to the West El Manzala concession is sold to EGAS. The sale of LPG and condensates is made pursuant to the concession agreement and no separate sale contracts are in place. The condensate is sold as Western Desert crude oil and is priced at the average Brent price for the given month less a discount per barrel, while the LPG is sold at the prevailing market prices for propane and butane, less a discounted percentage. The sale of natural gas is made pursuant to a separate gas sales agreement which Dana Gas Egypt entered with EGAS on 14 July 2010 (the "**Sama GSA**") and which provides that Dana Gas Egypt will make predetermined volumes sourced from the development area covered under the Sama development lease available to EGAS. The amounts in respect of natural gas to be supplied under the Sama GSA are to be invoiced monthly and payable in U.S. dollars. The gas price formula is priced according to a formula which uses a sliding price scale depending on production.

As additional discoveries have been made in the West El Qantara concession, an amendment was made to the Sama GSA to include the Salma and Tulip fields in the West El Qantara Area -1 development lease. Dana Gas Egypt has the right to elect to supply its entitlement of gas from the West El Qantara concession to any other buyers of gas in Egypt with the prior approval of EGAS. Under the newly-issued gas law which became effective in February 2018, Dana Gas has the right to supply new gas produced from North El Salhiya (Block 1), El Matariya (Block 3) and North El Arish (Block 6) in Egypt to third parties in Egypt without the requirement for approval once the exploration blocks convert to development leases.

Exploration Blocks:

North El Salhiya (Block 1)

The concession agreement for North El Salhiya exploration block was entered into on 15 January 2015 between the Arab Republic of Egypt, EGAS and Dana Gas Egypt. The exploration block currently includes 1,527 sq km of exploration land. Under the terms of the concession there was an initial exploration period of three years, which expired on 15 January 2018. Dana Gas has been granted a six-month extension to the initial exploration period until 14 July 2018. During the initial exploration period, Dana Gas Egypt was required to spend a minimum of U.S.\$20 million on exploration and operational activities, including a 450 sq km 3D seismic acquisition program and the drilling of four exploratory wells. Upon the fulfillment of the commitments, Dana Gas Egypt may exercise its option under the concession agreement to extend the exploration period for another three years subject to notice to EGAS prior to the expiry of the current exploration period and upon fulfillment of its minimum obligations under the agreement for that exploration period. During the second exploration period, Dana Gas Egypt will be required to spend a minimum of U.S.\$2 million on the drilling of one exploratory well. After completion of the first exploration period, Dana Gas Egypt will relinquish to the Egyptian government a total of 30 per cent. of the original area on the effective date not then converted into a development lease(s). At the end of the second exploration phase, Dana Gas Egypt will relinquish the remainder of the area not then converted in to development lease(s). The concession agreement will be terminated if neither a commercial discovery of oil nor a commercial discovery of gas is established by the end of the exploration phase, as may be extended pursuant to the provisions of the agreement.

El Matariya (Block 3)

The concession agreement for El Matariya exploration block was entered into on 15 January 2015 between the Arab Republic of Egypt, EGAS, BP and Dana Gas Egypt. As of the date of this agreement both Dana Gas Egypt and BP held 50 per cent. of the participating interest in the exploration block. The exploration block currently includes 960 sq km of exploration land. Under the terms of the concession there was an initial exploration period of three years, which expired on 15 January 2018. The exploration period has been extended for a further three years until 14 January 2021. During the initial exploration period, the contractors Dana Gas Egypt and BP were required to spend a minimum of U.S.\$60 million on exploration and operational activities, including drilling one exploratory well. The commitments for the first exploration period as well as the commitments for the second exploration period (which required the contractors to spend a minimum of U.S.\$15 million on the reprocessing of 3D seismic data and the drilling of two exploratory wells) have been fulfilled. After the first exploration period, the contractors sent a notice of relinquishment to EGAS in respect of the relinquishment of a total of 30 per cent. of the original area on the effective date not then converted into a development lease(s). The contractors have received acknowledgment of the same. At the end of the exploration phase, the contractors will relinquish the remainder of the area not then converted in to a development lease(s). The concession agreement will be terminated if neither a commercial discovery of oil nor a commercial discovery of gas is established by the end of the exploration phase, as may be extended pursuant to the provisions of the agreement.

On 1 June 2015, Dana Gas Egypt and BP entered into a Joint Operating Agreement (“JOA”) under which BP is designated as operator. Dana Gas Egypt therefore has a non-operational interest in the concession. Pursuant to the JOA, a joint venture company will be formed to carry out and conduct petroleum operations with respect to the concession area, following a commercial discovery and conversion of an area capable of production into a development lease under the concession agreement.

North El Arish (Block 6)

The concession agreement for North El Arish exploration block was entered into on 12 February 2014 between the Arab Republic of Egypt, EGAS and Dana Gas Egypt. The exploration block currently includes 2,980 sq km of exploration land. Under the terms of the concession there is an initial exploration period of four years which expired on 12 February 2018. Dana Gas Egypt has been granted a one-year extension to the initial exploration period until 10 February 2019. Dana Gas Egypt may exercise its option under the concession agreement to extend this exploration period for another two years for the second exploration period and a further two years for the third exploration period, subject to notice to EGAS prior to the expiry of the current exploration period and upon fulfillment of its minimum obligations under the agreement for that exploration period.

Under the terms of the agreement, Dana Gas Egypt was required to spend a minimum of U.S.\$25.5 million on exploration and operational activities during the first exploration period of four years, including a 750 km 2D seismic acquisition program and the drilling of one exploratory well. For the second exploration period of two years, the Dana Gas Egypt will be required to spend a minimum of U.S.\$28 million, including a 1000 km 2D seismic acquisition program and the drilling of one exploratory well. Further, for the third exploration period, Dana Gas Egypt will be required to spend a minimum of U.S.\$18 million and drill one exploratory well. After the first exploration period, the Dana Gas Egypt will relinquish to the Egyptian government a total of 35 per cent. of the original area on the effective date not then converted into a development lease(s). At the end of the second exploration phase, Dana Gas Egypt will relinquish an additional 20 per cent. of the original area on the effective date not then converted into a development lease(s). At the end of the third exploration phase, Dana Gas Egypt will relinquish the remainder of the area not then converted in to development lease(s). The concession agreement will be terminated if neither a commercial discovery of oil nor a commercial discovery of gas is established by the end of the exploration phase, as may be extended pursuant to the provisions of the agreement.

Summary of Fiscal Terms for Egyptian Concessions

The following table sets out a summary of the fiscal terms in respect of the El Manzala, West El Manzala and West El Qantara:

Fiscal Regime.....	<u>El Manzala</u>		<u>West El Manzala & West El Qantara</u>	
	Production Sharing Contract		Production Sharing Contract	
Cost Recovery Limit.....	30 per cent.		30 per cent.	
CAPEX Recovery.....	20 per cent p.a		20 per cent p.a	
Product Sharing Oil.....	Mbopd	Contractor Share (%)	Mbopd	Contractor Share (%)
	0-25	25	0-10	25
	25-50	22	10-25	23
	50-75	19	25-50	22
	75-100	16	50-100	20
	> 100	13	>100	18
Production Sharing - Gas and LPG.....	Contractor Share (%)		MMscfd	Contractor Share (%)
	25		0-125	25
			125-250	22.5
			> 250	20
Corporate Tax.....	Borne by EGPC		Borne by EGAS	

Production Facilities - Egypt

El Wastani Gas Processing Plant

The El Wastani gas processing plant was built in three phases. The third and final phase was completed in December 2006, with the first shipment of LPG also being sold in December 2006. The El Wastani gas processing plant was initially built to process gas from the El Wastani and El Wastani East fields. It now also handles the gas production of the natural gas fields situated in the West El Manzala concession and West El Qantara Concession.

The natural gas from each of the fields reaches the El Wastani gas processing plant through pipelines built by Dana Gas Egypt, which run from each field directly into the gas processing plant. Once the natural gas reaches the gas processing plant, it is processed with impurities being removed and LPG and condensates extracted.

Production at the El Wastani gas processing plant has increased as additional development leases have been granted. The El Wastani gas processing plant is currently able to handle 200 MMscfpd of gas, 6,000 bpd of condensate and 260 t/pd of LPG. Onsite there are storage tanks for 30,000 bbl of condensate and 1,500 tonnes of LPG storage. Approximately 3.8 MMscfpd of gas is used for fuel at the plant.

During the year ended 31 December 2017, the El Wastani gas processing plant operated at its full capacity and processed an average of 187 MMscfd of gas, 6000 boed of condensate and 200 t/pd of LPG, compared to 176 MMscfd of gas, 5,320 boed of condensate and 245 t/pd of LPG during the year ended 31 December 2016.

Natural gas processed at the El Wastani gas processing plant is delivered to the national grid through a 600m, 16-inch diameter pipeline to the tie-in point at which it joins the national grid's main 24-inch diameter gas pipeline. Stabilised condensate and LPG volumes are delivered to the Petroleum Pipelines Company network through separate 27 km, 10-inch and 6-inch diameter pipelines.

South El Manzala gas processing plant

The South El Manzala gas processing plant was built in 2003 to the east of the Nile River in the El Manzala concession. The plant currently only handles production from the Sama and Boronia fields in the West El Qantara concession, where the gas is dehydrated prior to sale. The sales gas from the South El Manzala gas processing plant is transported through a gas transportation system consisting of 32 km, 8-inch diameter export pipelines to the sales point at the metering station in Al Hourani.

The dry gas from each of the fields reaches South El Manzala gas processing plant through pipelines built by Dana Gas Egypt that run from each field directly into the plant. The South El Manzala gas processing plant consists of an inlet manifold, test and production separators, dehydration, compression and metering and can currently process up to 80 MMscfpd of dry gas, with compression used to handle variations in the national grid pressures. During the year ended 31 December 2017, the South El Manzala gas processing plant processed an average of 2 MMscfd of dry gas which is the same as for the year ended 31 December 2016. By May 2018, Dana Gas plans to convert the South El Manzala plant to a compression station to support production from the South Abu El Naga and Salma fields and handle production of dry gas from the South Abu El Naga field where there is currently no dry gas production.

Egypt Gulf of Suez – Gas Liquids Extraction Plant

Dana Gas, through its Bahraini subsidiary Danagaz W.L.L., has an effective 26.4 per cent. interest in EBGDCo (Joint Venture) that has built, owns and operates a natural gas liquids extraction plant in the Ras Shukheir area of the Gulf of Suez region in Egypt in partnership with EGAS and APICORP.

The gas liquids extraction plant began production in August 2012 and is designed to extract 121,360 tonnes per annum of propane and 13,870 tonnes of butane from a gas stream of 150 MMscfd. As at the date of these Listing Particulars, the gas stream to the plant is approximately 150 MMscfd and for the year ended 31 December 2017, the plant produced an average of 2,355 boepd of propane and 178 boepd of butane of which Dana Gas' share of 26.4 per cent. is 669 boepd, compared to 2,670 boepd of propane and 128 boepd of butane of which Dana Gas' share of 26.4 per cent. is 739 boepd during the year ended 31 December 2016.

Receivables – Egypt

Due to the effect of continuing political turmoil on the finances of the Egyptian government, EGPC and EGAS have found and continue to find it challenging to fulfil their contractual obligations under the gas sales agreements described above. At the beginning of 2017, trade receivables from Egypt stood at U.S.\$265 million. In May and June 2017, the Egyptian government made a payment to international oil and gas companies operating in Egypt of which Dana Gas' share was U.S.\$110 million. This amount was used to pay down part of the payables accumulated during the last 18 months of drilling activity and for further investments in Egypt linked to committed activities in exploration blocks. During the year ended 31 December 2017, Dana Gas collected U.S.\$164 million, of which U.S.\$113 million was received in U.S. dollars, U.S.\$44 million in equivalent Egyptian pounds and U.S.\$7 million was offset against payables to government owned contractors. During 2017, Dana Gas Egypt exported three incremental condensate cargos realizing U.S.\$22 million. On 10

January 2018, Dana Gas was further able to load a cargo of condensate under the GPEA. Dana Gas exports the incremental condensate on behalf of EGPC and/or EGAS. The buyer issues a letter of credit in favour of EGPC and/or EGAS under which payment is made directly to Dana Gas. EGPC and EGAS are responsible for handling the tender process. Currently under the designed capacity, Dana Gas is able to load four cargos per year. As of 31 December 2017, Dana Gas was owed U.S.\$228 million in outstanding receivables in respect of its operations in Egypt.

Kurdistan Region of Iraq

Dana Gas, as joint operator with Crescent and as a shareholder in Pearl, is engaged in and has interests in upstream, midstream and downstream activities in the Kurdistan Region of Iraq, including exploration, production and processing of natural gas, gas transmission and the sale of petroleum products (including gas) in the Kurdistan Region of Iraq.

Background

In the Petroleum Development Agreement, the KRG granted Pearl thereunder the exclusive right to appraise, develop, produce, market and sell petroleum and natural gas both domestically and for export from the Khor Mor and Chemchemal contract areas.

The term of the Petroleum Development Agreement was initially for a duration to be agreed by Pearl and the KRG that will be no less than the maximum duration of gas supply to any independent power producer or the duration of a standard KRG contract. A standard production sharing contract granted by the KRG would provide a minimum development period of 25 years, which can be extended. Although in August 2017, Pearl and the KRG agreed an extension to the term of the Petroleum Development Agreement to 31 December 2049.

On 17 October 2007, Dana Gas assigned a 50 per cent. participation interest in the Petroleum Development Agreement to Crescent. In December 2007, the Kurdistan Region Oil & Gas Council affirmed the continuing validity of the Petroleum Development Agreement in accordance with its terms and pursuant to the requirements of the Kurdistan Region Oil and Gas Law. On 5 February 2009, Dana Gas and Crescent, as contractors, assigned their benefits under the Petroleum Development Agreement to Pearl as advised in the notice of assignment and undertaking to the KRG of that date, which was acknowledged as received by the Kurdistan Region Minister of Natural Resources on behalf of the KRG. Accordingly, as per the arrangements agreed between Dana Gas, Crescent and Pearl, all of the assets and liabilities of Dana Gas and Crescent, with respect to the Petroleum Development Agreement, as at 4 February 2009, were assigned to Pearl. Following the assignment to Pearl, Dana Gas and Crescent had continued to be jointly and severally responsible to the KRG for undertaking operations pursuant to the Petroleum Development Agreement. The operations in the Kurdistan were done by Dana Gas and Crescent on behalf of Pearl through an unincorporated operating company called “Credan”.

Until 15 May 2009, Dana Gas and Crescent each owned 50 per cent. of the shares in Pearl. On 15 May 2009, Dana Gas and Crescent each transferred 5 per cent. of their respective shareholdings in Pearl to each of OMV and MOL. Consequently, the shareholding interest in Pearl Petroleum until 27 November 2015 was as follows: Dana Gas (40 per cent.), Crescent (40 per cent.), OMV (10 per cent.) and MOL (10 per cent.).

On 27 November 2015, Dana Gas and Crescent each further transferred 5 per cent. of their respective shareholdings in Pearl to RWE Middle East. Consequently, the shareholding interest in Pearl Petroleum is currently as follows: Dana Gas (35 per cent.), Crescent (10 per cent.), OMV (10 per cent.) and RWE Middle East (10 per cent.).

In December 2010, Dana Gas and Crescent initiated international arbitration proceedings before an arbitration tribunal in London alleging that RWEST had breached certain confidentiality agreements between the parties. On 10 March 2015, the tribunal held that RWEST had breached the confidentiality agreements and that such breaches had harmed Dana Gas’ and Crescent’s interests in the Kurdistan Region of Iraq. On 27 November 2015, the parties reached an amicable and mutually beneficial settlement agreement with RWEST to address all claims and bring the arbitration to a close. The settlement of arbitration included the sale of a 5 per cent. interest in Pearl by Dana Gas to RWE Middle East. Dana Gas is entitled to further confined payments from RWEST only in the case and in the same amount that dividends are distributed to RWE Middle East by Pearl (based on RWE Middle East’s 10 per cent. equity share in Pearl). During the year ended 31 December 2017, Dana Gas received U.S.\$26 million towards such payments.

As at the date of these Listing Particulars, 35 per cent. of Pearl's shareholding is held by Dana Gas, 35 per cent. is held by Crescent, 10 per cent. is held by OMV, 10 per cent. is held by MOL and 10 per cent. is held by RWE Middle East. Dana Gas and Crescent conduct operations as joint operators on behalf of Pearl.

Terms of the Petroleum Development Agreement

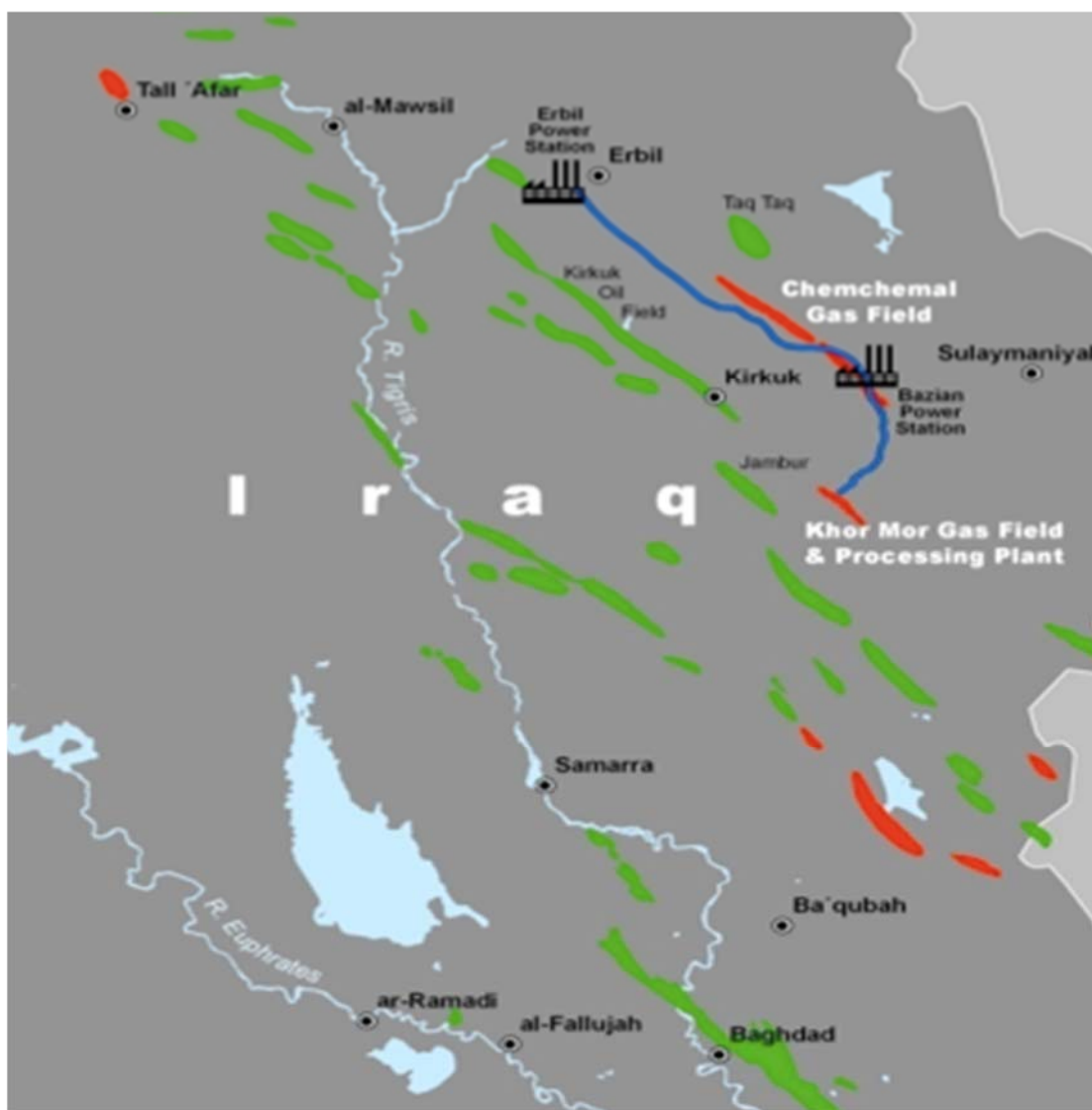
For details regarding the terms of the Petroleum Development Agreement, please see “– *Material Agreements Relating to Dana Gas' Assets – Kurdistan Region of Iraq*”.

Gas Sales Agreement

On 30 January 2018, Pearl entered into a 10-year gas sales agreement with the KRG, pursuant to which the parties agreed the terms for the supply and sale of additional quantities of gas in the Khor Mor field produced from a debottlenecking project in the Kurdistan Region of Iraq. For details regarding the terms of the gas sales agreement, please see “– *Material Agreements Relating to Dana Gas' Assets – Kurdistan Region of Iraq*”.

Operations and Production

The 180 km pipeline from the Khor Mor gas field to the Erbil and Sulaymaniyah power stations was completed in September 2008 and the early production facilities were successfully completed to allow gas deliveries to the power stations to commence on 1 October 2008. The route of this pipeline and the location of the power stations are shown on the map below.



The Khor Mor gas field currently has six wells in production. During the year ended 31 December 2017, the contractor's average daily production of natural gas from the Khor Mor gas field was approximately 299 MMscf, 914 MT of LPG and 12,885 bbls of condensate, compared to 307 MMscf, 828 MT of LPG and 13,269 bbls of condensate during the year ended 31 December 2016. During the year ended 31 December 2017, the operations at the Khor Mor gas field produced a total of 73,557 boepd, of which Dana Gas' share was 25,745 boepd, compared to 74,148 boepd, of which Dana Gas' share was 25,964 boepd during the year ended 31 December 2016.

The Chemchemical field is currently not producing. Pearl is currently undertaking the Chemchemical appraisal programme, which involves drilling two appraisal wells.

The first train of the LPG plant commenced operation in the three months ended 31 March 2011. The second train commenced operation in the nine months ended 30 September 2011. The LPG plant has capacity to produce approximately 1000 MT/day of mixed LPG.

Pearl appointed GCA to carry out a certification of the hydrocarbon reserves at the Khor Mor and Chemchemical gas fields as at 31 December 2015. According to GCA's report dated April 2016, GCA estimated that the gross proved and probable gas and condensate reserves (2P) at the Khor Mor gas field are 8.5 Tscf and 191 MMbbl respectively, of which Dana Gas' interest would equate to 3 Tscf and 67 MMbbl and at the Chemchemical gas field are 6.6 Tscf and 119 MMbbl respectively, of which Dana Gas' interest would equate to 2.3 Tscf and 42 MMbbl.

Since the signing of the KRG Settlement Agreement, Pearl has put in place plans to complete the appraisal and initiate a major development plan for the Khor Mor and Chemchemical gas fields to increase production capacity to meet local hydrocarbon consumption requirements and for export into international markets.

On 30 January 2018, Pearl entered into a 10-year gas sales agreement with the KRG, pursuant to which the parties agreed the terms for the supply and sale of additional quantities of gas in the Khor Mor field produced from a debottlenecking project in the Kurdistan Region of Iraq, which has secured an amount of U.S.\$25.9 million in third-party financing. The gas sales agreement enables an increase in delivered gas production from the Khor Mor field by an anticipated 80 million cubic feet of sales gas per day before the end of 2018, from the current level of 305 million cubic feet per day. Pearl is on track to increase the daily production of natural gas and condensates in the Kurdistan Region of Iraq by approximately 20 per cent. by the end of 2018 and 170 per cent. by the end of 2021. In addition, as part of the KRG Settlement Agreement, Pearl has been allocated two additional blocks adjacent to the Khor Mor block boundary known as "Block 19" and "Block 20" in the Kurdistan Region of Iraq representing further growth potential, with commitments to make appraisal works and developments on these blocks if commercial oil and gas resources are found. It is expected that amendments to the KRG Settlement Agreement will significantly improve investment opportunities and enable production increases in the Kurdistan Region of Iraq in the coming years (see "*Material Agreements Relating to Dana Gas' Assets – Petroleum Development Agreement*"). Pursuant to the KRG Settlement Agreement, the term of the Petroleum Development Agreement has extended until 2049.

Receivables – Kurdistan

On 21 October 2013, the Consortium, commenced international arbitration proceedings at the LCIA against the KRG pursuant to the Petroleum Development Agreement, in relation to a dispute over payments due from KRG to the Consortium for the supply of condensates and LPG (see "*Litigation and Arbitration – Arbitration case – KRG*").

Since the commencement of arbitration proceedings in 2013, several payments have been made by the KRG upon court orders. Dana Gas' share of the trade receivables balance of Pearl amounted to U.S.\$713 million as of 31 December 2016. On 30 August 2017, all parties to the arbitration announced the settlement of the international arbitration proceedings. The parties mutually agreed to fully and finally settle all their differences amicably by terminating the arbitration and related court proceedings and releasing all remaining claims between them, including the substantial damages asserted by the Consortium against the KRG, while implementing a mechanism for the settlement of U.S.\$2.239 billion awarded by the tribunal.

As part of the KRG Settlement Agreement, KRG partially settled the outstanding amount of receivables amounting to U.S.\$1.98 billion (of which Dana Gas' share amounted to U.S.\$695 million) as of 30 August 2017 by payment of U.S.\$1 billion (of which Dana Gas' share was U.S.\$350 million) in cash with the residual receivables being converted to petroleum costs and classified as oil and gas interests under property, plant and

equipment. These are outstanding costs recoverable by Pearl from future revenues generated from the areas under the Petroleum Development Agreement. Of the U.S.\$1 billion paid by KRG an amount of U.S.\$400 million (of which Dana Gas' share was U.S.\$140 million) has been designated for investment exclusively for further development to substantially increase production in the Kurdistan Region of Iraq. Pearl is entitled to use any remaining funds of the U.S.\$400 million after the development is complete or 29 February 2020, whichever occurs first. If to the reasonable satisfaction of the KRG, Pearl secures financing for all or part of the development specified in the Petroleum Development Agreement, Pearl shall be entitled to use funds from the U.S \$400 million in the same amount as such financing for any purpose other than the development without restriction.

Dana Gas' 35 per cent. share of the trade receivables balance of Pearl stands at U.S.\$7 million as of 31 December 2017 and primarily represents amounts due against sales for the month of December 2017. As of 31 December 2017, Dana Gas has collected a total amount of U.S.\$466 million during the year ended 31 December 2017, which comprises Dana Gas' 35 per cent. share of U.S.\$350 million (out of a total of U.S.\$1 billion) paid by the KRG under the KRG Settlement Agreement, U.S.\$16 million paid by the KRG under a Peremptory Order and U.S.\$100 million from local sales.

United Arab Emirates

Dana Gas is engaged in upstream, midstream and downstream activities in the UAE, namely, exploration, development, production, processing and sales of gas and condensate. Dana Gas is engaged in these activities in the UAE through its 100 per cent. interest in two concession agreements for the Sharjah Western Offshore concession and Ajman concession. Dana Gas is also engaged in gas transmission through UGTC, gas processing through SajGas and gas marketing and trading through CNGCL.

Exploration and Production

Dana Gas is engaged in the exploration, development and production of gas and condensate in the UAE through its 100 per cent. interest in two concession agreements for the Sharjah Western Offshore concession and Ajman concession, under a royalty regime with the Government of Sharjah and Government of Ajman, respectively. DG Zora, a wholly-owned subsidiary of Dana Gas, is the legal holder of both concession interests.

The Sharjah Western Offshore concession was awarded to Dana Gas on 12 March 2008, granting Dana Gas exclusive rights to explore, develop, produce, store, transport, export and sell natural gas produced from within the concession area for a period of 25 years. The concession agreement covers a total area of over 1,000 sq. km and includes part of the Zora gas field, which is located approximately 33 km offshore and has established gas reserves. The Zora gas field extends into the offshore waters of the Emirates of Sharjah and Ajman.

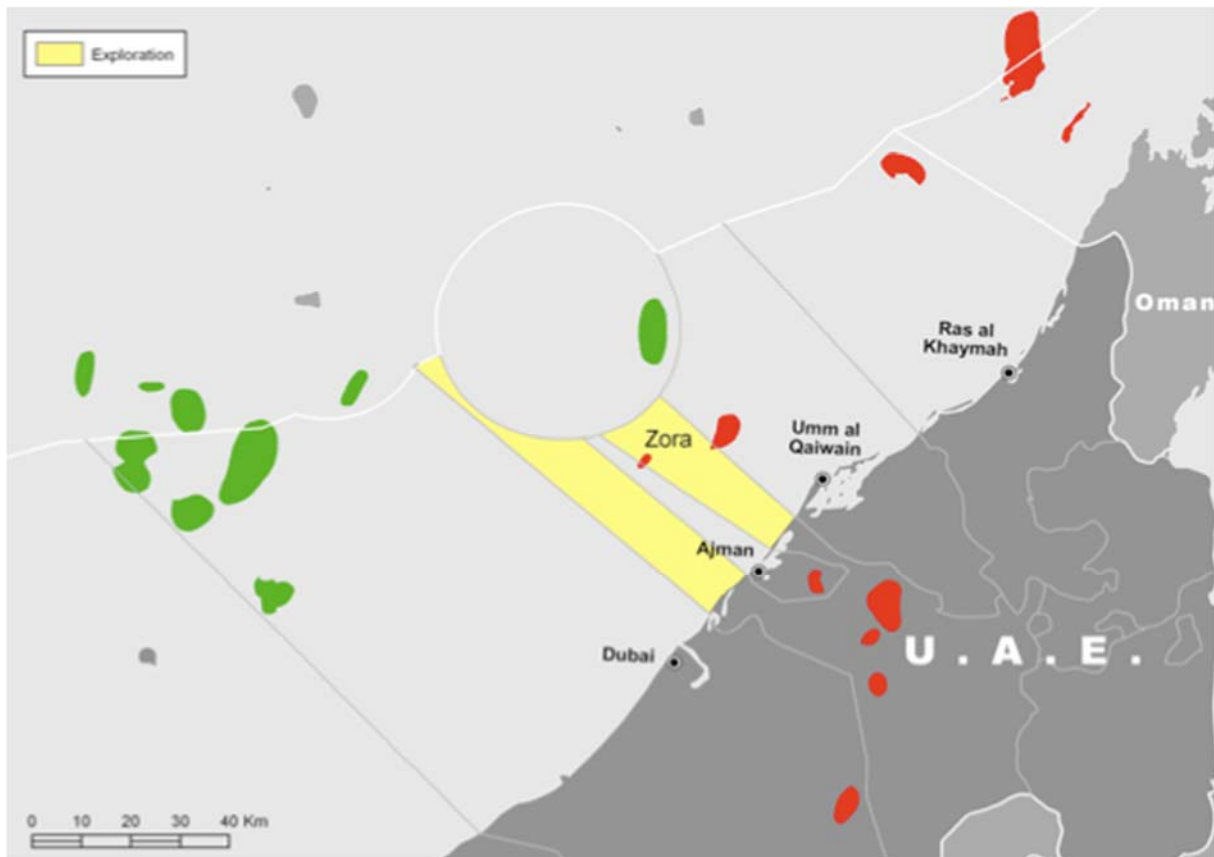
In November 2012, Dana Gas entered into a unitisation agreement with the Government of Sharjah, the Government of Ajman and APIC to determine the allocation of natural gas from the Zora gas field between the two governments. Under the unitisation agreement, 50 per cent. ownership of the natural gas was allocated to each government. At the same time, Dana Gas also entered into a unitisation and unit operating agreement with APIC and the Sharjah GSPA with SPC (see “– *Material Agreements Relating to Dana Gas' Assets – United Arab Emirates*”).

In February 2013, Dana Gas assigned its legal interest in the Sharjah Western Offshore concession to its wholly-owned subsidiary, DG Zora.

On 21 January 2014, Dana Gas entered into the Ajman Concession Agreement, which gives Dana Gas the right to prospect, explore and drill for develop, produce, store, transport, export and sell Petroleum produced from the concession area for a period of 25 years (see “– *Material Agreements Relating to Dana Gas' Assets – United Arab Emirates*”). The earlier unitisation agreement and unitisation and unit operating agreement signed with APIC in 2012 were terminated following the decision of the Government of Ajman to award the Ajman Concession to Dana Gas.

In February 2014, Dana Gas entered into a new unitisation agreement with the Government of Sharjah, the Government of Ajman and DG Zora defining the respective tract participation rights of the holders to hydrocarbons from the unit areas. DG Zora is the unit area operator of both the Sharjah and Ajman concession areas. At the same time, Dana Gas also entered into the Ajman GSPA with SPC regarding the concession area under the Ajman Petroleum Concession Agreement (see “– *Material Agreements Relating to Dana Gas' Assets – United Arab Emirates*”).

In April 2014, Dana Gas assigned all of its rights (without obligations) in the Ajman Concession Agreement to its wholly-owned subsidiary, DG Zora. Following this, Dana Gas assigned all of its rights and obligations in and to the Ajman GSPA and Sharjah GSPA to its affiliated company, DG Zora in April and July 2014, respectively. On 18 January 2016, both the Ajman GSPA and Sharjah GSPA were amended to give effect to certain changes made to the terms of the initial agreement and on 1 June 2016, both the agreements were novated to transfer and assign the rights and obligations of SPC under the agreements to Sharjah National Oil Corporation (“**SNOC**”) in accordance with the terms of the respective agreements.



GCA carried out an independent evaluation of the hydrocarbon reserves of the Zora gas field as at 31 December 2017. They estimated that the gross proved reserves (1P) of the Zora gas field as at 31 December 2017 (converted to an approximate total liquid equivalent basis) were 8 MMboe. They estimated that the gross proved and probable reserves (2P) of the Zora gas field as at 31 December 2017 were 24 MMboe. They estimated that the gross proved, probable and possible reserves (3P) of the Zora gas field as at 31 December 2017 were 61 MMboe.

Pursuant to the concession agreements, Dana Gas was required to construct one wellhead platform, consisting of two horizontal wells in the main development area, as well as drilling one exploration well outside the main development area. The wellhead platform was constructed in 2015.

The wellhead platform is located in about 80 ft of water and is an unmanned facility with preventative maintenance being carried out via boat transportation. The platform has a multiphase flow meter, a wellhead manifold and control system, a launching platform, corrosion inhibition system, chemical injection system, vent and drain systems, hydrate inhibition and a deck crane capable of handling maintenance and similar equipment.

The gas is transported from the platform through a 35 km, 12-inch diameter subsea pipeline and then through a 4 km onshore pipeline to the onshore gas processing plant within the Sharjah Hamriyah Free Zone Area. The plant removes hydrogen sulphide, carbon dioxide and moisture from the gas and is capable of handling up to 40 MMscfd of gas along with associated condensate and water.

The gas price is agreed annually by mutual agreement. The condensate is stored and then sold separately.

Gas production started in January 2016, although early gas supplies were intermittent as the gas plant was completing its commissioning and continuous gas production commenced on 28 February 2016. During the year ended 31 December 2017, the onshore gas processing plant delivered approximately 10 mmscfd of sales gas and 98 bbl/day of condensate.

The Zora Project's Sharjah-2 well was put into production in February 2016. As the current production rate of the Sharjah-2 well has continued to decline, a detailed geo-technical study was carried out, based on production data, to determine the range of well intervention options which could enhance production and to assess their economic viability. This work has now been further extended to a Field Development Plan to evaluate possible future options for further development and to determine the gas price required to make such further development economically viable.

Under the terms of the Sharjah Western Offshore concession and Ajman concession, title to petroleum produced from within the concession area passes to Dana Gas at the wellhead, in return for which Dana Gas pays a royalty to the Government of Sharjah and Government of Ajman equal to a percentage of the value of natural gas produced, such percentage being based on the amount of natural gas produced by Dana Gas in the concession area.

The following table sets out a summary of the fiscal terms for the Sharjah Western Offshore concession and Ajman concession:

<u>Sharjah Western Offshore concession and Ajman concession</u>		
Fiscal Regime	Royalty/Tax	
Royalty		Rate
	Mboepd	(%)
	0-10	12.5
	10-20	13
	20-30	13.5
	30-50	14
	50-100	16
	100-200	18
	> 200	20
Bonus	U.S.\$2 MM when production reaches 20 Mboepd	
Rental Payment	U.S.\$0.1 MM/year until export commencement	
Income Tax		Tax Rate
	Mboepd	(%)
	0-10	50
	10-20	60
	20-30	75
	30-50	80
	> 50	85
Definition of boe	The conversion unit for 1 Mscf of gas into boe for the calculation of royalty and income tax is defined in the concession by multiplying 1 Mscf of gas with: Gas Price per Mscf/Oil Price per Bbl	

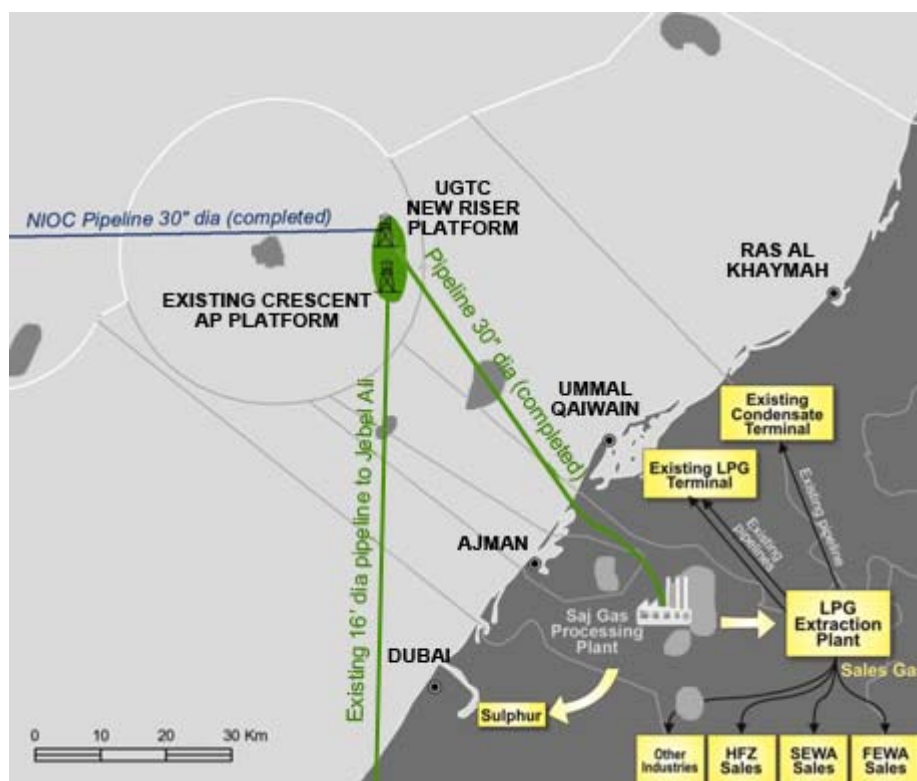
UAE Gas Project

The UAE Gas Project, which was announced in November 2005, anticipates the purchase of imported gas in the Arabian Gulf by Dana Gas from Crescent for onward transportation to Sharjah, where it is processed to sweeten the gas and extract LPG and condensate for sales within the UAE. While Dana Gas has built the required facilities, the UAE Gas Project continues to await the supply of gas to CNGCL by CGCL, which, in turn, is awaiting the supply of gas by NIOC. Revenue for Dana Gas from the UAE Gas Project is currently zero.

Dana Gas owns a 35 per cent. interest in CNGCL, the marketing organisation, and owns 100 per cent. of UGTC and SajGas, which respectively transport and process the gas. Dana Gas has maintained the facilities under preservation mode in readiness for receipt of gas.

CGCL has been engaged in arbitration proceedings against NIOC in respect of the ongoing delays under the gas supply contract since June 2009. In August 2015, the arbitral tribunal found that the gas supply contract between CGCL and NIOC was valid and binding upon the parties and that NIOC had therefore been in breach of its contractual obligation to deliver gas under the contract. NIOC subsequently appealed against the 2014 arbitration award but the English High Court dismissed the appeal on 18 July 2016. 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) took place in November 2016. Due to a long post-hearing submissions timetable, the final damages award is expected in 2018.



The following subsidiaries and affiliates of Dana Gas are involved in the UAE Gas Project:

Crescent Natural Gas Corporation Limited

CNGCL is a gas marketing and trading company. It has signed a 25-year gas purchase and sale contract with CGCL, a Crescent affiliate, for the supply of gas, which contract is underpinned by a long-term imported gas supply contract between CGCL and NIOC, pursuant to the UAE Gas Project.

United Gas Transmissions Company Limited

UGTC has completed gas transmission facilities comprising a new gas receiving riser platform (offshore Sharjah) to receive the gas, a 52 km, 30-inch diameter offshore gas pipeline to the shore at Hamriyah Free Zone, continuing from there a further 28 km to the onshore processing facilities in the Saja'a area operated by SajGas. The capacity of the pipeline is 600 MMscfpd.

The riser platform and the pipeline are currently held in a "readiness mode" awaiting commencement of gas supplies. UGTC has entered into a contract with Crescent for the management and operation of these assets. The offshore pipeline is recorded as an asset of UGTC in Dana Gas' balance sheet.

UGTC has also implemented a joint venture project with Emirates General Petroleum Corporation ("**Emarat**") on a 50:50 basis to construct and operate a 32 km, 48-inch diameter pipeline with capacity of 1,000 MMscfpd from Dana Gas' processing facilities in the Saja'a area to end-users in Hamriyah Free Zone, Sharjah. Emarat was established by the UAE government in 1981 to market and distribute petroleum and is an established and experienced gas pipeline operator in Sharjah and the Northern Emirates. The pipeline was completed in April 2008 and is one of the largest in the UAE, with a design capacity of 1,000 MMscfpd. The pipeline capacity will be utilised by three end-users: the Federal Electricity and Water Authority of the UAE, the Sharjah Electricity and Water Authority and CNGCL, in each case under 25-year contracts.

Total capital investment by UGTC in the UGTC and Emarat pipelines to date has been approximately U.S.\$117 million as of 31 December 2017.

Sajaa Gas Private Limited Company

SajGas has constructed a modern gas processing plant located in the Saja'a area in Sharjah. The plant was built in 18 months by Petrofac Limited (an integrated international service provider to the oil and gas industry) to process sour gas by providing gas sweetening, sulphur recovery and sulphur pastillation facilities. The plant extracts hydrogen sulphide and carbon dioxide from the input sour gas and produces sulphur in the form of pastilles as a residual by-product. The resultant sweetened gas will then be measured and sent for further processing to an LPG plant in the Saja'a area before its distribution to Sharjah and the Northern Emirates gas grid. The facility can process upwards of 600 MMscf/d with onsite expansion potential to handle up to 1,000 MMscf/d and has been built with onsite power generation facilities to minimise its reliance on external utility providers.

SajGas has a long-term contract in place with CNGCL for the processing of gas from the UAE Gas Project from which SajGas will derive its revenue, if the UAE Gas Project becomes operational. The title to feedstock gas, processed gas and sulphur is retained by CNGCL. The sulphur pastilles produced by the plant are either to be sold into the local market or exported for use in the fertiliser industry. The work to connect the plant to the distribution pipeline system has already been completed by SajGas.

The total capital investment by SajGas in plant and utilities to date has been approximately U.S.\$129 million. A land valuation report prepared on 11 January 2017 by an independent third party values the land of SajGas at U.S.\$47.7 million which includes both plant land and excess land. The gas processing plant is recorded as an asset of SajGas in Dana Gas' balance sheet. The gas processing plant is currently held in a "preservation mode" awaiting the commencement of gas supplies. The plant is maintained in a state of preservation by storing certain components in nitrogen gas to keep the integrity of the equipment stable until commissioning can begin.

Other MENA-based activities

Gas Cities project

Dana Gas has a 50 per cent shareholding with Crescent in Gas Cities Limited, a joint venture company which is responsible for pursuing opportunities for the development of a series of Gas Cities across the MENA Region to more effectively utilise natural gas as feedstock and maximize industrial output. The Gas Cities project contemplates conversion of available natural gas into economically viable petroleum-related products and derivatives by utilising the operational synergies and economies of scale arising from geographically clustered industrial units.

In January 2013, Gas Cities Limited entered into a joint venture agreement with CPC International, a subsidiary of the Saudi Binladin Group, for the development of self-sufficient, fully serviced industrial parks ranging between 2 and 5 sq km in size. This joint venture primarily focuses on potential industrial park projects in Egypt, India and Southern Iraq. Gas Cities contemplates providing a complete utilities solution to the industrial park, with gas as the primary fuel of choice.

With the recent settlement between KRG and Pearl, Gas Cities Limited is exploring its project in the Kurdistan Region of Iraq as well as pursuing additional opportunities for the development of Gas City projects in the MENA Region and Sub-Saharan Africa.

Future Growth Opportunities in the Petrochemical and other Gas Utilisation Industries

Gas is a feedstock to the petrochemical industry, and the MENA Region is rapidly emerging as a global petrochemical and gas-utilisation industry hub. On the one hand, regional countries seek to exploit access to low-cost gas as a means to monetise their gas reserves, while, on the other hand, international companies seek to relocate their plants and manufacturing businesses close to the gas resource so as to remain competitive in the global market.

Dana Gas believes that Gas Cities may represent a future growth opportunity in the gas-utilisation industry. Gas Cities are intended to be integrated industrial cities designed for the systematic and comprehensive utilisation of natural gas as fuel and feedstock. In a Gas City, natural gas is treated to remove impurities such as nitrogen, carbon dioxide, hydrogen sulphide. The wet gas is then separated into its hydrocarbon components. Natural gas produced from different gas fields shows large variations in its composition. Generally the main component is methane, while ethane and other heavier components are present in far lower proportions.

Methane has become a preferred fuel for power generation for various sectors of the manufacturing industry as well as being used as a petrochemical feedstock. Dana Gas envisages that in a Gas City, methane will be used to run the combined cycle power plants and as a fuel of choice for the various heavy, medium and light industries that will be established, which include the iron and steel industry, the cement, glass, ceramic- and brick-manufacturing industries, the textile industry and chemicals and pharmaceuticals. As a petrochemical feedstock, methane will be used to produce ammonia (which is a valuable raw material for the production of fertilizers and other industrial products) and methanol, a valuable base chemical for producing many derivatives used in various industries. Ethane will be used as a feedstock to steam crackers to produce ethylene and propylene which are base chemicals for numerous secondary and tertiary derivatives that will provide feedstock to various different industries housed in the industrial cluster of the Gas City. Propane and other heavier hydrocarbons will also be used as feedstock to produce basic chemicals and derivatives to satisfy various industries within the Gas City, and for domestic markets as well as for export.

LPG Shipping and Trading

Dana Gas has been and remains a medium-sized producer of LPG since the commissioning of the El Wastani gas processing plant and South El Manzala gas processing plant in Egypt and the two LPG trains in the Kurdistan Region of Iraq. The commissioning of EBGDCo's gas liquids extraction plant in the Ras Shukheir area of the Gulf of Suez region in Egypt has further increased Dana Gas' access to LPG.

Dana Gas anticipates that regional LPG trading and shipping opportunities will increase due to increased demand for LPG in the developing economies and as a feedstock in the growing MENA Region petrochemical sector.

Insurance

Dana Gas and its subsidiaries have properties and projects located in the UAE, Egypt and the Kurdistan Region of Iraq. Dana Gas secures insurance coverage which is reasonable and consistent with the normal industry practice.

For projects that are in the construction phase, Dana Gas' strategy is to secure insurance from reputed insurers primarily through an owner-controlled insurance programme ("OCIP"). The OCIP includes the builder's all-risks insurance for the full replacement value of the construction contracts, marine cargo all-risks insurance (including war risks) covering the importation of materials to the work sites, operator extra expense insurance (which includes cost of control, seepage and pollution, redrilling) and appropriate third-party liability insurance.

During the operating phase, insurance is arranged to cover all risks of physical loss or damage to the properties, including third-party liability insurance covering legal liabilities to third parties for injury or damage resulting from the operations, operator extra expense insurance (cost of control, seepage and pollution, redrilling) and other locally required insurances. The levels of insurance coverage in respect of the operations are as per industry standards. Third-party liability insurance is governed by the applicable laws and by any contractual requirements with third parties.

In addition, Dana Gas also maintains employee-related insurances such as medical, life, personal accident, employer's liability and workmen's compensation policies, as appropriate. Furthermore, where considered appropriate, Dana Gas secures sabotage and terrorism insurance.

The following table summarizes Dana Gas' key insurance policies by operating unit, type of coverage and level of coverage as at 31 December 2017:

Operating unit and type of coverage	Level of coverage (U.S.\$)
United Arab Emirates:	
Physical damage	456,795,000 ⁽¹⁾
Business interruption (Zora).....	24,000,000
Operator's extra expense	50,000,000 ⁽²⁾
Third-party liabilities.....	150,000,000 ⁽³⁾
Construction	Not taken up
Dana Gas Egypt:	
Physical damage	34,603,182
Business interruption.....	Not applicable
Operator's extra expense	6,000,000
Third-party liabilities.....	5,000,000
Construction	Not applicable
Egypt Wasco JV Operations:	

Operating unit and type of coverage	Level of coverage (U.S.\$)
Physical damage	513,550,389
Business interruption	229,500,000
Operator's extra expense	6,000,000
Third-party liabilities	5,000,000
Construction	Not taken up
Pearl – KRI ⁽⁴⁾:	
Physical damage (Property All Risks)	580,970,225
Business Interruption ⁽⁵⁾	209,920,000
Operator's extra expense	25,000,000
Third-party liabilities	25,000,000
Political Violence, Sabotage & Terrorism ⁽⁶⁾	300,000,000

Notes:

- (1) Comprising U.S. \$300,550,000 in relation to Sajgas, UGTC, HO and U.S. \$156,245,000 in relation to Zora operations.
- (2) Coverage in relation to Zora operations.
- (3) Comprising U.S.\$25 million in relation to UGTC, U.S.\$50 million in relation to Zora facilities, U.S.\$50 million in relation to the SajGas gas processing plant and U.S. \$25,000,000 in relation to DGHO.
- (4) Values relate to 100 per cent. of Pearl, in which Dana Gas has a 35 per cent. stake.
- (5) Loss of Production.
- (6) Physical Damage, Business Interruption and Operator's Extra Expense

Information Technology

Dana Gas has been working on modernising its Information Technology (“IT”) infrastructure in order to assist in the efficient running of its business and ensure that Dana Gas operates at optimum service levels. In 2013, Dana Gas launched a project to ensure operation continuity, IT assets integrity and data confidentiality. The project was executed in several phases and included, among other things, building a disaster recovery centre to secure the Dana Gas data centre, building a private cloud in order to ease mobility and real time access to data and deploying a secure encryption system to avoid data leakage. In 2018, Dana Gas plans to install virtual workstations to provide its engineering technical team with an efficient and high-end tool for data processing. Dana Gas also intends to improve the security related to its Scada systems and infrastructures.

Enterprise Risk Management

Dana Gas is committed to an effective risk management approach that protects Dana Gas’ assets, business and reputation while enhancing shareholder value. One of the key components of Dana Gas’ overall risk management strategy is the enterprise risk management (“ERM”) framework, which is mandatory and operates throughout Dana Gas.

The board-approved risk management framework is based on ISO 31000 (Risk Management Standard), and is an integral part of good management practice, reflecting the statutory requirements of the UAE and other international Corporate Governance Codes. The Risk Framework considers strategic, operational, financial and compliance risks. It covers projects, assets, business units, countries and corporate functions. The significant risks at each level are escalated upwards on a regular basis.

The ERM framework has been established to identify, evaluate and assist in the management of the risks faced by Dana Gas. The process operates on a mandatory basis across Dana Gas and provides its Board of Directors with assurance that the major risks faced by Dana Gas have been identified and are regularly assessed, and that wherever possible, there are controls in place to eliminate, reduce or manage these risks.

The Board of Directors receives minimum quarterly reports on the significant risks facing the business and the mitigation strategies in place to manage the risks. At the management level, a Risk Committee was established in 2011 composed of key members of the Executive Committee. The terms of reference of the Risk Committee were further updated in 2017, together with other executive committees’ terms, as part of the improvements to Dana Gas’ Corporate Governance procedures. The terms of reference include oversight and monitoring of the significant risks facing the business and review of the proposed mitigation strategies. The Committee meets once every quarter to review the Dana Gas and business risk map and register. The risk review also considers other risks from the World Economic Forum. The key outputs of the risk committee are available to the Board of Directors and senior management of Dana Gas.

Safety and Environmental Management Systems

The safety management systems in each of Dana Gas’ business units are in compliance with the OHSAS 18001 standard. Each year a mandatory compliance audit is undertaken by a registered third party auditor to determine

compliance with the standard and to re-certify to the standard. To date, all business units have successfully re-certified their safety management systems. Dana Gas' head office in Sharjah also successfully achieved certification to the international recognized OHSAS 18001 Safety Management standard at the end of 2016.

Dana Gas Egypt is certified to the international ISO 14001 environmental management standard and the OHSAS 18001 Standard and has its own approved environmental policy. El Wastani Petroleum Company ("Wasco"), the government contractor for the El Wastani gas processing plant, is certified to the ISO 14001 standard and to the OHSAS 18001 safety standard. Annual environmental management audits are conducted at these locations to determine compliance to the ISO standard. Dana Gas Egypt and Wasco achieved re-certification to the ISO 14001 standard in 2017.

The Zora gas plant is managed by an external operations and maintenance contractor, and OHSAS 18001 and ISO 14001 standards are in place for the safety and environmental systems of the Zora gas field operation. The Khor Mor gas plant is also certified to OHSAS 18001.

Dana Gas had no major hydrocarbon releases during 2017. The total number of pinhole leaks has been greatly reduced through the implementation in 2016 and 2017 of asset integrity management systems in the operations in Egypt, the Kurdistan Region of Iraq and the UAE. Gas flaring as part of the normal operations continues at the Khor Mor gas plant, and efforts have been made to reduce and clean the gas flare emissions at the Zora gas field in the UAE and the El Wastani gas processing plant in Egypt. The June 2017 planned maintenance shutdown at the El Wastani gas processing plant made significant improvements to reduce emission impacts on the environment.

Operating Risk Management System

Dana Gas developed the corporate operating risk management system guidelines ("ORMS") in 2010 and 2011, which set out how operational management risks for drilling, exploration, projects and production are managed in accordance with best practices and international standards for health, safety, security, environment, social responsibility and asset integrity. The ORMS Guidelines were developed after a review of management systems from other oil and gas producers as well as through a review of major industrial accident root causes. The Dana Gas HSSE Policy and the ORMS structure were approved by the Board of Directors in 2010, and the detailed system rolled out in 2011. The ORMS Guidelines were further updated in 2013 and 2017.

Operating HSSE Performance

In relation to workplace and personnel safety, Dana Gas benchmarks itself against the worldwide performance results of the International Oil and Gas Producers Association, an organisation established to promote safe, responsible, and sustainable operations on behalf of international oil and gas exploration and production companies. Dana Gas' Total Recordable Injury Frequency (TRIF) was 0.17 against the benchmark (OGP) of 0.35 per year in the year ended 31 December 2017. No major injury incidents or fatalities occurred in 2017 at any of the business units. All operating facilities in remote areas have medical clinics and medically trained personnel onsite. Regular health check-ups are carried out for each employee as are health and sanitation inspections of canteens and accommodations. Regular health education programs for the workforce are also provided by the HSSE staff.

Dana Gas believes that it is in compliance with all applicable environmental laws and regulations. There has not been a major environmental spill at any of the operations in 2017. Efforts to reduce waste, recycle specified wastes and to use environmentally safe products such as water based drilling mud, LED and solar lighting, waste segregation, and improved asset integrity of pipelines and well tie ins has greatly reduced the number of pin hole leaks, thus reducing uncontrolled emission of hydrocarbons.

Security

Dana Gas' activities in Egypt and the Kurdistan Region of Iraq are at risk from acts of terrorism and other malicious crimes. Dana Gas, together with its joint venture partners, employs internationally experienced security staff in the Kurdistan Region of Iraq who work closely with the oil field police supplied by the Ministry of Natural Resources of the KRG and the KRG itself. The Khor Mor gas plant perimeter is protected by a series of manned gates and guard posts, as well as roving guard dog patrols. Security convoys control the movement of employees between Erbil and Khor Mor. Khor Mor has maintained a robust and fit-for-purpose journey management plan for over ten years, and there has been no major incident related to the movement and protection of personnel.

Dana Gas' facilities in Egypt have continued to operate throughout the political turmoil that commenced in early 2011. An excellent journey management plan is in place in Egypt, controlled by Dana Gas Egypt for movement and protection of personnel from Cairo to the field locations as required by the business. 24/7 monitoring of the security situation in the country is carried out by DGE Security advisors. While local disputes have occurred at times in communities near the El Wastani gas processing plant in rural Egypt and near the Khor Mor assets in the Kurdistan Region of Iraq, these have been settled through negotiation and a more focused community social responsibility campaign in 2017 for Egypt and in the Kurdistan Region of Iraq. The reputation of Dana Gas in these communities has been upheld and well maintained in 2017 and this is expected to continue in 2018.

Legislative compliance

Dana Gas' facilities operate in full compliance with national laws across all locations.

Litigation and Arbitration

Litigation – Existing Certificates

Dana Gas is currently involved in litigation proceedings in the UAE and UK that challenge the validity of the Existing Certificates and the related transaction documents. An injunction in support of those proceedings was also obtained from the BVI court, although on 23 March 2018 Dana Gas instructed its BVI lawyers to take steps in the BVI court to have the injunction lifted. Due to what Dana Gas alleges to be the evolution and continual development of Islamic financial instruments and their interpretation, Dana Gas has received legal advice stating that the Existing Certificates are unlawful under UAE law and not compliant with *Shari'ah* principles and are therefore void and unenforceable. Accordingly, Dana Gas has instituted legal action in the UAE courts (and UK courts) for declarations to that effect, seeking liquidation of the Existing Certificates and nullification of the related transaction documents and a reconciliation of the amounts paid. Certain holders of the Existing Certificates have, in turn, opposed those declarations.

Due to actions by three shareholders of Dana Gas, Dana Gas was prevented from participating in the English trial pursuant to an anti-suit injunction issued by the UAE Federal Court of First Instance. However, on 29 November 2017, the UAE Court of Appeal set aside the UAE Federal Court of First Instance decision and held that the matter falls under the jurisdiction of the UAE Civil Courts. This decision allowed Dana Gas to participate in the English trial only on matters of English law. On 17 November 2017, the English High Court declared that the purchase undertaking entered into in connection with the Existing Certificates is valid and enforceable in accordance with its terms pursuant to English Law. Dana Gas applied to overturn the 17 November judgment but the English High Court rejected its application on 1 February 2018 and further ordered that all remaining issues of English and UAE law in relation to the Certificates should be determined by the English Courts. On 22 February 2018, Dana Gas filed an appeal to the English Court of Appeal to set aside the English High Court's decision regarding the validity of the purchase undertaking and to obtain an order declaring that Dana Gas' purported obligation to pay the exercise price under the purchase undertaking has been discharged. Such appeal was rejected by the English Court of Appeal on 20 March 2018. On 31 January 2018, the English High Court also lifted the injunction previously placed on the trustee, the delegate and one of the holders of the Existing Certificates, which had prevented them from enforcing their rights under the purchase undertaking. However, the English High Court ordered a 56-day delay on enforcement until matters are finally decided, meaning that the trustee (or the delegate on its behalf) would only be able to enforce its rights to full payment in accordance with the purchase undertaking by issuing an exercise notice on or after 29 March 2018. Meanwhile, upon the application of certain of Dana Gas's shareholders, the Sharjah court has served orders on Dana Gas to, among other things, suspend the enforcement in the UAE of the judgments issued on 1 February 2018 by the English High Court. However, in order to allow time for proper notification of the proceedings on the parties, the hearing was adjourned until 20 May 2018. On 26 March 2018, upon the application of a further shareholder of Dana Gas, the Sharjah court issued an anti-suit injunction against certain parties, including one of the largest holders of the Existing Certificates, from directly or indirectly taking any proceedings against Dana Gas or its shareholders in the UAE and the UK.

On 4 April 2018, the English High Court granted an injunction against Dana Gas at the request of one of the holders of the Existing Certificates. The injunction instructed Dana Gas, among other things, to (i) comply with the undertakings in the purchase undertaking; (ii) refrain from liquidating the *mudarabah* assets; and (iii) not declare any dividend or other distribution in respect of its share capital. Dana Gas sought to set aside the 4 April order on 10 April 2018. Following a return date hearing on 27 April 2018, that application was refused and the injunction was continued. On 16 April 2018, the Sharjah court issued a further anti-suit injunction against all holders of the Existing Certificate and future certificate holders from taking any action against Dana Gas or its

shareholders in the UAE, UK or elsewhere based on the decisions or orders of the English High Court and ordered the suspension of the enforcement of the 4 April order and all other English High Court decisions and orders pending determination by the UAE courts as to whether the English court orders are eligible for enforcement in the UAE. On 18 April 2018, Dana Gas' shareholders proceeded to vote in favour of a 5 per cent. cash dividend payment at the annual general meeting, despite the English High Court order prohibiting it to do so. As an alternative to the payment of the dividend, on 27 April 2018, the English High Court decided that Dana Gas may, if it so elected, transfer any potential dividend to an English bank account, held in escrow for the shareholders of Dana Gas, pending resolution of the litigation proceedings. The transfer of dividend monies to any account other than the officially nominated Abu Dhabi Securities Exchange account is not permitted pursuant to regulations promulgated by the SCA. On 30 April 2018, Dana Gas announced that it would pay the dividend into the Abu Dhabi Securities Exchange account in order to avoid violating UAE laws or contravening the regulations of the SCA. At a case management conference on 4 May 2018, directions were made for the resolution of all remaining issues of English and UAE law by the English Court and a trial is fixed for 3 September 2018.

The Sharjah court proceedings set to determine the validity of the Existing Certificates, the purchase undertaking and the other related transaction documents pursuant to UAE Law were due to commence at a hearing on 25 December 2017. However, the hearing has now been scheduled for 29 May 2018, although Dana Gas has been restricted from participating in these proceedings as a result of an anti-suit injunction obtained by one of the holders of the Existing Certificates. The English High Court has also directed Dana Gas to discontinue these proceedings. The Sharjah Court has directed Dana Gas to maintain and proceed with the same proceedings.

Breach of Contract Claim by Oman Chemicals & Pharmaceuticals LLC

On 9 July 2005, CNGCL entered into a gas sales and purchase agreement with OCP, under which CNGCL agreed to sell gas to OCP for 24 years, commencing on 1 January 2007. The gas intended to be sold under this agreement was the gas to be purchased from NIOC by CGCL, a subsidiary of Crescent, pursuant to the UAE Gas Project.

In 2012, OCP commenced proceedings in the Sharjah Court against Crescent, CNGCL and certain executives of Crescent, alleging breach of contract and claiming historical damages of AED 23.5 billion and monthly damages of AED 36.8 million. The defendants deny any liability to OCP on a number of legal grounds.

During 2013 to 2015, the case was deferred several times due to various procedural adjournments. On 17 November 2015, OCP filed a response to the defendants' counterclaim that was filed on 31 August 2015. A number of further submissions were made by the parties during 2016 and in the same year the judge appointed a Ministry of Justice certified translator to translate the gas sales and purchase agreement as the claimants and defendants had been relying on different translations. The judge directed the parties to deposit on a 50-50 basis a bond against the translator's fees and expenses. The translator filed its report on 6 September 2016. Further submissions were subsequently made by the parties, and on 27 February 2017, the Court mandated an expert panel to investigate the objections raised by the parties in their submissions. On 27 August 2017, the Court ordered that the expert panel be supplemented by the appointment of two additional experts. The panel called for a meeting on 4 December 2017, which was subsequently deferred and held on 14 December 2017. A second meeting between members of the expert panel took place on 14 January 2018 during which oral arguments were presented and a third meeting took place on 15 February 2018 during which the expert panel received submissions from the parties. Final submissions from parties were subsequently heard at a meeting on 8 March 2018. The expert panel's report was submitted to the Sharjah Court on 17 April 2018. The Sharjah Court has given the parties until 13 May 2018 to provide any comments on the report.

Arbitration case – KRG

Since 18 May 2009, there has been an ongoing dispute between the shareholders of Dana Gas and the Ministry of Natural Resources of the KRG regarding the interpretation of the Petroleum Development Agreement. As a result of a failure to resolve the dispute, on 21 October 2013, the Consortium commenced international arbitration proceedings at the LCIA, in accordance with the dispute resolution mechanism of the Petroleum Development Agreement to obtain confirmation of the long-term contractual rights for development and marketing in respect of the Khor Mor and Chemchemal fields, and also confirmation as to the outstanding receivables owed by the Ministry of Natural Resources of the KRG.

With effect from July 2013, the date upon which the Consortium initiated mediation proceedings with the LCIA, the KRG ceased making any payments for the liquid products that it continued to lift and sell from the Khor Mor

gas field. On 21 March 2014, the Consortium filed an interim measures application with the tribunal, which was successful.

On 17 October 2014, the tribunal ordered the KRG to pay the Consortium U.S.\$100 million within a timeframe of thirty (30) days (by 17 November 2014) in the form of a Peremptory Order. In default of its legal obligations, the KRG failed to make payment by the stipulated deadline. Consequently, the tribunal's order became peremptory in nature, enabling its enforcement by the English High Court. Subsequently, in March 2016 the Consortium and the KRG independently reached an agreement whereby the Peremptory Order would be paid down by the KRG in monthly installments. By 30 August 2017, the Peremptory Order was paid down in full.

In relation to the arbitration proceedings on merits, a one-week hearing took place in London commencing on 20 April 2015 at which selected issues in the arbitration were considered.

On 3 July 2015, the arbitral tribunal issued a Partial Final Award dated 30 June 2015 confirming the Consortium's contractual rights including a number of important issues addressed at the 20 April 2015 hearing. Among other things, the First Partial Final Award confirmed the KRG's contractual obligation to pay the Consortium for the produced condensate and LPG at international prices, including the pricing methodology for each.

On 27 November 2015, the tribunal handed down its Second Partial Final Award (dated 27 November 2015 and updated by Memorandum of Correction dated 20 January 2016). Under the Second Partial Final Award, the Court ordered the KRG to pay the Consortium within twenty-eight (28) days (i.e. by 26 December 2015) the sum of U.S.\$1.963 billion for outstanding unpaid invoices for the produced condensate and LPG up to 30 June 2015, as per the pricing methodology already determined by the tribunal in the First Partial Final Award.

On 13 February 2017, the tribunal handed down its Third Partial Final Award dated 30 January 2017. Among other things, the tribunal ordered the KRG to pay to the Consortium U.S.\$121,095,282 in respect of condensate and LPG lifted by or on behalf of the KRG between 30 June 2015 and 31 March 2016, and determined that the Consortium were entitled to interest on all overdue liquids receivables for each day that such sums were overdue at the rate of LIBOR plus 2 per cent., compounded monthly.

A further hearing was scheduled to take place in September 2017 to determine the quantification of the Consortium remaining claims. However, on 30 August 2017, all parties to the arbitration announced the settlement of the international arbitration proceedings. The parties mutually agreed to fully and finally settle all their differences amicably by terminating the arbitration and related court proceedings and releasing all remaining claims between them, including the damages asserted by the Consortium against the KRG, while implementing a mechanism for the payment of U.S.\$2.239 billion awarded by the tribunal.

Pursuant to the KRG Settlement Agreement, the KRG partially settled the outstanding amount of receivables amounting to U.S.\$1.98 billion (of which Dana Gas' share was U.S.\$695 million) as of 30 August 2017 by payment of U.S.\$1 billion (of which Dana Gas' share was U.S.\$350 million) in cash with the residual receivables being converted to petroleum costs and classified as oil and gas interests under property, plant and equipment. The petroleum costs are outstanding costs recoverable by Pearl from future revenues generated from the areas under the Petroleum Development Agreement. Of the U.S.\$1 billion paid by KRG under the KRG Settlement Agreement, an amount of U.S.\$400 million (of which Dana Gas' share was U.S.\$140 million) has been designated for investment exclusively for further development to substantially increase production in the Kurdistan Region of Iraq. Pearl is entitled to use any remaining funds of the U.S.\$400 million after the development is complete or 29 February 2020, whichever occurs first. If to the reasonable satisfaction of the KRG, Pearl secures financing for all or part of the development specified in the Petroleum Development Agreement, Pearl shall be entitled to use funds from the U.S. \$400 million in the same amount as such financing for any purpose other than the development without restriction.

Arbitration Case – MOL

The KRG Settlement Agreement was welcomed and endorsed by Dana Gas, Crescent, OMV and RWE Middle East, together holding 90 per cent. of the shares of Pearl.

MOL, a 10 per cent. shareholder of Pearl, has expressed dissatisfaction with the outcome of the settlement, as compared to the alternative of pursuing litigation proceedings and obtaining final enforcement against the KRG, and has sought to link the endorsement of the KRG Settlement Agreement to a renegotiation of the terms by which it first secured its participation in Pearl in May 2009 (namely its commitment to certain contingent payments). MOL has issued a default notice under the terms of the joint venture agreement entered into by the

shareholders of Pearl and is alleging that the actions of Dana Gas and Crescent in concluding the KRG Settlement Agreement amounts to a breach of the joint venture agreement.

Dana Gas and Crescent reject the allegations and the validity of the default notice and have initiated arbitration proceedings at the LCIA in order to obtain a formal declaration to resolve the matter. The arbitration hearing is scheduled to commence in November 2018.

Arbitration Case - National Iranian Oil Company

The Gas Sales & Purchase Contract between CGCL and NIOC for the supply of gas to the UAE has been the subject of international arbitration since June 2009. In August 2014, the arbitral tribunal found that the gas supply contract between CGCL and NIOC was valid and binding upon the parties and that NIOC had therefore been in breach of its contractual obligation to deliver gas under the contract since December 2005.

NIOC subsequently appealed against the 2014 arbitration award to the English High Court. On 18 July 2016, the English High Court dismissed NIOC's grounds of appeal and confirmed that the 2014 award was final and binding and that NIOC had been in breach of its gas supply obligations.

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) took place in November 2016. Due to a long post-hearing submissions timetable, the final damages award is expected in 2018.

Other than as described above, Dana Gas is not currently party to any other material litigation or arbitration proceedings.

Competition

Dana Gas has identified that its key regional competitors are as follows:

United Arab Emirates

DNO International ASA

DNO International ASA ("**DNO**") is an independent international upstream oil and gas company listed on the Oslo Stock Exchange. DNO operates exploration licences and producing assets in Oman and the Kurdistan Region of Iraq. In January 2012, DNO merged with RAK Petroleum Public Company Limited ("**RAK Petroleum**"), an unlisted public oil and gas company registered in Ras Al Khaimah Free Trade Zone. DNO has entered into two production sharing contracts with the KRG. It also has exploration interests in Norway, United Kingdom, Tunisia, Somaliland and Yemen.

Abu Dhabi National Energy Company

Abu Dhabi National Energy Company ("**TAQA**") is listed on the Abu Dhabi Stock Exchange and is 75.2 per cent. owned by the Abu Dhabi Government. TAQA is the sixth largest independent power producer in the world, and provides more than 90 per cent. of the water and electricity requirements of the Emirate of Abu Dhabi. TAQA also supplies the Emirates of Fujairah, Umm Al Quwain and Sharjah with clean water. TAQA has investments in power generation, oil and gas exploration and production, pipelines and gas storage. The power generation operations are also located in Ghana, India, Morocco, Oman, United States and the Kingdom of Saudi Arabia, and the oil and gas operations are located in North America, the UK, Kurdistan Region of Iraq and the Netherlands and comprise crude oil and natural gas exploration, production, processing, transmission and storage. TAQA's main focus of investment is in the companies engaged in power generation, water desalination, and production and storage of oil and gas. In addition, it has invested in the mining, metal and services sectors.

Dolphin Energy Limited

Dolphin Energy Limited ("**Dolphin Energy**") is a gas company which is 51 per cent.-owned by Mubadala Development Company (wholly-owned by the Government of Abu Dhabi) and 24.5 per cent.-owned by each of Total S.A. and Occidental Petroleum Corporation. Dolphin Energy meets approximately 30 percent of the UAE's energy requirements. Dolphin Energy's major strategic initiative, the Dolphin Gas Project, involves the production and processing of natural gas from Qatar's North field and the transportation of the dry gas by sub-sea pipeline to the UAE. The Dolphin Gas Project operates in parallel to the UAE Gas Project, both projects

being necessary to develop an awareness of natural gas as fuel and feedstock in the UAE, and to grow the market for gas in the UAE in order to realise its full potential. Dolphin Energy owns facilities in Qatar and Abu Dhabi and is involved in production of raw gas, onshore processing, removal of valuable by-products and transmission of natural gas by export pipeline to the UAE, with subsequent distribution to customers across the Emirates and Oman.

Egypt

Kuwait Energy Company

Kuwait Energy Company is an independent oil and gas company focusing on acquiring a portfolio of producing assets or fields close to production, primarily in the MENASA Region. Its participation interests range from 15 per cent. to 100 per cent. across its various exploration, development and producing leases. Kuwait Energy currently operates 10 assets across Egypt, Yemen, Iraq, and Oman. Seven of these assets are operated by Dana Gas. Kuwait Energy Company's portfolio of assets incorporates a liquids to gas ratio of 85:15.

Kurdistan Region of Iraq

Genel Energy Plc

Genel Energy Plc was established as a result of the reverse acquisition of Genel Energy International Limited by the investment company Vallares PLC. The merger was completed with an issue of new shares to Genel Energy International Limited's existing owners and a prospectus was published in November 2011 in conjunction with the share issue in order for the shares to be admitted to the London Stock Exchange. Genel Energy Plc owns an interest in a number of production sharing contracts in the Kurdistan Region of Iraq, including interests in the Taq, Tawke, Miran and Bina Bawi fields. Its exploration assets are in the Kurdistan region of Iraq, Somaliland and Morocco.

WesternZagros Resources Ltd.

WesternZagros Resources Ltd. ("**WesternZagros**") is a privately held exploration and production resources company engaged in acquiring properties and exploring for, developing and producing crude oil and natural gas. WesternZagros has entered into two production sharing contracts with joint venture partners and the KRG and, as a result, holds a 40 per cent. interest in the Kurdamir and Garmian concession areas. The Garmian concession area is operated by WesternZagros, while the Kurdamir concession area is operated by a subsidiary of Repsol S.A. The KRG holds a 20 per cent. interest in both production sharing contracts.

Material Agreements Relating to Dana Gas' Assets

The key terms of certain material contracts relating to Dana Gas' assets entered into in the ordinary course of business are described below. The following summaries of selected provisions are qualified in their entirety by reference to the full text of the actual agreements and should not be considered to be full statements of the terms and provisions of such agreements. The terms summarised below reflect the current terms of such agreements on the date of these Listing Particulars, unless otherwise indicated. Capitalised terms used below have the meaning ascribed to them in the relevant agreement, unless defined below.

Egypt

El Manzala Concession Agreement

On 3 May 1995, The Arab Republic of Egypt, The Egyptian General Petroleum Corporation and Marathon Petroleum Egypt, Ltd. entered into a concession agreement for petroleum exploration and exploitation in El Manzala Nile Delta Area (the "**El Manzala Concession Agreement**"). The El Manzala Concession Agreement was assigned from Marathon Petroleum Egypt, Ltd. to Centurion Petroleum Corporation (now known as Dana Gas Egypt) by way of two deeds of assignment, in 1997 (40 per cent.) and 1999 (60 per cent.).

The El Manzala Concession Agreement provides for an initial exploration period of three years, with two successive extensions of two years each at the option of Dana Gas Egypt with an additional six months for drilling and testing. Following any commercial oil or gas discovery, a 20-year development lease was established, with an optional extension of five years subject to approval by the Egyptian Ministry of Petroleum and Mineral Resources.

Costs and expenses in respect of all the exploration, development and related operations can be recovered by Dana Gas Egypt up to a cap of 30 per cent. of all petroleum (including gas) produced and saved from all development leases, or cost recovery petroleum. Dana Gas Egypt shall each quarter be entitled to, and own all, cost recovery petroleum, which shall be taken and freely exported, subject to the terms of the El Manzala Concession Agreement. The remaining 70 per cent. of petroleum (including gas) is to be shared between Dana Gas Egypt and EGPC in prescribed proportions which vary depending on levels of production.

In the event that EGPC is to be the buyer of LPG and gas produced under the El Manzala Concession Agreement, the disposition of gas shall be by virtue of a long-term gas sales agreement to be entered into by EGPC and Dana Gas Egypt (as sellers) and EGPC (as buyer). EGPC (as buyer) shall have the option to elect whether the payment for the gas which is subject to the gas sales agreement is to be made in cash or in kind.

Requisition of production (by Ministerial approval) or of concession areas (by Presidential Decree) by the Government of Egypt is permitted in case of war, imminent expectation of war or internal causes. Such requisition will usually only be effected following a consultation period with EGPC and Dana Gas Egypt. In the event of any such requisition, the government shall indemnify EGPC and Dana Gas Egypt in full for the period during which the requisition is maintained, including all damages resulting from the requisition and full repayment each month for all petroleum extracted by the Government of Egypt less the royalty share of such production.

Non-performance under the El Manzala Concession Agreement by either EGPC or Dana Gas Egypt is excused by reason of *force majeure*. The period of any such non-performance or delay, together with such period as may be necessary for the restoration of any damage done during the delay, is added to the time given in the agreement for the performance of such obligation, but only with respect to the block or blocks affected. *Force majeure* is defined as “any order, regulation or direction of the Government of Egypt or the Government of the U.S.A. with respect to Contractor whether promulgated in the form of law or otherwise or any act of God, insurrection, riot, war, strike, and other labour disturbance, fires, flood or any cause not due to the fault or negligence of EGPC or Contractor, or either of them, whether or not similar to the foregoing, provided that such cause is beyond the reasonable control of EGPC or Contractor, or either of them”.

South El Manzala Development Lease – Gas Sales Agreement

On 10 September 2005, EGPC and Centurion Petroleum Corporation (now known as Dana Gas Egypt) entered into a gas sales agreement under the terms of the El Manzala Concession Agreement, pursuant to which Dana Gas Egypt has agreed to sell to EGPC gas produced and saved from the development area (i.e., the portions of the concession area encompassing the South El Manzala Development Lease).

The term of the agreement is until the production of gas from the development area is no longer, in the sole judgement of Dana Gas Egypt, economically sustainable as to Dana Gas Egypt or until the expiration of the El Manzala Concession Agreement, whichever occurs first. Rights, duties and obligations of either party incurred during the term of the agreement shall survive the termination and remain binding until final settlement.

The gas delivered to and purchased by EGPC shall be valued at a price determined in accordance with the El Manzala Concession Agreement, which states as follows:

$$PG = F \times H$$

Where:

PG = the value of the gas in U.S. dollars per thousand cubic feet.

H = the number of million British Thermal Units per thousand cubic feet of gas.

F = a value in U.S. dollars per million British Thermal Units determined monthly according to the price of Brent.

If the price of Brent (U.S.\$/bbl):

(a) is less than or equal to 10, $F = 1.5$

(b) is between 10 and 20, $F = \text{Brent price} \times (0.1665 - 0.0017 \times \text{Brent Price})$

(c) is equal to or greater than 20, $F = 2.65$

Any provisions not specifically covered in the gas sales agreement are governed by the provisions of the El Manzala Concession Agreement and, in the event of any conflict, the terms of the El Manzala Concession Agreement shall prevail.

El Wastani and East El Wastani Development Leases – Gas Sales Agreement

On 10 September 2005, EGPC and Centurion Petroleum Corporation (now known as Dana Gas Egypt) entered into a gas sales agreement under the terms of the El Manzala Concession Agreement, pursuant to which Dana Gas Egypt has agreed to sell to EGPC gas produced and saved from the development area (i.e., the portions of the concession area encompassing the El Wastani and East El Wastani Development Leases).

The term of the agreement is until the production of gas from the development area is no longer, in the sole judgement of Dana Gas Egypt, economically sustainable as to Dana Gas Egypt, or until the expiration of the El Manzala Concession Agreement, whichever occurs first. Rights, duties and obligations of either party incurred during the term of the agreement shall survive the termination and remain binding until final settlement.

The gas delivered to and purchased by EGPC shall be valued at a price determined in accordance with the El Manzala Concession Agreement, which states as follows:

$$PG = F \times H$$

Where:

PG = the value of the gas in U.S. dollars per thousand cubic feet.

H = the number of million British Thermal Units per thousand cubic feet of gas.

F = a value in U.S. dollars per million British Thermal Units determined monthly according to the price of Brent.

If the price of Brent (U.S.\$/bbl):

(a) is less than or equal to 10, $F = 1.5$

(b) is between 10 and 20, $F = \text{Brent price} \times (0.1665 - 0.0017 \times \text{Brent Price})$

(c) is equal to or greater than 20, $F = 2.65$

Any provisions not specifically covered in the gas sales agreement are governed by the provisions of the El Manzala Concession Agreement and, in the event of any conflict, the terms of the El Manzala Concession Agreement shall prevail.

West El Manzala Concession Agreement

On 29 June 2005, The Arab Republic of Egypt, EGAS, Centurion Petroleum Corporation and CTIP entered into a concession agreement for gas and crude oil exploration and exploitation in West El Manzala Area, Nile Delta (the “**West El Manzala Concession Agreement**”). A 50 per cent. interest in the West El Manzala Concession Agreement was assigned from CTIP to Centurion Petroleum Corporation (now known as Dana Gas Egypt) in March 2006.

The West El Manzala Concession Agreement provides for an initial exploration period of three years, with two successive extensions of two years each at the option of Dana Gas Egypt with an additional six months for drilling and testing. Following any commercial oil or gas discovery, a 20-year development lease was established, with an optional extension of five years subject to approval by the Egyptian Ministry of Petroleum and Mineral Resources. In case of either discovering commercial gas or achieving negative results, Dana Gas is required to relinquish the exploration blocks of the concession to the extent that it has not been granted a development lease.

The West El Manzala Concession Agreement provides that the contractor was required to provide EGAS with a guarantee guaranteeing the execution of its minimum exploration obligations in the exploration period. This guarantee is no longer outstanding.

Costs and expenses in respect of all the exploration, development and related operations can be recovered by Dana Gas Egypt up to a cap of 30 per cent. of all petroleum (including gas) produced and saved from all development leases, or cost recovery petroleum. Dana Gas Egypt shall each quarter be entitled to, and own all, cost recovery petroleum, which shall be taken and freely exported, subject to the terms of the West El Manzala Concession Agreement. The remaining 70 per cent. of petroleum (including gas) is to be shared between Dana Gas Egypt and EGAS in prescribed proportions which vary depending on levels of production.

In the event that EGAS is to be the buyer of LPG and gas produced under the West El Manzala Concession Agreement, the disposition of gas shall be by virtue of a long-term gas sales agreement to be entered into by EGAS and Dana Gas Egypt (as sellers) and EGAS (as buyer). EGAS (as buyer) shall have the option to elect whether the payment for the gas which is subject to the gas sales agreement is to be made in cash or in kind.

Requisition of production (by Ministerial approval) or of concession areas (by Presidential Decree) by the Government of Egypt is permitted in case of war, imminent expectation of war or internal causes. Such requisition will usually only be effected following a consultation period with EGAS and Dana Gas Egypt. In the event of any such requisition, the Government shall indemnify EGAS and Dana Gas Egypt in full for the period during which the requisition is maintained, including all damages resulting from the requisition and full repayment each month for all petroleum extracted by the Government of Egypt less the royalty share of such production.

Non-performance under the West El Manzala Concession Agreement by either EGAS or Dana Gas Egypt is excused by reason of *force majeure*. The period of any such non-performance or delay, together with such period as may be necessary for the restoration of any damage done during the delay, is added to the time given in the agreement for the performance of such obligation, but only with respect to the block or blocks affected. *Force majeure* is defined as “any act of God, insurrection, riot, war, strike, and other labour disturbance, fires, flood or any cause not due to the fault or negligence of EGAS or Contractor, or either of them, whether or not similar to the foregoing, provided that such cause is beyond the reasonable control of EGAS or Contractor, or either of them”.

Luzi Development Lease – Gas Sales Agreement

On 18 June 2007, EGAS and Centurion Petroleum Corporation (now known as Dana Gas Egypt) entered into the Luzi GSA under the terms of the West El Manzala Concession Agreement, pursuant to which Dana Gas Egypt agreed to sell to EGAS gas produced and saved from the development area (i.e., the portions of the concession areas encompassing the Luzi development lease).

The term of the agreement is until the production of gas from the development area is no longer, in the sole judgement of Dana Gas Egypt, economically sustainable as to Dana Gas Egypt or until the expiration of the West El Manzala Concession Agreement, whichever occurs first. Rights, duties and obligations of either party incurred during the term of the agreement shall survive the termination and remain binding until final settlement.

The gas delivered to and purchased by EGAS shall be valued at a price determined in accordance with the West El Manzala Concession Agreement, which states as follows:

$$PG = F \times H$$

Where:

PG = the value of the gas in U.S. dollars per thousand cubic feet.

H = the number of million British Thermal Units per thousand cubic feet of gas.

F = a value in U.S. dollars per million British Thermal Units determined monthly according to the price of Brent.

If the price of Brent (U.S.\$/bbl):

(a) is less than or equal to 10, $F = 1.5$

(b) is between 10 and 22, $F = 1.5 + (\text{Brent price} - 10) \times 0.0833$

(c) is equal to or greater than 22, $F = 2.5$

Any provisions not specifically covered in the gas sales agreement are governed by the provisions of the West El Manzala Concession Agreement and, in the event of any conflict, the terms of the West El Manzala Concession Agreement shall prevail.

As additional discoveries have been made in the West El Manzala concession, a series of seven amendments have been made to the Luzi GSA to include the Sondos, Dabayaa, El Basant, Azhar Delta, West El Manzala, Ward Delta, South Abu El Naga, Balsam and Begonia development leases. Dana Gas Egypt has the right to elect to supply its entitlement of gas from these development leases to any other buyers of gas in Egypt with the prior approval of EGAS. Under the newly-issued gas which became effective in February 2018, Dana Gas Egypt has the right to supply new gas produced from North El Salhiya (Block 1), El Matariya (Block 3) and North El Arish (Block 6) in Egypt to third parties in Egypt without the requirement for approval once the exploration blocks convert to development leases.

West El Qantara Concession Agreement

On 29 June 2005, The Arab Republic of Egypt, EGAS, Centurion Petroleum Corporation and CTIP entered into a concession agreement for gas and crude oil exploration and exploitation in West El Qantara Area, Nile Delta (the “**West El Qantara Concession Agreement**”). A 50 per cent. interest in the West El Qantara Concession Agreement was assigned from CTIP to Centurion Petroleum Corporation (now known as Dana Gas Egypt) in March 2006.

The West El Qantara Concession Agreement provides for an initial exploration period of three years, with two successive extensions of two years each at the option of Dana Gas Egypt with an additional six months for drilling and testing. Following any commercial oil or gas discovery, a 20-year development lease was established, with an optional extension of five years subject to approval by the Egyptian Ministry of Petroleum and Mineral Resources.. In case of either discovering commercial gas or achieving negative results, Dana Gas is required to relinquish the exploration areas of the concession to the extent that it has not been granted a development lease.

The West El Qantara Concession Agreement provides that the contractor was required to provide EGAS with a guarantee guaranteeing the execution of its minimum exploration obligations in the exploration period. This guarantee is no longer outstanding.

The commercial terms of the West El Qantara Concession Agreement are materially identical to the West El Manzala Concession Agreement.

Sama Development Lease – Gas Sales Agreement

On 14 July 2010, EGAS and Centurion Petroleum Corporation (now known as Dana Gas Egypt) entered into the SAMA GSA under the terms of the West El Qantara Concession Agreement, pursuant to which Dana Gas Egypt has agreed to sell to EGAS gas produced and saved from the development area (i.e., the portions of the concession areas encompassing the West El Qantara development lease).

The term of the agreement is until the production of gas from the development area is no longer, in the sole judgement of Dana Gas Egypt, economically sustainable as to Dana Gas Egypt or until the expiration of the West El Qantara Concession Agreement, whichever occurs first. Rights, duties and obligations of either party incurred during the term of the agreement shall survive the termination and remain binding until final settlement.

The gas delivered to and purchased by EGAS shall be valued at a price determined in accordance with the West El Qantara Concession Agreement, which states as follows:

$$PG = F \times H$$

Where:

PG = the value of the gas in U.S. dollars per thousand cubic feet.

H = the number of million British Thermal Units per thousand cubic feet of gas.

F = a value in U.S. dollars per million British Thermal Units determined monthly according to the price of Brent.

If the price of Brent (U.S.\$/bbl):

(a) is less than or equal to 10, $F = 1.5$

(b) is between 10 and 22, $F = 1.5 + (\text{Brent price} - 10) \times 0.0833$

(c) is equal to or greater than 22, $F = 2.5$

As additional discoveries have been made in the West El Qantara concession, an amendment was made to the Sama GSA to include the Salma and Tulip fields in the West El Qantara Area -1 development lease. Dana Gas Egypt has the right to elect to supply its entitlement of gas from the West El Qantara concession to any other buyers of gas in Egypt with the prior approval of EGAS. Under the newly-issued gas law that is expected to be effective by February 2018, Dana Gas has the right to supply new gas produced from North El Salhiya (Block 1), El Matariya (Block 3) and North El Arish (Block 6) in Egypt to third parties in Egypt without the requirement for approval once the exploration blocks convert to development leases.

Any provisions not specifically covered in the gas sales agreement are governed by the provisions of the West El Qantara Concession Agreement and, in the event of any conflict, the terms of the West El Qantara Concession Agreement shall prevail.

Gas Production Enhancement Agreement

On 12 August 2014, Dana Gas Egypt entered into the GPEA with EGAS and EGPC, pursuant to which Dana Gas is entitled to export all of its incremental condensate production as well as EGPC's and EGAS's shares of the production beyond the pre-agreed "No Further Action" production profile for the year.

The term of the GPEA is for seven years and can be further extended for a period of three years upon agreement between the parties. The GPEA forms the basis of a development program to increase production from Dana Gas' existing development leases in the Nile Delta. Under the GPEA, Dana Gas has undertaken a long-term, staged work program over a seven-year period with project work having commenced in early 2015. During 2015, Dana Gas finalised all the ancillary agreements to the GPEA (transportation, joint marketing and accounting procedures) with EGAS and EGPC.

During the year ended 31 December 2016, Dana Gas produced over 1.9 MMbbls of condensate of which 0.8 MMbbls were incremental to the "No Further Action" production profile for the year. EGPC elected to lift the full volume of incremental condensate during the period from 1 January 2016 until 1 November 2016. From 1 November 2016, the full volume of incremental condensate was designated for export. However, due to trucking loading and offloading limitations only 57,000 bbls were transported to a third party storage provider for export before year-end. With the current trucking arrangements, the first shipment of cargo of 149,314 bbls under the GPEA took place on 15 April 2017. Three further shipments were made on 15 July 2017, 10 October 2017 and 10 January 2018. Dana Gas exports the incremental condensate on behalf of EGPC and/or EGAS. The buyer issues a letter of credit in favour of EGPC and/or EGAS under which payment is made directly to Dana Gas. EGPC and EGAS are responsible for handling the tender process. Payments relating to the three shipments made in 2017 and the shipment made in 2018 have been received.

Dana Gas is currently making efforts to debottleneck the trucking, loading and offloading limitations to benefit from the additional sales of incremental condensates entitlement under the GPEA.

North El Salhiya Onshore Area Concession Agreement (Block 1)

The concession agreement for North El Salhiya exploration block was entered into on 15 January 2015 between the Arab Republic of Egypt, EGAS and Dana Gas Egypt. The exploration block currently includes 1,527 sq km of exploration land. Under the terms of the concession there was an initial exploration period of three years, which expired on 15 January 2018. Dana Gas Egypt has been granted a six-month extension to the initial exploration period until 14 July 2018 (see "*Dana Gas – Business Description – Business Segment – Dana Gas Egypt*").

El Matariya Onshore Area Concession Agreement (Block 3)

The concession agreement for El Matariya Onshore Area was entered into on 15 January 2015 between the Arab Republic of Egypt, EGAS, BP and Dana Gas Egypt. As of the date of the concession agreement both Dana Gas and BP held 50 per cent. of the participating interest in the exploration block. The exploration block currently includes 960 sq km of exploration land. Under the terms of the concession there was an initial exploration period

of three years, which expired on 15 January 2018. The commitments under the initial exploration period have been fulfilled and the exploration period has been extended for a further three years until 14 January 2021. Dana Gas Egypt and BP have also sent a notice of relinquishment to EGAS notifying it of its relinquishment of 30 per cent. of the exploration block not converted into a development lease and have received acknowledgment of the same (see “*Dana Gas Business Description – Business Segment – Dana Gas Egypt*”).

North El Arish Offshore Area Concession Agreement (Block 6)

The concession agreement for North El Arish exploration block was entered into on 12 February 2014 between the Arab Republic of Egypt, EGAS and Dana Gas Egypt. The exploration block currently includes 2,980 sq km of exploration land. Under the terms of the concession there is an initial exploration period of four years which expired on 12 February 2018. Dana Gas Egypt has been granted a one-year extension to the initial exploration period until 10 February 2019. Dana Gas Egypt may exercise its option under the concession agreement to extend this exploration period for another two years for the second exploration period and a further two years for the third exploration period, subject to notice to EGAS prior to the expiry of the current exploration period and upon fulfillment of its minimum obligations under the agreement for that exploration period (see “*Dana Gas – Business Description – Business Segment – Dana Gas Egypt*”).

Kurdistan Region of Iraq

Petroleum Development Agreement

Dana Gas, as a 35 per cent. shareholder in Pearl, holds a significant interest in the Petroleum Development Agreement, dated 4 April 2007 originally entered into between Dana Gas and the KRG. The Petroleum Development Agreement confers exclusive rights on Pearl for the appraisal, development, production and sale of petroleum resources, including natural gas, from two blocks, Khor Mor and Chemchemal, in the Kurdistan Region of Iraq for domestic use and export. Pearl has also recently been granted exclusive rights in respect of two exploration blocks in the Kurdistan Region of Iraq, known as “Block 19” and “Block 20”.

The Petroleum Development Agreement sets out Pearl’s rights to gas in excess of the specified requirements of the power plants in Erbil and Sulaymaniya, to which gas is to be supplied for free; and provides for the remuneration of the contractor under the Petroleum Development Agreement from the marketing and export of such excess gas with priority to be given to local industrial requirements in the Kurdistan Region of Iraq; and further, allows the marketing and export of petroleum, including condensates and LPGs.

The Petroleum Development Agreement includes general provisions customarily found in a petroleum contract of this nature, including, *inter alia*, protection for the contractor in certain circumstances, such as changes in legislation or certain other actions or omissions attributable to the relevant government, termination for breach, confidentiality and *force majeure*. The Petroleum Development Agreement is governed by English law and provides for international forum arbitration (after a period of mediation) before the LCIA.

Since 18 May 2009, there has been an ongoing dispute between the shareholders of Dana Gas and the Ministry of Natural Resources of the KRG regarding the interpretation of the Petroleum Development Agreement. The dispute was finally settled on 30 August 2017 (see “– *Litigation and Arbitration – Arbitration Case - KRG*”). As part of the settlement, certain exploration block boundaries under the Petroleum Development Agreement were clarified and two additional blocks, known as “Block 19” and “Block 20”, were awarded to Pearl, with Pearl agreeing to perform initial appraisal works and future developments on these blocks if commercial oil and gas resources are found. Under the Petroleum Development Agreement, the profit share allocated to Pearl from future revenues generated from the areas under the Petroleum Development Agreement were increased to a level similar to the overall profit levels normally offered to IOCs under the KRG’s production sharing contracts. After the recovery of costs and a return on investment by Pearl, 78 per cent. of revenues generated from the exploration blocks will be for the account of the KRG, and 22 per cent. for the account of Pearl. Pursuant to the KRG Settlement Agreement, the term of the Petroleum Development Agreement has been extended until 2049.

Joint Venture Agreement

On 15 May 2009, Crescent, Dana Gas, OMV, MOL and Pearl entered into an agreement to govern the relationship of Crescent, Dana Gas, OMV and MOL as shareholders in Pearl, and to define the parties’ respective rights and obligations with respect of the conduct of operations under the Petroleum Development Agreement and the governance of Pearl. Pursuant to this agreement, Dana Gas and Crescent jointly conduct operations on behalf of Pearl.

On 27 November 2015, Dana Gas and Crescent further transferred 5 per cent. of its shareholdings each in Pearl to RWE Middle East. Consequently, the shareholding interest in Pearl is as follows: Dana Gas (35 per cent.), Crescent (35 per cent.), OMV (10 per cent.), MOL (10 per cent.) and RWE Middle East (10 per cent.). Following the transfer of shareholdings, RWE Middle East became a party to the joint venture agreement.

Gas Sales Agreement

On 30 January 2018, Pearl entered into a 10-year gas sales agreement with the KRG, pursuant to which the parties agreed the terms for the supply and sale of additional quantities of gas in the Khor Mor field produced from a debottlenecking project in the Kurdistan Region of Iraq, which has secured an amount of U.S.\$25.9 million in third-party financing. The gas sales agreement enables an increase in delivered gas production from the Khor Mor field by an anticipated 80 million cubic feet of sales gas per day before the end of 2018, from the current level of 305 million cubic feet per day. Pearl is on track to increase the daily production of natural gas and condensates in the Kurdistan Region of Iraq by approximately 20 per cent. by the end of 2018 and 170 per cent. by the end of 2021.

United Arab Emirates

Sharjah Western Offshore Concession Agreement

On 12 March 2008, the Emirate of Sharjah and Dana Gas entered into a concession agreement granting Dana Gas the right to prospect, explore, and drill to develop, produce, store, transport and sell petroleum produced from within the Sharjah Western Offshore concession area (the “**Sharjah Western Offshore Concession Agreement**”). The term of the Sharjah Western Offshore Concession Agreement is a period of 25 years from and after the date of the agreement, subject to earlier termination pursuant to its terms. In February 2013, Dana Gas assigned its legal interest in the Sharjah Western Offshore concession to its wholly-owned subsidiary, DG Zora.

Title to petroleum produced from within the concession area passes to DG Zora at the wellhead. DG Zora has agreed to pay the Government a royalty equal to a percentage of the value of crude oil produced and saved in the concession area, such percentage varying based on the amount of crude oil produced by Dana Gas under the concession agreement, as follows:

Mboed	Rate
0–10	12.5 per cent.
10–20	13.0 per cent.
20–30	13.5 per cent.
30–50	14.0 per cent.
50–100	16.0 per cent.
100–200	18.0 per cent.
> 200	20.0 per cent.

Any natural gas produced may be flared to the extent that it is not used in petroleum operations, if the parties agree that the processing thereof would not be economically feasible. Under the Sharjah Western Offshore Concession Agreement, DG Zora agreed to pay advance rental payments to the Government of Sharjah of U.S.\$100,000 per annum until the earlier of the date of relinquishment of the concession or the date on which DG Zora first commences regular exports of crude oil or natural gas from within the concession area.

The Government of Sharjah shall have the right to terminate the Sharjah Western Offshore Concession Agreement if DG Zora fails to make payments under the agreement within sixty (60) days of receiving notice of such from the Government of Sharjah; if DG Zora fails to conform to the provisions of an arbitration award in connection with the Sharjah Western Offshore Concession Agreement; or if DG Zora does not remedy breaches of its work obligations under the agreement within sixty (60) days of receiving notice of such from the Government of Sharjah.

If *force majeure* hinders, prevents or delays any party from performing any obligations under the Sharjah Western Offshore Concession Agreement, then such performance is excused and obligations are suspended while the *force majeure* continues and for a reasonable time thereafter, sufficient for the affected party to be in the same position as immediately prior to the *force majeure* event. The definition of *force majeure* includes, amongst other things, war, hostilities, riots, insurrection, expropriation and requisition.

On 19 March 2012, the Chairman of SPC gave notice to Dana Gas that Dana Gas had failed to implement the necessary development works in order to deliver natural gas within the time agreed under the Sharjah Western Offshore Concession Agreement. By way of subsequent correspondence, Dana Gas responded to this notice on

the basis that Dana Gas' ability to perform its work obligations were hindered by the absence of key commercial and project arrangements in relation to the concession, such as a gas sales and purchase contract, a unitisation agreement for the Zora gas field, a unit operating agreement and a detailed development plan approved by both the Governments of Sharjah and Ajman. Subsequently, under a side letter to the Sharjah Western Offshore Concession Agreement dated 21 November 2012, the Government of Sharjah rescinded its notice of 19 March 2012 and agreed with Dana Gas to re-instate the Sharjah Western Offshore concession. In connection with this side letter, the Sharjah Gas Sale and Purchase Agreement (see “– *Sharjah Gas Sale and Purchase Agreement*”), Zora Unitisation Agreement and Zora Unitisation and Unit Operating Agreement were entered into on 21 November 2012. However, subsequently in January 2014, the Government of Ajman decided to award the concession relating to the Ajman concession to Dana Gas. The Zora Unitisation Agreement and Zora Unitisation and Unit Operating Agreement entered into by Dana Gas with APIC in 2012 were therefore terminated. In connection with the concession agreements for Sharjah and Ajman, Dana Gas entered into the Ajman Gas Sale and Purchase Agreement and Zora Unitisation Agreement on 4 February 2014 (see “– *Ajman Gas Sale and Purchase Agreement*”, “– *Zora Unitisation Agreement*”).

Ajman Petroleum Concession Agreement

On 21 January 2014, the Emirate of Ajman and Dana Gas entered into the Ajman Concession Agreement granting Dana Gas the right to prospect, explore and drill to develop, produce, store, transport and sell petroleum produced from within the Ajman concession area. The term of the Ajman Petroleum Concession Agreement is a period of 25 years commencing from the date of the agreement, subject to earlier termination pursuant to its terms. In April 2014, Dana Gas, with approval from the Government of Ajman, assigned its legal interest (all of the rights but not the obligations) in the Ajman concession to its wholly-owned subsidiary, DG Zora.

Subject to the assignment, title to petroleum produced from within the concession area passes to DG Zora at the wellhead. DG Zora has agreed to pay the Government of Ajman a royalty equal to a percentage of the value of crude oil produced and saved in the concession area, such percentage varying based on the amount of crude oil produced by DG Zora under the concession agreement, as follows:

Mboed	Rate
0–10	12.5 per cent.
10–20	13.0 per cent.
20–30	13.5 per cent.
30–50	14.0 per cent.
50–100	16.0 per cent.
100–200	18.0 per cent.
> 200	20.0 per cent.

Any natural gas produced may be flared to the extent that it is not used in petroleum operations, if the parties agree that the processing thereof would not be economically feasible. Under the Ajman Petroleum Concession Agreement, DG Zora agreed to pay advance rental payments to the Government of Ajman of U.S.\$100,000 per annum until the earlier of the date of relinquishment of the concession or the date on which DG Zora first commences regular exports of crude oil or natural gas from within the concession area.

The Government of Ajman will have the right to terminate the Ajman Petroleum Concession Agreement if DG Zora (i) fails to make payments under the agreement within sixty (60) days of receiving notice from the Government of Ajman requiring it to do so; (ii) fails to conform to the provisions of an arbitration award in connection with the Ajman Concession Agreement; or (iii) does not remedy any breaches of its obligations under the agreement within sixty (60) days of receiving notice from the Government of Ajman requiring it to do so.

If *force majeure* hinders, prevents or delays any party from performing any of its obligations under the Ajman Petroleum Concession Agreement, then such performance is excused and obligations are suspended while the *force majeure* continues and for a reasonable time thereafter, sufficient for the affected party to be in the same position as immediately prior to the *force majeure* event. The definition of *force majeure* includes, amongst other things, war, hostilities, riots, insurrection, expropriation and requisition.

Sharjah Gas Sale and Purchase Agreement

On 21 November 2012, Dana Gas and SPC entered into the Sharjah GSPA giving Dana Gas the right to produce and sell gas from the Sharjah Western Offshore field. The term of the Sharjah GSPA runs until the earlier of the expiry of the Sharjah Western Offshore Concession Agreement or the depletion of the economically recoverable reserves of the Sharjah Western Offshore field. Following the assignment by Dana Gas of its interest in the

Sharjah Western Offshore concession to its wholly-owned subsidiary, DG Zora, in February 2013, Dana Gas also assigned its interest in the Sharjah GSPA to DG Zora in July 2014.

On 18 January 2016, the Sharjah GSPA was amended to give effect to some changes made to the terms of the initial agreement and on 1 June 2016, the GSPA was novated to transfer and assign the rights and obligations of SPC under the GSPA to the SNOC in accordance with the terms of the agreement.

Under the Sharjah GSPA, DG Zora has agreed to sell and deliver natural gas from the field to the SNOC at the wellhead and the SNOC shall purchase this gas at the contractual price. The contractual price in the first contract year is U.S.\$4 per MMbtu. The contract price for each subsequent contract year is to be mutually agreed between DG Zora and the SNOC during the last quarter of each contract year, taking into consideration prevailing commodity prices of oil and gas markets in the region, failing which the contract price shall be determined by arbitration. Any gas supplied to the SNOC is to be for use in Sharjah and DG Zora may not sell such gas in the market to third parties to the detriment of the SNOC's interests.

The Sharjah GSPA provides for a daily contract quantity, which is set at 20,000 MMbtu, by reference to which the SNOC may make nominations for the delivery of gas. At least three months prior to the commencement of each contract year, SNOC is to nominate to DG Zora the respective quantities of gas which it requires to be delivered. Such amount must not be greater than the daily contract quantity for each day and shall not be less than 50 per cent. of the daily contract quantity for each day.

The SNOC is obliged to provide to DG Zora and maintain in effect at all times an unconditional on-demand irrevocable revolving standby letter of credit in favour of DG Zora in the amount of U.S.\$12 million to guarantee the SNOC's payment obligations under the Sharjah GSPA.

Ajman Gas Sale and Purchase Agreement

On 4 February 2014, Dana Gas and SPC entered into the Ajman GSPA giving Dana Gas the right to produce and sell gas from the Ajman field. The term of the Ajman GSPA runs until the earlier of the expiry of the Ajman Concession Agreement or the depletion of the economically recoverable reserves of the Ajman field. Dana Gas assigned its interest (all rights but not the obligations) in the Ajman concession to its wholly-owned subsidiary, DG Zora, in April 2014 along with its interest in Ajman GSPA.

On 18 January 2016, the Ajman GSPA was amended to give effect to some changes made to the terms of the initial agreement and on 1 June 2016, the GSPA was novated to transfer and assign the rights and obligations of SPC under the GSPA to SNOC in accordance with the terms of the agreement.

Under the Ajman GSPA, DG Zora has agreed to sell and deliver natural gas from the field to the SNOC at the wellhead and the SNOC shall purchase this gas at the contractual price. The contractual price in the first contract year is U.S.\$4 per MMbtu. The contract price for each subsequent contract year is to be mutually agreed between Dana Gas and the SNOC during the last quarter of each contract year, taking into consideration prevailing commodity prices of oil and gas markets in the region, failing which the contract price shall be determined by arbitration. Any gas supplied to the SNOC is to be for use in Sharjah and Dana Gas may not sell such gas in the market to third parties to the detriment of the SNOC's interests.

The Ajman GSPA provides for a daily contract quantity, which is set at 20,000 MMbtu, by reference to which the SNOC may make nominations for the delivery of gas. At least three months prior to the commencement of each contract year, SNOC is to nominate to DG Zora the respective quantities of gas which it requires to be delivered. Such amount must not be greater than the daily contract quantity for each day and shall not be less than 50 per cent. of the daily contract quantity for each day.

The SNOC is obliged to provide to DG Zora and maintain in effect at all times an unconditional on-demand irrevocable revolving standby letter of credit in favour of DG Zora in the amount of U.S.\$12 million to guarantee the SNOC's payment obligations under the Ajman GSPA.

Zora Unitisation Agreement

On 4 February 2014, the Emirate of Sharjah, the Emirate of Ajman, Dana Gas and DG Zora entered into the Zora Unitisation Agreement to define the tract participation rights in the unit area.

The Zora Unitisation Agreement is in force until the earliest of the following: the expiration, termination or revocation of either the Sharjah Western Offshore Concession Agreement or the corresponding concession granted to DG Zora by the Government of Ajman; the prior written agreement of all parties; or the termination of the Unit Operating Agreement.

Under the Zora Unitisation Agreement, the initial participation of each of Dana Gas and APIC in the unit area is 50 per cent. for the first year following the start of production. Thereafter the participation shall remain in effect until and unless there is evidence of a material change in the computed petroleum reserves of the Sharjah Western Offshore field. In such event, each party has the right to have the participation redetermined by an expert appointed in accordance with the Zora Unitisation Agreement. Following such redetermination, the redetermined participation shall be submitted to the two governments for approval. If the governments do not approve the redetermined participation, the matter shall be referred to arbitration.

For the purposes of determining profit hydrocarbons and cost hydrocarbons under the two concessions, each holder's proportionate share of hydrocarbons produced from the unit area determined in accordance with its participation shall be deemed to have been produced and saved from a well located within the concession area covered by that holder's concession, regardless of the actual location of the well from which such hydrocarbons were produced.

UGTC and Emarat Joint Venture Agreement

On 30 January 2008, UGTC and Emarat entered into an agreement to establish an unincorporated joint venture (50 per cent. each) for the purposes of a joint venture project to build, own and operate the Hamriyah Gas Pipeline and gas transmissions system between the Saja'a area and the Hamriyah Free Zone area (see "*Corporate Structure – Joint Ventures – UGTC Joint Venture Project with Emarat*"). The term of the agreement is 25 years from 30 January 2008 until terminated by either party via not less than six months' written notice.

Each party shall contribute a proportion of the costs of the Project in accordance with its participating interest. Revenue from the project shall be paid directly to each party in accordance with its participating interest.

Corporate Structure

Principal Subsidiaries, Joint Operations and Joint Ventures

The following is a brief description of Dana Gas' material subsidiaries, joint operations and joint ventures as at the date of these Listing Particulars.

Subsidiaries

Dana LNG Ventures Ltd.

Dana LNG Ventures Ltd. is a wholly-owned subsidiary of Dana Gas, incorporated on 15 November 2006 as a BVI Business Company under the laws of the BVI. Dana LNG Ventures Ltd. is the holding company of Dana Gas Red Sea Corporation, which is the holding company of Dana Gas Egypt, which owns Dana Gas' Egyptian business.

The remaining subsidiaries of Dana LNG Ventures Ltd. are either inactive or in the process of being dissolved.

Dana Gas Egypt

Dana Gas Egypt, formerly known as Centurion Petroleum Corporation, is a wholly-owned subsidiary of Dana Gas incorporated on 2 October 1996 as a limited company under the laws of Barbados and also has a branch in Egypt. Dana Gas Egypt, which is the upstream oil and gas division and platform of Dana Gas in Egypt, has been operating in Egypt since March 2002 (see "*Business Segments - Dana Gas Egypt*").

Dana Gas Egypt is now engaged in the exploration, development, production and sale of oil, gas and condensate in Egypt and operates in three concession areas in the Nile Delta region of Egypt known as the El Manzala, West El Manzala and West El Qantara concessions, two exploration blocks, known as North El Salhiya (Block 1) and North El Arish (Block 6), and, in partnership with BP, El Matariya (Block 3) and has the resources and project management ability to undertake complex exploration and development programmes.

Dana Gas Egypt owns a 50 per cent. shareholding of three joint venture operating companies in the Nile Delta, each established under the terms of the Egypt concession agreements as operating companies and agents within the concession area:

- Wasco in relation to the El Manzala concession agreement;
- El Manzala Petroleum Company (“**Mapetco**”), in relation to the West El Manzala concession agreement; and
- El Qantara Petroleum Company (“**Petro Qantara**”), in relation to the West El Qantara concession agreement.

A 50 per cent. shareholding in Wasco is held by EGPC, a 50 per cent. shareholding in Mapetco and Petro Qantara is held by EGAS. Each of the three Nile Delta joint operating companies has a board of eight directors, of whom four directors are appointed by Dana Gas Egypt and four directors are appointed by EGPC or EGAS (as applicable).

These joint operating entities were required to be set up under the terms of each concession agreement. However, they operate on an agency basis and are not entitled to hold assets or any share or interest in any of the concessions. Wasco was the first of the three entities to be established, while Mapetco and Petro Qantara were subsequently established under the terms of the West El Manzala and West El Qantara concession agreements, respectively. Wasco also operates those concessions, for and on behalf of Mapetco and Petro Qantara, through an agency agreement with these two entities. As at 31 December 2017, Wasco employs approximately 412 full-time staff and approximately 330 contractors.

Costs and expenses incurred by Dana Gas Egypt in the operation of each of these joint venture companies can be recovered under the cost recovery provisions of each concession agreement. The cost recovery portion is limited to either 30 or 40 per cent. of gross sales of petroleum produced from the development leases under that concession, such percentage varying depending on the relevant concession agreement (see “– *Business Segments – Egypt*”).]

Dana Gas Explorations FZE

DG Zora is a wholly-owned subsidiary of Dana Gas incorporated as a Free Zone Establishment on 22 January 2007 in Hamriyah Free Zone, Sharjah. DG Zora is the legal holder of the 100 per cent. interest in the Sharjah Western Offshore concession. This interest was assigned to DG Zora by Dana Gas in February 2013. This company has a registered branch in the Kurdistan Region of Iraq.

Sajaa Gas Private Limited Company

SajGas was established by an Emiri Decree of H.H. Sheikh Sultan Bin Mohamed Al Qasimi, the Ruler of Sharjah on 22 June 2004 as an exempted company with limited liability under the laws of Sharjah. Following an acquisition in 2005, Dana Gas owns 105,999,999 shares of SajGas, with the remaining one share held by Crescent. SajGas owns a 600 MMscfpd sweetening, sulphur recovery and sulphur pastillation facility in Sharjah that will be used for the UAE Gas Project, if and when the project becomes operational (see “– *Business Segments – United Arab Emirates – The UAE Gas Project*”).

United Gas Transmissions Company Limited

UGTC was established by an Emiri Decree of H.H. Sheikh Sultan Bin Mohamed Al Qasimi, the Ruler of Sharjah, on 12 October 2004 as an exempted company with limited liability under the laws of Sharjah. Following an acquisition in 2005, Dana Gas owns 99,999,999 shares of UGTC, with the remaining one share held by Crescent. UGTC owns and operates major gas reception and transmission facilities in the UAE that will be used for the UAE Gas Project, if and when the project becomes operational (see “– *Business Segments – United Arab Emirates – The UAE Gas Project*”).

Danagaz W.L.L.

Danagaz W.L.L. was incorporated on 12 August 2003 as a limited liability company under the laws of Bahrain. Dana Gas holds 66 per cent. of the share capital of Danagaz W.L.L., with the remaining 34 per cent. privately owned by H.E. Sheikh Hamad bin Ibrahim Al Khalifa and Sheikh Mohammed Al-Khalifa in their personal

capacities. Danagaz W.L.L. holds 40 per cent. of the share capital of EBGDCo. Dana Gas therefore owns 26.4 per cent. of the share capital of EBGDCo.

Dana Gas Cities Limited BVI

Dana Gas Cities Limited BVI (“**Dana Gas Cities**”) was incorporated on 7 February 2008 as a BVI Business Company under the laws of the BVI. This company is wholly-owned by Dana Gas.

Pearl Properties BVI

Pearl Properties BVI was incorporated on 24 June 2008 as a BVI Business Company under the laws of the BVI. This company is wholly-owned by Dana Gas Cities and holds 50 per cent. of the shares in Pearl Properties Egypt LLC.

Pearl Properties Egypt LLC

Pearl Properties Egypt LLC was incorporated on 1 November 2011 as an Egyptian LLC Company under the laws of the Arab Republic of Egypt. This company is owned 50 per cent. by Pearl Properties BVI and 50 per cent. by Dana Gas. The primary purpose of this company is to hold ownership of Dana Gas Egypt’s office building in Cairo, Egypt.

Joint Operations

Pearl Petroleum Company Limited

Pearl is a special purpose vehicle incorporated on 19 January 2009 as a BVI Business Company under the laws of the BVI. Dana Gas holds a 35 per cent. interest in Pearl jointly with Crescent (35 per cent.), OMV (10 per cent.), MOL (10 per cent.) and RWE Middle East (10 per cent.). Pearl holds the rights to appraise and develop the Khor Mor and Chemchemal fields and market and sell the resultant petroleum products. The operations in the Kurdistan Region of Iraq are being carried out by Dana Gas and Crescent on behalf of Pearl through an unincorporated operating company called “Credan”.

Joint Ventures

Egyptian Bahraini Gas Derivative Company S.A.E.

EBGDCo is a joint venture operation between Danagaz W.L.L., EGAS and APICORP for the purpose of building, owning and operating a gas liquids extraction plant in the Ras Shukheir area of the Gulf of Suez region in Egypt. The plant became operational in August 2012 and the first shipment was made in October 2012. Danagaz W.L.L. holds 40 per cent. of the share capital of EBGDCo. The remaining share capital is held by EGAS (40 per cent.) and APICORP (20 per cent.).

Crescent Natural Gas Corporation Limited

CNGCL was incorporated on 22 July 2003 as a limited liability company under the laws of the BVI. Dana Gas holds 35 per cent. of the share capital of CNGCL, with the remaining 65 per cent. held by Crescent. CNGCL is a natural gas merchant which is intended to be responsible for the sale and marketing of gas received pursuant to the UAE Gas Project, if and when the project becomes operational (see “– *Business Segments – United Arab Emirates – The UAE Gas Project*”).

CNGCL has long-term purchase agreements with CGCL, an affiliate of Crescent. If the UAE Gas Project becomes operational, it is intended that CNGCL will purchase the natural gas from CGCL and arrange its transport and processing for eventual sale to end-users. CNGCL’s business also includes the marketing and trading of LPG, condensates and sulphur (see “– *Business Segments – United Arab Emirates – The UAE Gas Project*”).

UGTC Joint Venture Project with Emarat

On 30 January 2008, UGTC and Emarat entered into an agreement to establish an unincorporated joint venture (50 per cent. each) for the purposes of a joint venture project to build, own and operate the Hamriyah Gas Pipeline and gas transmissions system between the Saja’a area and the Hamriyah Free Zone area. The gas

pipeline has a design capacity of one billion standard cubic feet of gas per day (1 Bcf/day). The project comprised: (i) the construction of a new 10-inch lateral gas pipeline 4 km in length connecting the new SEWA power station at Hamriyah to the existing pipeline network of Emarat near the Ras-Al-Khaimah highway, which was completed on 1 June 2006; and (ii) the construction of the main 48-inch and 30-inch gas pipelines and accessories between Saja'a and Hamriyah covering a total length of around 34 km, which was completed in April 2008.

Gas Cities Limited

Gas Cities Limited is a joint venture company incorporated on 4 February 2008 as a BVI Business Company under the laws of the BVI. Dana Gas and Crescent each hold 50 per cent. of the share capital of Gas Cities Limited. Gas Cities Limited is responsible for the development of a series of Gas Cities across the MENA Region.

Remaining subsidiaries of Dana Gas

The remaining subsidiaries of Dana Gas are currently inactive and either were originally formed for the purposes of holding licences, conducting financing and bidding on interests, or otherwise conducted operations in the past or held interests which are no longer active. No material activity is conducted, and no material asset is held, through any of these subsidiaries.

Relationship with Crescent

The largest shareholder in Dana Gas is Crescent, which owns 19.04 per cent. of Dana Gas' share capital as at 31 December 2017 and appoints two directors to the Board of Directors. As at the date of these Listing Particulars, these two directors are Mr. Hamid Dhiya Jafar and Mr. Majid Hamid Jafar (who has been appointed by the Board of Directors as the Non-Executive Managing Director). Crescent is headquartered in Sharjah and has been operating as a private upstream oil and gas company in the UAE for more than 40 years, engaging in the exploration and development of petroleum concessions and the production and sale of crude oil, petroleum products and natural gas.

In addition to being Dana Gas' largest shareholder, Crescent is also the joint venture partner of Dana Gas in a number of its subsidiaries. Crescent owns 35 per cent. of Pearl which conducts operations in the Kurdistan Region of Iraq with Dana Gas jointly, 65 per cent. of CNGCL, which is intended to conduct the sale and marketing of gas received pursuant to the UAE Gas Project, if the project becomes operational, and 50 per cent. of Gas Cities Limited, which is responsible for the development of the Gas Cities across the MENA Region. In addition, Crescent also holds one share in each of SajGas and UGTC. The natural gas intended to be processed and transported by Dana Gas pursuant to the UAE Gas Project will also be supplied to Dana Gas by a Crescent affiliate, if such project ever becomes operational.

In October 2006, Crescent and Dana Gas entered into the Umbrella Agreement in order to promote the growth of Dana Gas, recognising that it would require time to recruit and build a team of technical and management professionals in Dana Gas, and allowing Dana Gas to take advantage of Crescent's in-house skills, experience and knowledge of petroleum business practices in the MENA Region.

Most of the provisions of the Umbrella Agreement expired in October 2011. The provisions of the Umbrella Agreement remaining in force relate to the governance of UGTC and SajGas. In particular, Dana Gas has agreed that it shall treat Crescent as a shareholder of UGTC and SajGas in relation to any shareholder decisions made by it in exercising its shareholder rights over those companies, such as any increase or reduction in capital, listing, winding up, creation of security and loan financing. In return, Crescent has agreed that it shall require the written consent of Dana Gas prior to taking any major shareholder decisions based on its majority shareholding in CNGCL.

DANA GAS – DIRECTORS, MANAGEMENT AND EMPLOYEES

Board of Directors

The management of Dana Gas is vested in its Board of Directors with assistance from three Board committees and one sub-committee: the Board Steering Committee, the Audit and Compliance Committee, the Corporate Governance, Remuneration and Nominations Committee and the Reserves Sub-Committee.

The duties and role of the Board of Directors include, among other things:

- realising long-term value for the shareholders;
- establishment of the strategy and business plan;
- approval of the annual budget and the allocation of resources;
- defining investment priorities and approving business opportunities;
- supervising accuracy of financial results and reports and effectiveness of internal controls;
- establishing accountability procedures with appropriate powers;
- assessment of the performance of senior management; and
- deciding on the appointment and succession of senior executives.

As of the date of these Listing Particulars, the Board of Directors consists of 11 members, including the Chairman and Vice Chairman. Dana Gas has also elected an Honorary Chairman. The majority of the members of the Board of Directors are leading businessmen from the GCC region, in addition to other members with extensive experience in the oil and gas sector. The Chairman leads the Board of Directors in ensuring its effectiveness and availability of the necessary information for discharging its functions.

As of the date of these Listing Particulars, the Board of Directors includes a majority of independent members, six of the directors have occupied their seats in the Board since the incorporation of Dana Gas in November 2005, one director was elected in January 2008, one director was elected in April 2009, one director was elected in April 2015 and three directors were elected in April 2018.

The directors of Dana Gas are elected by the General Assembly every three years. The current Board of Directors was elected on 18 April 2018. A new Chairman, Vice Chairman and Board Committees will be appointed at the next Board meeting on 29 May 2018.

The names, title and date of appointment of each member of Board of Directors are set out in the table below:

<u>Name</u>	<u>Position</u>	<u>Date of joining</u>	<u>Latest date of appointment</u>
Sheikh Ahmed bin Sultan Al-Qasimi.....	Honorary Chairman	November 2005	April 2015
Mr. Hamid Dhiya Jafar.....	Chairman	November 2005	April 2015
Mr. Rashid Saif Al-Jarwan.....	Vice Chairman	January 2008	April 2015
Mr. Said Arrata.....	Non-executive director	November 2005	April 2015
Mr. Ziad Abdullah Ibrahim Galadari	Non-executive director	November 2005	April 2015
Mr. Majid Hamid Jafar.....	Non-executive director	November 2005	April 2015
Mr. Varoujan Nerguizian	Non-executive director	November 2005	April 2015
Mr. Abdulla Al-Majdouie	Non-executive director	April 2009	April 2015
Mr. Hani Hussain	Non-executive director	April 2015	April 2015
Mr. Shaheen Mohamed Abdul Aziz Rubaya Al Muhairi	Non-executive director	April 2018	April 2018
Mr. Adel Edris Mohammed Sharif AlAwadhi.....	Non-executive director	April 2018	April 2018
Mr. Nureddin S. Sehweil.....	Non-executive director	April 2018	April 2018

The business address of each member of the Board of Directors is Crescent Tower, Buhairah Corniche Street, 11th Floor, P.O. Box 2011, Sharjah, UAE. According to Dana Gas' articles of association, its Board of Directors meets at least four times per year in compliance with the Corporate Governance Regulations. The Board of Directors met seven times during the year 2017 on the following dates: 8 March, 13 April, 24 May, 26 July, 15 August, 27 September and 19 November. As at the date of these Listing Particulars, the Board of Directors met twice during the year 2018 on the following dates: 14 March and 18 April.

Sheikh Ahmed bin Sultan Al-Qasimi (Honorary Chairman)

Sheikh Ahmed bin Sultan Al-Qasimi is the Honorary Chairman of Dana Gas, having been appointed to this position in November 2005. Sheikh Ahmed is also the Deputy Ruler of Sharjah, the Chairman of SPC, and has previously served as a Minister of State in the Federal Ministry of the UAE.

Mr. Hamid Dhiya Jafar (Chairman)

Mr. Hamid Dhiya Jafar is the Chairman of Dana Gas and is also Chairman of the Board of Crescent. He was previously Chairman of the Board of Directors between November 2005 and April 2012 and was subsequently reappointed as the Chairman in April 2015. Aside from his core business in oil and gas, he has a variety of regional and international commercial interests, including container shipping terminal operations, transportation and logistics, real estate, power generation, private equity and real estate.

Mr. Jafar is Chairman of Gulftainer Ltd, a founding shareholder of the URUK Group and a founding shareholder of Abraaj Capital, as well as having served as Managing Director of Intoil (Bahrain). He is the founder of the UAE Chapters of the Young Presidents' Organisation and the World Presidents' Organisation, and is also a member of the International Chief Executives' Organisation.

Separately, Mr. Jafar has a wide range of philanthropic interests and is particularly involved in charities supporting disabled and disadvantaged children and cancer treatment. He is a member of the Board of Trustees and Chairman of the Finance Committee of the American University of Sharjah (AUS). He is also actively promoting a culture of transparency and accountability in the Gulf Region through the 'Pearl Initiative', founded in co-operation with the United Nations Office of Partnerships.

Mr. Jafar holds a Bachelor's degree in Engineering from Cambridge University, United Kingdom, as well as a Masters degree in post-graduate studies in Thermodynamics and Fluid Flow.

Mr. Rashid Saif Al-Jarwan (Vice Chairman)

Mr. Rashid Saif Al-Jarwan is the Vice Chairman of Dana Gas, a position he has held since April 2015. He was previously an Executive Director, having been appointed to the Board of Directors in January 2008 and having served as the acting Chief Executive Officer of Dana Gas for just over one year between July 2012 and August 2013 and General Manager for just over three years between February 2006 and April 2009.

Mr. Al-Jarwan is also a board member of the Mashreq Bank, Oman Insurance Company and DIFC Investments. His extensive experience in oil and gas extends to more than 30 years, having latterly held the position of General Manager of ADGAS, Deputy General Manager of ADCO, as well as Assistant General Manager of ZADCO, each affiliates of the Abu Dhabi National Oil Company. Mr. Al-Jarwan also served as a board member of the National Petroleum Construction Co., the National Drilling Co. in Abu Dhabi and the Sharjah Industrial Development Co.

Mr. Al-Jarwan holds a Bachelor's degree in Petroleum and Natural Gas Engineering from Pennsylvania State University, U.S.A., having graduated in 1977.

Mr. Said Arrata (Non-executive director)

Mr. Said Arrata is a non-executive director of Dana Gas, having been appointed to this position in February 2007. He was most recently re-elected to the Board of Directors in April 2015. Mr. Arrata was Chairman and Chief Executive Officer of Centurion Energy International until its acquisition by Dana Gas. During more than forty years in the oil and gas industry, Mr. Arrata has held various management positions with major oil companies in Canada and overseas. Mr. Arrata was Founder and Chief Executive Officer of two major engineering firms, as well as three oil and gas companies, operating in Canada and internationally for more than two decades. He has also held management positions with major oil companies in North America and overseas, and was co-founder of a major oil and gas engineering and construction firm operating in North America and internationally for nearly two decades. Mr. Arrata also holds directorship positions in two other companies, and is an active member of several professional engineering and industry associations.

Mr. Arrata holds a Bachelor's degree in Petroleum Engineering, along with several post-graduate accreditations at various universities in North America, as well as numerous oil and gas industry technical and management course diplomas.

Mr. Ziad Abdullah Ibrahim Galadari (Non-executive director)

Mr. Ziad Abdullah Ibrahim Galadari is a non-executive director of Dana Gas, having been appointed to this position in November 2005. He was most recently re-elected to the Board of Directors in April 2015. Mr. Galadari is the Founder and Principal of Galadari & Associates, one of the largest local law firms in the MENA Region. He has been practicing since 1983 as an advocate, legal advisor and arbitrator with extensive experience in financial, civil, corporate and commercial law in the UAE, specifically in construction, communications, aviation, infrastructure and other projects-related work. Mr. Galadari is a member of the Board of Directors of the Dubai World Trade Centre, which is charged with promoting trade and foreign investment in Dubai. He is also a member of the International Bar Association, the Chartered Institute of Arbitrators and is on the Tribunal Panel of the Dubai Technology and Media Free Zone (formerly known as TECOM). He is on the board of Directors for DU Telecommunications and is often called upon by government and NGOs as an advisor to major turn-key contracts for development projects in the Middle East.

Mr. Galadari holds a Bachelor's degree in Law from the UAE University, Al Ain, UAE.

Mr. Majid Hamid Jafar (Non-executive director)

Mr. Majid Hamid Jafar is a non-executive director of Dana Gas, having been appointed to the Board of Directors in November 2005. He was most recently re-elected to the Board of Directors in April 2015. Mr. Jafar is Chief Executive Officer of Crescent and Vice-Chairman of the Crescent Group of companies. His previous experience was with Shell International's Exploration & Production and Gas & Power Divisions.

In addition to his executive roles, Mr. Jafar serves as Chairman of the Middle East-North Africa Business Council and Chairman of the Oil and Gas Independents Community at the World Economic Forum (WEF), and is a member of the Global Agenda Council for the Middle East. He is Co-Chairman of the Business Backs Education campaign launched by President Clinton at the Global Education and Skills Forum, and also serves as the Vice-Chairman of the Global Energy Initiative (GEI), which is focused on sustainable development through tackling climate change and energy poverty across the world.

Mr. Jafar also serves on the board of several other organisations such as the Carnegie Middle East Advisory Council, the Arab Forum for Environment and Development (AFED), the Higher Colleges of Technology (HCT) Industry Advisory Council, and the Iraq Energy Institute. In addition, he is an active member of the GCC Board Directors Institute, the Royal Institute for International Affairs (Chatham House), the International Institute for Strategic Studies and the Institute of Directors.

Mr. Jafar attended Eton College and graduated from Cambridge University (Churchill College), United Kingdom, with Bachelor's and Master's degrees in Engineering (Fluid Mechanics and Thermodynamics). He also holds a Master's degree (with Distinction) in International Studies and Diplomacy from the University of London's School of Oriental & African Studies (SOAS), United Kingdom, and a Master of Business Administration degree (with Distinction) from Harvard Business School, U.S.A, where he served as President of the Energy Club, Section Senator and representative to the Harvard Graduate Council.

Mr. Varoujan Nerguizian (Non-executive director)

Mr. Varoujan Nerguizian is a non-executive director of Dana Gas, having been appointed to this position in November 2005. He was most recently re-elected to the Board of Directors in April 2015. Mr. Nerguizian is the Executive Director and General Manager of Bank of Sharjah, UAE and Chairman and General Manager of Emirates Lebanon Bank SAL Lebanon, a subsidiary of Bank of Sharjah. Mr. Nerguizian is a founding board member of Dana Gas and the Chairman of the Audit and Compliance Committee. In addition, he serves as director on the board of Growthgate Capital LLC, BOS Capital LLC, Borealis LLC and EL Capital LLC. He is the Executive Chairman of BOS Real Estate LLC, the Chairman of the Lebanese Educational Fund SA and a director of Lycée Libanais Francophone Privé. He is also a board member of Pearl Initiative, a member of the Conseil Stratégique de l'Université Saint Joseph- Lebanon and a member of the Board of Trustees of the American University of Sharjah.

Mr. Nerguizian graduated in Sciences Economiques from Université Saint-Joseph de Beyrouth, Lebanon, and from Université Lyon Lumière, France.

Mr. Abdulla Al-Majdouie (Non-executive director)

Mr. Abdullah Al-Majdouie is a non-executive director of Dana Gas, having been appointed to this position in April 2009. He was most recently re-elected to the Board of Directors in April 2015. Mr. Al-Majdouie has been the Group President of the Al-Majdouie Group since 1986. He is Chairman of several establishments, including Al-Majdouie production sharing contract, Heavy Lift Co. in Bahrain, Al-Majdouie De Rijke Logistic Co., Rabigh Petrochemical Logistic LLC, Maxx Logistics in Dubai, and Star Marine Services in Dubai.

Mr. Al-Majdouie has been involved in several board memberships, such as Arbah Capital Investment Company, Prince Mohammed Bin Fahad University, and Makhazen Co. in Abu Dhabi, besides being a consulting member of Tharawat in Dubai.

Mr. Al-Majdouie holds a Bachelor's degree from the College of Industrial Management, King Fahad University for Petroleum & Minerals (KFUPM), Dhahran, Saudi Arabia, and a Master of Business Administration degree from the College of Industrial Management, KFUPM, Dhahran, Saudi Arabia.

Mr. Hani Hussain (Non-executive director)

Mr. Hani Hussain is a non-executive director of Dana Gas, having been appointed to this position in April 2015.

Mr. Hussain is a former Oil Minister for Kuwait and previously served as the Chief Executive Officer of Kuwait Petroleum Corporation, the Chairman and Managing Director of the Petrochemical Industries Company and the Chairman and Managing Director of Kuwait National Petroleum Company (KNPC). In 2007, he was appointed Chief Petroleum Advisor to Prime Minister Nasser Al Mohammad Al Sabah.

He has also served on the boards of several Kuwaiti and international companies including Kuwait Petroleum Corporation, Kuwait National Petroleum Company and the Public Authority for Industry.

Mr. Hussain currently serves on the board of Advanced Petrochemical Company in Saudi Arabia and Warba Bank in Kuwait.

Mr. Hussain holds a Bachelor's degree in Chemical Engineering from the University of Tulsa, Oklahoma, U.S.A.

Mr. Shaheen Mohamed Abdul Aziz Rubaya Al Muhairi (Non-executive director)

Mr. Shaheen Al Muhairi is a non-executive director of Dana Gas, having been appointed to this position in April 2018.

Mr. Al Muhairi is the Managing Director of Al Rubaya Group and Electromechanical Abu Dhabi LLC. He is also a board member and a member of the audit committee of National Corporation for Tourism & Hotel (NCTH). Previously, he worked as an assistant manager for the Marine Department of the Environment Agency - Abu Dhabi.

Mr. Shaheen holds a Bachelor's degree in Business Communication Technology from Staffordshire University, United Kingdom.

Mr. Adel Edris Mohammed Sharif AlAwadhi (Non-executive director)

Mr. Adel AlAwadhi is a non-executive director of Dana Gas, having been appointed to this position in April 2018.

Mr. AlAwadhi is the founder and Managing Partner of Corporate Business Services, a subsidiary of The Corporate Group, and the Executive Chairman of The Corporate group. He also serves as a senior advisor in Hyundai Engineering & Construction (MENA). Mr. AlAwadhi has 22 years of experience working in both Governmental and multinational organisations. He is the Vice Chairman of Rail Operations of UITP MENA and the Head of Government Relations Task Force for the HH Sheikh Abdulaziz Bin Humaid Foundation (AAF). He

is also an executive committee member for British Business Group. Previously, he held positions of Director, Managing Director and Advisor to the CEO in Serco Middle East and General Manager in Serco Saudi Arabia. He has also held various management positions with Jebel Ali Free Zone.

Mr. AlAwadhi holds a Bachelors of Business Administration from Colorado State University in Denver, USA and a Master's in Business Administration from The American University in Dubai, UAE.

Mr. Nureddin S. Sehweil (Non-executive director)

Mr. Nureddin S. Sehweil is a non-executive director of Dana Gas, having been appointed to this positing in April 2018.

Mr. S. Sehweil is the President and CEO of Uni-Arab group. He founded Uni-Arab Engineering and Oilfield services in 1980 and is also the founder and Chairman of New Line Oil & Gas Services. He has approximately 40 years of experience in the oil and gas industry. Mr. S. Sehweil also serves as the chairman of several companies, namely Sprint Oil & Gas, New Line & Soosan ENS, New Line & Orbitech Technical Support Services LLC, New Line & Huvis Water Treatment Systems LLC and New Line & Orion Nuclear E&C.

Mr. S. Sehweil began his petroleum engineering career with Mobil Oil in New Orleans Louisiana, USA. He has also served as Deputy Operations Manager for Consolidated Natural Gas in New Orleans, Louisiana, USA and a member of the Board of Trustees of the Welfare Association in Geneva, Switzerland.

Mr. S. Sehweil holds a Bachelor's Degree in Engineering from the Louisiana State University, Louisiana, USA.

International Advisory Board

Dana Gas has an International Advisory Board, which meets twice per year. The purpose of the International Advisory Board is to provide strategic advice to the Board of Directors and the senior management of Dana Gas, as well as to identify specific business opportunities and build an international network of contacts and relationships worldwide at a business development level. This is aimed at raising the profile of Dana Gas in the oil and gas industry.

The name and title of each member of the International Advisory Board are set out in the table below:

Name	Position
Sir Graham Hearne CBE	Chair
Lord Simon of Highbury CBE	Member
Dr. Burkhard Bergmann	Member
H.E. Nordine Ait-Laoussine	Member
Mr. Kai Hietarinta	Member
Dr. Nader Sultan	Member
Dr. Joseph Stanislaw	Member
Ms. Razan Jafar	Secretary

Sir Graham Hearne (Chair)

Sir Graham Hearne is the Chair of the International Advisory Board. He was previously the Chairman of Enterprise Oil plc (1991–2002), having joined Enterprise Oil plc as Chief Executive in 1984. He was appointed a CBE in 1990 and made a Knight Bachelor in 1998 for services to the oil industry.

Lord Simon of Highbury (Member)

Lord Simon of Highbury has previously served as the Chairman of BP plc (1995–1997) and Group Chief Executive of BP plc (1992–1995). In 1997 he was appointed Minister of State in H.M. Treasury and Minister for Trade and Competitiveness in Europe for the DTI. He retired from ministerial office in 1999 to become an adviser to the Cabinet Office. Lord Simon has been a Vice President of the European Round Table and a member of the CBI Presidents Committee. He was also a non-executive director of the Bank of England, RTZ and Grandmet. Lord Simon has been a member of the Advisory Boards of Deutsche Bank, Allianz, Fortis and LEK, and also a member of the Supervisory Board of Volkswagen AG. He is currently a director of the Unilever Group and the Suez Group. Lord Simon is a Senior Advisor of Morgan Stanley Europe, and an Advisory Board member of Fitch. He also sits on the Council of Cambridge University, and is a Trustee of the Cambridge Foundation, having been the Foundation's Chairman from 2001 to 2005. Lord Simon read Modern Languages at

Cambridge (1958–1961) and completed a Master of Business Administration degree at INSEAD in 1966. He was appointed CBE in 1991, KBE in 1995 and entered the House of Lords in 1997.

Dr. Burckhard Bergmann (Member)

Dr. Burckhard Bergmann is presently the Chairman of the Executive Board of E.ON Ruhrgas AG, a member of the Board of Management of E.ON AG and a member of the Board of Directors of OAO Gazprom. He also serves as Vice-Chairman of the Board of the German East-West Trade Committee, Chairman of the Board of Trustees of the German-Russian Forum, and member of the Board of Management of the Energy Policy Foundation Norway. Dr. Bergmann studied physics at the Freiburg and Aachen Universities in Germany and was awarded a Dr.-Ing. by Aachen University of Technology in 1970.

H.E. Nordine Ait-Laoussine (Member)

H.E. Nordine Ait-Laoussine was Energy Minister of Algeria from 1991 to 1992 and has played an active role within OPEC. Mr. Ait-Laoussine has held senior positions at Sonatrach, the International Energy development Corporation and Kuwait Petroleum Corporation. He is currently President of Nalcosa, an energy consulting firm based in Geneva, where his clients include governments, NOCs of OPEC and multinational oil companies. Mr. Ait-Laoussine received his Master's Degree in Petroleum Geology from the University of Michigan, U.S.A. He is a member of the Oxford Energy Policy Club, the Advisory Board of the Energy Intelligence Group and the Geneva Petroleum Club.

Mr. Kai Hietarinta (Member)

Mr. Kai Hietarinta began his career in 1964 and during the period from 1981 to 1997, he was its Deputy Chief Executive Officer and Vice-Chairman of the Board of Neste Oy. He has also served as the Chairman for Sovereign Oil & Gas plc, the Chairman of the Finnish Oil and Gas Federation, Chairman of the Advisory Board of INSEAD (Finland), member of the Board of NCC Finland, member of the Board of Lundin Petroleum, member of the Board of Vostoc Nafta and member of the Board of Citibank (Finland). He has received an MBA from the Swedish School of Economics, an M.Sc. from Helsinki University of Technology, Finland and a Dr. Econ. His military honours include Naval Lieutenant Commander and Commander of the Finnish Lion. He is also an Honorary Chairman of the Finnish Ice Hockey Federation, a Life Member of the International Ice Hockey Federation and a member of the Finnish Olympic Committee.

Dr. Nader Sultan (Member)

Dr. Nader Sultan is currently Senior Partner at F+N Consultancy, specialising in providing high level strategic advice to the energy industry since 2004. He had worked for 33 years in the Kuwaiti oil industry, most recently serving as Deputy Chairman and Chief Executive Officer of the Kuwait Petroleum Corporation. He currently also serves as the Director of the Oxford Energy Seminar and is also the non-executive Chairman of IKARUS Petroleum Holdings, a newly established company with ownership in several petrochemical Ventures in the GCC region, and on the Supervisory Board of the Al-Markaz Energy Fund. He is a graduate of the University of London, United Kingdom with a Bachelor's degree in Economics.

Dr. Joseph Stanislaw (Member)

Dr. Joseph Stanislaw is a founder of the advisory firm The JAStanislaw Group LLC, specialising in strategic thinking and investment in energy and technology, and Independent Senior Advisor to Deloitte & Touche USA LLP's Energy & Resources practice. He serves as a member of a number of advisory boards for energy, technology and investment companies. Stanislaw was one of three founders of Cambridge Energy Research Associates in 1983 and served as managing director for all non-U.S. activity until 1997, when he was named president, and later chief executive officer until 2004. Dr. Stanislaw is an adjunct professor in the Nicholas School of the Environment and Earth Sciences at Duke University, where he is a member of the Board of Advisors for the Nicholas Institute for Environmental Policy Solutions. He was a Research Fellow of Clare Hall and lecturer in Economics at Cambridge University, where he was also a member of the Energy Research Group in the University's Cavendish Laboratory. Dr. Stanislaw received a BA, *cum laude*, from Harvard College, a PhD in Economics from the University of Edinburgh, and was awarded an MA from the University of Cambridge when he was elected a Research Fellow of Clare Hall. He is one of several people to have been awarded an honorary Doctorate and Professorship from the Gubkin Russian State University of Oil and Gas.

Ms. Razan Jafar (Secretary)

Ms. Razan Jafar serves as the Director of Crescent, supporting the Chief Executive Officer and President in relation to Crescent's governmental and international affairs. She has previous experience with Norton Rose LLP and the Lauterpacht Centre for International Law. Ms. Jafar graduated from Cambridge University with an MA in Law, and completed the Legal Practice Course (LPC) at BPP Law School in London. Ms. Jafar also holds a degree in French Civilisation from Sorbonne University, Paris, France.

Board Committees

There are three board committees and one sub-committee of Dana Gas: the Board Steering Committee, the Audit and Compliance Committee, the Corporate Governance, Remuneration and Nominations Committee and the Reserves Sub-Committee. The committees have been vested with the necessary powers to discharge their functions in accordance with SCA Resolution No. (7/R.M) of 2016. However, the full Board of Directors is fully apprised of all decisions governing Dana Gas' overall operations as submitted and recommended by the three board committees.

Board Steering Committee

The main purpose of the Board Steering Committee is to provide support to, and facilitate the deliberations and decision-making process of, the Board of Directors through prior consideration of matters submitted for Board's consideration relating to strategy, business plan and budgets and new investment opportunities and making appropriate recommendations thereto in accordance with the provisions of its charter.

The Board Steering Committee exercises the following functions:

- considering, reviewing and subsequently reporting and making recommendations to the Board of Directors with respect to matters on the Board Agenda that require Board decision or approval related to company strategies, business plans & budgets and new investment opportunities;
- recommending to the Board of Directors the business performance targets, the annual corporate scorecard and the year-end annual group performance factor and reviewing progress against the scorecard as may be required from time to time;
- considering reports from the Reserves Sub-Committee on company reserves, independent engineering and audit findings; and
- exercising any other functions and taking such actions and doing such other things as may be delegated to it from time to time by the Board of Directors.

The members of the Board Steering Committee are:

Name	Position
Mr. Rashid Al-Jarwan	Chair - Independent director
Mr. Varoujan Nerguizian	Independent director
Mr. Abdullah Al-Majdouie	Independent director
Mr. Said Arrata	Independent director
Mr. Majid Hamid Jafar	Director
Dr. Patrick Allman-Ward	Chief Executive Officer

Audit and Compliance Committee

Most of the members of the Audit and Compliance Committee come from a financial business or banking background and are familiar with financial and audit operations.

The main purpose of the Audit and Compliance Committee is to assist the Board of Directors in performing its function of supervision over the financial affairs of Dana Gas and ensuring compliance with applicable financial and accounting policies and regulations.

The committee exercises the following functions including:

- reviewing Dana Gas' financial and accounting policies and procedures;
- monitoring the integrity and ensuring the soundness of Dana Gas' audit reports and financial statements and ensuring that the audit reports and financial statements are prepared in accordance with approved accounting standards and comply with any applicable legal requirements such as listing and disclosure rules;
- meeting with Dana Gas' auditor, at least once annually, to discuss the nature and scope of the auditing process and its effectiveness according to the approved auditing standards;

- reviewing and assessing Dana Gas' internal control and risk management systems;
- setting the rules and guidelines for reporting and investigating any potential violations of financial reporting, internal control, and any other related issues;
- monitoring and ensuring compliance by Dana Gas of the code of conduct rules;
- reviewing the related party transactions of Dana Gas and minimising the risk of conflicts of interest;
- submitting reports and recommendations to the Board of Directors concerning the above mentioned issues; and
- considering any other issues determined by the Board of Directors.

The members of the Audit and Compliance Committee are:

Name	Position
Mr. Varoujan Nerguizian.....	Chair - Independent director
Mr. Majid Hamid Jafar	Director
Mr. Said Arrata	Independent director

Corporate Governance, Remuneration and Nominations Committee

The majority of the members of the Corporate Governance, Remuneration & Nominations Committee, including its Chair, are independent and possessed of considerable knowledge and expertise in corporate governance, remuneration and salaries and benefits policies.

The main purpose of the Corporate Governance, Remuneration and Nominations Committee is to ensure compliance by the governing bodies of Dana Gas, including the General Assembly, the Board of Directors and executive management, with established governance standards. The Committee assists the Board of Directors in relation to the appointment of senior executives, appraisal of management performance, succession planning and remuneration policies. The Committee is responsible for nominations, elections and evaluation of the Board of Directors.

The Committee exercises a number of functions, including the following:

- formulating a policy for the nomination of Board members and executive management;
- implementing and regulating the procedures for the nomination of Board members in accordance with applicable laws;
- verifying on a regular and on-going basis the independence of the independent Board members and informing the Board of Directors of any loss of independence of a Board member;
- formulating and annually reviewing the policies related to the granting of bonuses, privileges, incentives, and salaries to Dana Gas' Board members and staff;
- formulating and annually reviewing human resources policies and training programmes;
- recommending corporate governance standards and guidelines and supervising the Board of Directors' procedures and performance;
- reviewing and approving senior employees' succession plans;
- supervising and reviewing financial disclosure standards;
- reviewing reports on a regular basis relating to ethics and compliance, the whistleblowing policy and the code of conduct; and
- any other matters determined by the Board of Directors.

The members of the Corporate Governance, Remuneration & Nominations Committee are:

Name	Position
Mr. Abdulla Al-Majdouie.....	Chair – Independent director
Mr. Hani Hussain.....	Independent director
Mr. Rashid Al-Jarwan.....	Independent director

Reserves Sub-Committee

The majority of the members of the Reserves Sub-Committee, including its Chair, are independent and have considerable financial and industry expertise.

The main purpose of the Reserves Sub-Committee is to review and approve company reserves reports. The Reserves Sub-Committee will review the company reserves reports, discuss these with management and the external reserves auditors and recommend their adoption where appropriate to the Board Steering Committee in accordance with the provisions of its charter.

The committee exercises the following functions including:

- ensuring that Dana Gas is properly assessing and reporting the reserves that result from exploration and development operations;
- ensuring that the reserve estimate updates are timely, accurate, professionally reported and compliant with international standards;
- ensuring that there is a valid contract with an independent engineering and reserves auditing firm of international reputation and standing to do the annual updates; and
- meeting annually to review the changes to the oil and gas reserves reported by the external consultant, together with Dana Gas' technical management and independent engineers.

The members of the Reserves Sub-Committee are:

Name	Position
Mr. Said Arrata	Chair – Independent director
Mr. Ziad Galadari	Independent director
Mr. Hani Hussain.....	Independent director
Dr. Patrick Allman-Ward	Chief Executive Officer
Ms. Iman Hill.....	Technical director, General Manager – UAE & President – Egypt

Senior Management

The senior management team is responsible for managing Dana Gas' business on a day-to-day basis and ensuring safe delivery of the agreed annual budget and plan and effective risk evaluation, management and mitigation. Dana Gas' team of managers and technical specialists work closely with the senior management team, keeping them informed of business performance and issues and evaluating new opportunities.

The names and title of each member of Dana Gas' senior management are set out in the table below:

Name	Position
Dr. Patrick Allman-Ward	Chief Executive Officer
Mr. Chris Hearne	Chief Financial Officer
Ms. Iman Hill.....	Technical Director, General Manager for the UAE & President – Egypt
Mr. Duncan Maclean.....	Legal and Commercial Director
Mr. Bruce Basaraba.....	Head of Health, Safety, Security and Environment
Mr. Ramganes Srinivasan.....	Head of Human Resources
Mr. Michael Pyszka.....	General Manager of Dana Gas Egypt
Mr. Shakir W. Shakir	Country Manager Iraq

Dr. Patrick Allman-Ward (Chief Executive Officer)

Dr. Patrick Allman-Ward is the Chief Executive Officer of Dana Gas, a position he has held since September 2013, having previously held the position of General and Country Manager of Dana Gas Egypt from August 2012. Between April 2015 and December 2016, he also served as an executive director on the Board of Directors. Dr. Allman-Ward has over 35 years of experience in the oil and gas industry.

Prior to joining Dana Gas Egypt, Dr. Allman-Ward worked for Shell, having started his career there in 1982. During his service, he was the Vice President of exploration for Asia-Pacific, Chief Executive Officer and Board Member of South Rub Al-Khali Company Limited (a Shell Venture), Vice-President of New Business Development in Saudi Arabia and the Manager of New Ventures for Europe.

Dr. Allman-Ward holds a Bachelor's degree in Geology from Durham University, United Kingdom, a Master of Science degree in Mineral Exploration and Mining Geology from the University of Leicester, United Kingdom and a PhD in Mining Geology from the Royal School of Mines, Imperial College London, United Kingdom.

Mr. Chris Hearne (Chief Financial Officer)

Chris Hearne is the Chief Financial Officer of Dana Gas. He joined Dana Gas in January 2016. Prior to joining Dana Gas, Mr. Hearne served as the Chief Financial Officer of Serica Energy plc, an international oil exploration and production company listed on the AIM market in London and was previously the Chief Financial Officer and Senior Vice President of Erin Energy, a NYSE listed company with oil assets across Africa.

Mr. Hearne was originally an investment banker and has extensive experience of corporate finance transactions, including capital markets and mergers and acquisitions. He spent 10 years with Lehman Brothers International and Robert Fleming & Co.

Ms. Iman Hill (Technical Director and General Manager for the UAE and President for Egypt)

Iman Hill is the Technical Director and General Manager for the UAE. She joined Dana Gas in 2015. Ms. Hill additionally holds the position of President for Egypt. Prior to joining Dana Gas, Ms. Hill held the position of Vice President of Development and Production Africa for Sasol E&P International. Ms. Hill has 30 years of experience in the oil and gas industry across numerous geographies, including the MENA region, Africa, Latin America and the Far East. She has been a Managing Director and Chairwoman of Shell Egypt, and Senior Vice President for Brazil with BG Group. She has also previously served as a Non-Executive Board Director of Outokumpu, Europe's largest steel company. Ms. Hill is a Petroleum Engineer.

Mr. Duncan Maclean (Legal and Commercial Director)

Mr. Duncan Maclean is Legal and Commercial Director of Dana Gas. Mr. Maclean joined Dana Gas in 2014 as the Commercial and Business Development Director. Previously, Mr. Maclean was a partner with the global law firm of Squire Patten Boggs based in Perth, Australia, and was the Co-Chair of the firm's global energy and resources group. Mr. Maclean is admitted to the Supreme Courts of Western Australia, South Australia, the Northern Territory and the High Court of Australia. He has over 20 years' extensive experience of practicing international energy law.

Mr. Bruce Basaraba (Head of Health, Safety, Security and Environment)

Mr. Basaraba is Head of HSSE for Dana Gas, where he is responsible for the direction, leadership and accountability of the group's performance for HSSE and asset integrity. He has more than 40 years of environmental and safety management, human resources, employee development and training, operations, maintenance and project management experience worldwide. He began his career in 1972 in heavy industry and energy as Maintenance Technician. Since then Mr. Basaraba has held senior management positions in the international petroleum industry, coal mining in Canada, international gold and uranium mining and in technical and vocational training and HSSE consulting.

Mr. Ramganesb Srinivasan (Head of Human Resources)

Mr. Ramganesb Srinivasan joined Dana Gas in 2009 and has been the Head of Human Resources since 2015. He has over 15 years of human resources experience in multinational and multicultural organizations. Prior to moving to the oil and gas industry, Mr. Srinivasan worked in various capacities in Human Resources in the IT sector. Mr. Srinivasan holds a MBA in Human Resources and Systems from University of Madras, India.

Mr. Michael Pyszka (General Manager of Dana Gas Egypt)

Mr. Michael Pyszka has been the General Manager of Dana Gas Egypt since December 2016. Mr. Pyszka also maintains his positions as the Head of Production & Operations, a position he held since joining Dana Gas in 2015. Mr. Pyszka has 30 years of experience in the oil and gas industry with almost 20 years in senior

management positions. A Petroleum Engineer by background, he worked as Asset Manager UK/Netherlands responsible for Petro Canada's North Sea operated production; he also spent an extensive period of time in a Libyan JV, at different levels of the organization including Member of the Management Committee.

Mr. Shakir W. Shakir (Country Manager Iraq)

Mr. Shakir W. Shakir has been the Iraq Country Manager since May 2007, having previously served as the Kurdistan Country Manager. Prior to joining Dana Gas, Mr. Shakir was the Iraq-wide Cognizant Technical Officer (CTO) for the United States Agency for International Development (USAID) Iraq Mission, from 2003 to 2007 and from 2001 to 2003, he managed the United Nations Food and Agriculture Organization (UNFAO) Iraqi Kurdistan Region's Rural Agricultural Rehabilitation Program. Mr. Shakir is a member of the Iraqi Physics and Mathematics Society. He obtained a B.Sc. in Physics from the College of Science of the Al-Mustansiriyah University, Baghdad, Iraq.

Conflicts of Interest

There are no potential conflicts of interest between the duties to Dana Gas of the parties listed above and their private interests and other duties. Mr. Hamid Dhiya Jafar and Mr. Majid Hamid Jafar are both also on the board of directors of Crescent.

Employees

As at 31 December 2017, Dana Gas and its wholly-owned subsidiaries employed around 145 employees and 34 contractors, and the companies in which Dana Gas has a joint venture interest employed around 978 employees and 406 contractors, of which Dana Gas' net interest was 605 employees and 350 contractors. The vast majority of these employees and contractors are based in Sharjah, Egypt and the Kurdistan Region of Iraq. Dana Gas' diversified workforce consists of more than 16 different nationalities.

The table below sets out the number of employees and contractors employed by Dana Gas (including its subsidiaries and joint ventures) as at 31 December 2017. For further information in respect of each of these subsidiaries see "*Dana Gas – Business Description*".

	Employees	Contractors
Dana Gas PJSC ⁽¹⁾	35	4
Dana Gas Egypt Ltd.	91	26
Dana Gas Explorations FZE.....	2	0
Sajaa Gas Private Limited Company	7	3
United Gas Transmissions Company Limited	2	0
DG Kurdistan Region of Iraq	3	1
Wasco Egypt ⁽¹⁾	5	0
TOTAL	145	34

Note:

- (1) The number of employees represents those employed by Dana Gas through Dana Gas' head office.
(2) The number of employees represents those employed by Dana Gas but allocated to work for Wasco Egypt.

The table below sets out the number of employees employed by joint ventures in which Dana Gas has an interest as at 31 December 2017. For further information in respect of each of the joint ventures and discussions of any cost recovery mechanisms see "*Dana Gas – Business Description*".

	Ownership interest held by Dana Gas	JV employees (net to Dana Gas' interest)	JV contractors (net to Dana Gas' interest)
EBGDCo (Egypt).....	26.4 per cent.	16	20
Wasco Egypt ⁽¹⁾	100 per cent.	412	330
Credan (Kurdistan Region of Iraq) ⁽²⁾	35 per cent.	176	0
TOTAL		605	350

Note:

- (1) Wasco operates the West El Manzala and West El Qantara concessions for and on behalf of Mapetco and Petro Qantara
(2) Credan is an unincorporated operating joint venture company established by Dana Gas and Crescent through which operations in the Kurdistan Region of Iraq are carried out pursuant to the Petroleum Development Agreement.

Dana Gas continues to pursue a recruitment process, with a view to creating a team of dedicated professionals with international petroleum industry experience. The compensation structure is internationally competitively designed to ensure that key staff have a vested interest in committing to a long-term career with Dana Gas.

Employees are rewarded with a salary package, a cash bonus paid annually based on individual performance as well as company performance and, for certain employees, the Long-Term Incentive Plan (see “– *Long-Term Incentive Plan – Restricted Shares*”).

Long Term Incentive Plan - Restricted Shares

The Long-Term Incentive Restricted Shares (“LTIRS”) scheme was introduced in 2010. Prior to the LTIRS scheme, Dana Gas had a Pioneer Grant Share Option Scheme and a Key Employee Long-Term Incentive Plan. The Pioneer Grant Share Option Scheme was a one-time option grant to the founding members of the management team of Dana Gas, although all options under the Pioneer Grant Share Option Scheme expired in 2011. Under the Key Employee Long-Term Incentive Plan, key employees of Dana Gas and its associated companies were eligible for share options over a three-year period, with individual eligibility being determined and approved by the Board of Directors. However, both the Pioneer Grant Share Option Scheme and the Key Employee Long-Term Incentive Plan were cancelled in 2013 as they fell substantially under their option value. Dana Gas compensated eligible employees with 50% of the retained earnings value of the lapsed options, in the form of Restricted Shares vesting over a period of three years commencing in 2013.

The LTIRS scheme forms an important and integral part of the Company’s retention and remuneration philosophies and employee value proposition aimed at aligning shareholders’ and senior employees’ interests. The right of eligible employees to receive Restricted Shares granted by Dana Gas is based on employee grade level and performance, with a set vesting schedule of three years following the award year that aims at employee motivation and long-term retention.

The LTIRS scheme was further updated in 2017 to bring it in line with the latest Securities and Commodities Authority (“SCA”) regulations and the same is currently awaiting approval by the SCA.

Dana Gas made 8,007,308 restricted share awards to eligible employees during the year ended 31 December 2016, compared to 7,634,926 restricted share awards during the year ended 31 December 2015. Restricted share awards are generally subject to vesting over time, contingent upon continued employment and to restriction on sale, transfer or assignment until the end of a specified period, generally one to three years from date of grant. All awards may be cancelled if employment is terminated before the end of the relevant restriction period. Dana Gas determines fair value of restricted shares based on the number of units granted and the grant date fair value.

Corporate Social Responsibility

Dana Gas’ business activities span a number of countries, including the UAE, Iraq, the GCC region and other Arab countries. Since its incorporation in 2005, Dana Gas has made corporate social responsibility and sustainable development part of its core values. Dana Gas’ objective has been to play an active role in the development and support of local communities. Dana Gas has currently implemented a number of projects and programs in education, health and social activities in accordance with an annual corporate social responsibility plan approved by the Board of Directors.

Dana Gas is currently involved in a number of corporate social responsibility projects, including, amongst others, the following:

- Dana Gas currently sponsors the Dana Gas Chemical Engineer Chair at the American University of Sharjah, and intends to continue this sponsorship in 2018. During this period, Dana Gas and the university will continue to work closely to develop cutting-edge research in the field of oil and gas.
- Dana Gas provides charitable support for the operation and maintenance of the health care and education facilities at the Khanke Camp for internally displaced people on the outskirts of Dohuk in northern Kurdistan.
- Dana Gas annually sponsors the Centre for Economic Growth INSEAD UAE, which is a collaboration between the region’s private sector and a leading global business school that provides research and carries out projects on the key economic topics impacting the region.
- Dana Gas provides health units, hospitals, schools and an orphanage centre in each of the three governorates of Egypt (Damietta, Dakahlia and Sharkia) with required materials, equipment and training sessions.

- Under the management of Dana Gas and Crescent, the Khor Mor gas plant continues to implement its corporate social responsibility programme focusing on educational support, rural electricity and water generation, health care support and agricultural development in the region. The Khor Mor gas plant intends to continue these corporate social responsibility activities in 2018.

DANA GAS – BORROWINGS AND CAPITAL RECEIVED ON ISSUANCE OF SUKUK

As of the date of these Listing Particulars, in addition to the capital received on issuance of Sukuk that remain outstanding, Dana Gas had two outstanding financing facilities.

The table below sets forth summary information on Dana Gas' outstanding borrowings and capital received on issuance of Sukuk as at 31 December 2015, 2016 and 2017.

	As at 31 December		
	2015	2016 (U.S.\$m)	2017
Non-current:			
Ordinary Certificates	400	-	-
Exchangeable Certificates	329	-	-
Bank borrowings – Zora Gas Field Project Financing	64	39	-
Equipment loan	12	12	10
Egypt Building loan	5	11	9
Total non-current borrowings	810	62	19
Current:			
Ordinary Certificates ⁽¹⁾	-	-	-
Exchangeable Certificates ⁽¹⁾	-	-	-
Bank borrowings – Zora Gas Field Project Financing	27	27	-
Bank Borrowings – Murabaha facility	24	12	-
Equipment loan	-	1	2
Egypt Building Loan	-	1	2
Total current borrowings	51	41	4
Total borrowings	861	103	23
Capital received on issuance of Sukuk	-	700	700
Total⁽²⁾	861	803	723

Note:

- (1) As of 30 June 2017, U.S.\$700 million in respect of the Ordinary Certificates and Exchangeable Certificates was reclassified from borrowings to capital received on issuance of Sukuk.
- (2) Total borrowings and capital received on issuance of Sukuk

Equipment Loan

On 29 January 2015, Dana Gas Egypt entered into a “sale and lease back” finance lease arrangement with Corporate Leasing Company Egypt SAE for certain inventory equipment (casings, wellheads, piping etc.) that belong to Dana Gas Egypt that have not been used till date. The total facility consisting of three contracts amounts to U.S.\$12.6 million and have been fully drawn down up to 30 June 2015. After the full draw down an additional contract of U.S.\$1.1 million (the Egypt Building Loan (as defined below)) was added to the facility thereby increasing the facility to U.S.\$13.7 million.

The payments are over a period of 29 quarters commencing from the third quarter of 2015, including grace period of 2 quarters for interest and principal. As of 31 December 2017, the amount outstanding toward principal was U.S.\$12 million.

Egypt Building Loan

On June 9 2015, Pearl Properties Egypt entered into a “sale and lease back” finance lease arrangement for Egypt Building with Corporate Leasing Company Egypt SAE (the “**Egypt Building Loan**”). The total facility originally consisted of three contracts amounting to U.S.\$13.8 million which was reduced by U.S.\$1.1 million to U.S.\$12.7 million. The facility was fully drawn down up to 30 April 2016.

The payments are over a period of 29 quarters, including a grace period of 2 quarters for lease payments. As of 31 December 2017, the amount outstanding toward principal was U.S.\$11 million.

Ordinary Certificates and Exchangeable Certificates

In October 2007, Dana Gas arranged to issue convertible Sukuk for a total value of U.S.\$1 billion in the form of trust certificates through a special purpose company. The Sukuk, which were intended to conform to the principles of Islamic *Shari'ah*, were approved by Dana Gas' shareholders at an extraordinary general meeting held in July 2007. Pursuant to the terms of the Sukuk, the proceeds were applied to the acquisition and development of assets (the “**Mudarabah Assets**”) owned by Dana LNG Ventures Ltd. The Sukuk had a profit

rate of 7.5 per cent. per annum to be paid quarterly from profits generated by the Mudarabah Assets. In 2008, Dana Gas purchased Sukuk from the market with an aggregate value of U.S.\$80 million.

The Sukuk matured on 31 October 2012, although Dana Gas defaulted on the payment due at such time. On 23 April 2013, the Certificateholders (by extraordinary resolution passed at a meeting of the holders) and Dana Gas' shareholders (by extraordinary general meeting) approved the Sukuk refinancing transaction. The terms of the refinancing included a reduction of outstanding debt in the capital received on issuance of the Sukuk from U.S.\$1 billion to U.S.\$850 million via a cash pay-down of U.S.\$70 million and cancellation of U.S.\$80 million of the existing Sukuk already owned by Dana Gas. The remaining U.S.\$850 million was split into the Ordinary Certificates and the Exchangeable Certificates, each with a five-year maturity. The Ordinary Certificates and Exchangeable Certificates had a profit rate of 9 per cent. and 7 per cent. per annum, respectively, to be paid quarterly from profits generated by the Mudarabah Assets. The initial effective exchange price for the Existing Certificates was determined on 13 February 2013 and was fixed at AED 0.75 per share (floor price).

The Existing Certificates were secured against the shares of Dana LNG Ventures Ltd. (BVI), SajGas (Sharjah) and UGTC (Sharjah). In addition to the above, the security package available to holders of the Existing Certificates was enhanced by U.S.\$300 million of value comprising security over certain receivables of Dana Gas' Egyptian assets, Company's interest in Danagaz W.L.L. and SajGas industrial land.

During previous years, Dana Gas bought back Existing Certificates amounting to U.S.\$77.4 million and a further U.S.\$72.9 million worth of Existing Certificates was converted into shares of Dana Gas. The total outstanding value of capital received on issuance of Sukuk as of 31 December 2017 was therefore U.S.\$700 million.

Capital Received on issuance of Sukuk

On 3 May 2017, Dana Gas invited the holders of its outstanding Existing Certificates to form an ad-hoc committee in order to commence discussions relating to the restructuring of the Existing Certificates (see "*Dana Gas Business Description – Restructuring of the Existing Certificates*") Due to what Dana Gas alleges to be the evolution and continual development of Islamic financial instruments and their interpretation, Dana Gas has received legal advice stating that the Existing Certificates are unlawful under UAE law and not compliant with *Shari'ah* principles and are therefore void and unenforceable. Accordingly, Dana Gas has instituted legal action in the UAE courts (and BVI and UK courts) for declarations to that effect, seeking liquidation of the Existing Certificates and nullification of the related transaction documents and a reconciliation of the amounts paid. Certain holders of the Existing Certificates have, in turn, opposed those declarations. (see "*Dana Gas – Business Description – Litigation and Arbitration – Litigation – Existing Certificates*").

The allegedly unlawful nature of the Existing Certificates raised a number of accounting issues, which may have a material impact on the carrying value of certain assets and liabilities on the statement of financial position. Management and the Board of Directors will carefully review these with the external auditors on an ongoing basis. As at 30 June 2017, capital received on the issuance of Sukuk amounting to U.S.\$700 million was reclassified from borrowings. The total outstanding value of capital received on issuance of Sukuk as of 31 December 2017 was U.S.\$700 million.

DANA GAS – SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Share Capital and Key Shareholders

Dana Gas has an issued and fully paid up share capital of 6,976,623,422 common shares of AED1.00 (U.S.\$ 0.2723) each.

The following table sets forth the percentage of shares held by the 10 largest shareholders of Dana Gas who hold shares, as at 31 December 2017.

Shareholder	Ownership %
Crescent Petroleum Company International Ltd	19.04
Goldilocks Investment Co. Ltd	4.48
SHUAA Capital psc	4.02
Bank of Sharjah	3.90
Sharjah Asset Management	3.47
Ajman Bank	3.35
Khalid bin Abdulrahman Al-Rajihi	1.94
Mohammed Abdulaziz Rubaiee al-Muhairi	1.74
Al-Nasser Investment Co.	1.50
NBAD Private Bank (Suisse) SA	1.49

Under UAE and Sharjah law, there is a restriction on non-UAE ownership. A minimum of 51 per cent. of the shares of Dana Gas must be held by UAE nationals and/or GCC nationals and/or legal entities controlled by such nationals.

Related Party Transactions

The largest single shareholder in Dana Gas is Crescent, which owned 19.04 per cent. of Dana Gas as at 31 December 2017. Other than various agreements entered into by Dana Gas with Crescent (see “*Dana Gas – Business Description – Corporate Structure – Relationship with Crescent*”) and the appointment of SHUAA Capital psc as local security agent in connection with the Certificates, as at the date of these Listing Particulars, Dana Gas has not entered into arrangements and agreements with any of its other shareholders or directors.

THE TRUSTEE

The Trustee, Nile Delta Sukuk Ltd, a Cayman Islands exempted company with limited liability, was incorporated on 4 January 2018 under the Companies Law (as amended) of the Cayman Islands with company registration number 331214. The Trustee has been established as a special purpose vehicle for the sole purpose of issuing the Certificates and entering into the transactions contemplated by the Transaction Documents.

The registered office of the Trustee is at c/o MaplesFS Limited, PO Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands and its telephone number is +1 345 945 7099.

Directors of the Trustee

The Directors of the Trustee and their respective business addresses are:

Name	Business Address
Amelia Pascual	Office 616, 6th Floor, Liberty House, Dubai International Financial Centre, PO Box 506734, Dubai, United Arab Emirates
Cleveland Stewart	PO Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands

There are no potential conflicts of interest between the duties of the Trustee of the Directors listed above and their private interests and other duties.

Business of the Trustee

The Trustee has no prior operating history or prior business and will not have any substantial liabilities other than in connection with the issue of the Certificates.

The objects for which the Trustee is established are set out in clause 3 of its Memorandum of Association as registered on 4 January 2018. The objects are expressed to be unrestricted and therefore would include the issue of the Certificates, execution of Transaction Documents to which it is a party and any other agreement necessary for the performance of its obligations under the transactions contemplated thereby and undertaking activities pursuant to or that are not inconsistent with the terms and conditions of the Certificates. The Trustee has no employees and is not expected to have any employees in the future.

Financial Statements

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

Share Capital

The authorised share capital of the Trustee is U.S.\$50,000 consisting of 50,000 ordinary shares of U.S.\$1.00 each, of which 250 shares have been issued. All of the issued shares are fully paid and are held by MaplesFS Limited pursuant to the Share Declaration of Trust.

The Administrator

MaplesFS Limited also acts as the corporate administrator of the Trustee (in such capacity, the “**Trustee Administrator**”). The office of the Trustee Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the terms of the Corporate Services Agreement entered into between the Trustee and the Trustee Administrator, the Trustee Administrator has agreed to perform in the Cayman Islands various management functions on behalf of the Trustee and the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Trustee Administrator will also provide registered office services to the Trustee in accordance with its standard terms and conditions for the provision of registered office services as published at <http://www.maplesfiduciaryservices.com/terms> (the “**Registered Office Terms**”). In consideration of the foregoing, the Trustee Administrator will receive various fees payable by the Trustee at rates agreed upon from time to time, plus expenses.

The terms of the Corporate Services Agreement and the Registered Office Terms provide that either the Trustee or the Trustee Administrator may terminate such agreement upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreement. In addition, the Corporate Services Agreement and the Registered Office Terms provides that either party shall be entitled to terminate such agreement by giving at least three months' notice in writing.

INDUSTRY OVERVIEW

Certain of the projections and other information set forth in this section have been derived from external sources, such as the International Energy Agency, the Energy Information Administration of the U.S. Department of Energy and the Oil and Gas Journal. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Dana Gas believes that these industry publications, surveys and forecasts are reliable but Dana Gas has not independently verified them and cannot guarantee their accuracy or completeness.

The projections and forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See “Risk Factors” and “Forward-Looking Statements”.

Egypt

Egypt is the largest non-OPEC oil producer in Africa, and the second largest natural gas producer on the continent, following Algeria. Egypt also plays a vital role in international energy markets through the operation of the Suez Canal and Suez-Mediterranean Pipeline, important transit points for oil and LNG shipments from African and Persian Gulf states to Europe and the Mediterranean Basin. Fees collected from operation of these two transit points are significant sources of revenue for the Egyptian government.

According to the Oil and Gas Journal, as of January 2015, Egypt held proved reserves of approximately 4.4 billion bbl of crude oil and condensates and 77 tcf of gas, the latter an increase from 2010 estimates of 58.5 Tcf and the fourth highest in Africa, after Nigeria, Algeria and Mozambique (*Source: Oil and Gas Journal, Energy Information Administration*). A number of offshore discoveries in the deepwater Mediterranean Sea, the Nile Delta and the Western Desert has led to the increase in proved reserves.

Egypt’s crude production has been on a steady decline since the middle of 2015. In 2016, total crude oil, natural gas liquids and other liquids production reached 651,000 bpd, a 4.5 per cent decrease compared to total production in 2015 of 682,000 bpd (*BMI Egypt Oil and Gas Report Q1 2018*). Egypt’s natural gas sector experienced a decline between 2011 and 2016, with production reaching a low of approximately 4.0 bcfd in 2016, which was followed by an increase in 2017 to approximately 5 bcfd as at 31 October 2017 (*WoodMackenzie Country Report Egypt, November 2017*).

Egypt has been diverting natural gas supply away from exports to the domestic market to meet rising local demand. As a result, Egypt’s total natural gas exports have declined substantially in recent years, with total natural gas imports exceeding natural gas exports by 9.2 bcm in 2016, compared to 3.5 bcm in 2015 (*BMI Egypt Oil and Gas Report Q1 2018*).

The following table sets forth Egypt’s gas production and reserves for the year ended 31 December 2016.

Production and reserves	For the year ended 31 December 2016
Natural gas production ⁽¹⁾ (bcm).....	42.1
Natural gas consumption ⁽¹⁾ (bcm)	51.3
Net exports/imports ⁽¹⁾ (bcm)	(9.2)
Natural gas proven reserves (Tcf)	77.0

Source: BMI (in respect of natural gas production/consumption and net exports/imports) and Energy Information Administration (in respect of natural gas proven reserves)

Note:
(1) Preliminary estimates

State influence in the Egyptian Petroleum Sector remains high, particularly in the downstream. In the upstream, foreign companies must formalise an agreement with the Egyptian government, as the owner of the resource, and one of the three public sector companies: EGPC, EGAS or Ganoub El Wadi Petroleum Holding Company (“**Ganope**”). Ganope manages oil exploration in the South of Egypt, while EGPC manages oil exploration in all other areas of Egypt. EGAS deals with gas bids and operates many of the gas processing plants.

Exploration and production activities in the country’s natural gas sector have increased in recent years on the back of the discovery of the Zohr gas field in 2015 by Eni. While there have been marked decreases in the production of natural gas associated with oil extraction, such new finds of non-associated gas fields, combined with growing domestic demand and existing export capacity, are increasing interest in Egypt’s natural gas sector.

To promote foreign participation in the exploration of the more expensive deep-water offshore and unconventional oil and gas, the Egyptian government revised pricing policies by agreeing to pay more for natural gas produced in these areas.

Egypt has experienced a strong year in hydrocarbons with first gas production from the Zohr gas field having been achieved in late 2017. The success of the Zohr gas field has increased industry interest for exploration licences in the country. Due to the increase in domestic gas supply, Egypt imports of LNG are expected to continue to fall in 2018.

Most industry analysts place Egypt's natural gas production on an upward trend in the short term, with investment from BP, Shell and Eni in natural gas developments over the coming three years anticipated to substantially boost hydrocarbon output.

Iraq

Energy is already the cornerstone of Iraq's economy, with crude oil export revenue accounting for 93 per cent. of Iraq's total government revenues in 2014, according to the IMF. Iraq held 143 billion barrels of proved crude oil reserves at the end of 2015, representing 18 per cent. of proved reserves in the Middle East and almost 9 per cent. of global reserves, ranking fifth in the world (*Source: Oil and Gas Journal*).

A key obstacle to Iraq's development is the lack of reliable electricity supply. Power stations produce more electricity than ever before, but supply is still insufficient to meet demand. From 2003 to 2011, power outages lasting 16 to 22 hours per day were common. Although many parts of Iraq still suffer from power blackouts and load shedding, the problems have been reduced as both on-grid and off-grid generation capacity has increased, along with electricity imports from Iran and from Turkish electricity barges in the Persian Gulf.

Building a modern electricity system, with sufficient generation capacity and supplies of fuel, is recognised as an immediate priority. Despite the significant economic advantages of using natural gas instead of liquid fuels, particularly in electricity generation, almost 60 per cent. of gas production in Iraq was flared in 2014, as the facilities were not in place to gather it and make it available for productive uses (*Source: Energy Information Administration*).

In 2015, Iraq's proven gas reserves were 112 Tcf, the twelfth largest in the world (*Source: Oil and Gas Journal*). An estimated 75 per cent. of these are associated with oil fields, most of which lie in the Basra governorate in the south of Iraq (*Source: U.S. Department of Energy, Energy Information Administration*). The majority of non-associated gas reserves are concentrated in several fields in the North, including: Ajil, Bai Hassan, Jambur, Chemchemical, Khor Mor, Khashem al-Ahmar and al-Mansuriyah (*Source: U.S. Department of Energy, Energy Information Administration*).

The following table sets forth Iraq's gas production and reserves for the year ended 31 December 2016.

Production and reserves	For the year ended 31 December 2016
Natural gas production ⁽¹⁾ (bcm).....	1.1
Natural gas consumption ⁽¹⁾ (bcm).....	1.1
Net exports/imports ⁽¹⁾ (bcm).....	0
Natural gas proven reserves (Tcf).....	112.0

Source: BMI (in respect of natural gas production/consumption and net exports/imports) and Energy Information Administration (in respect of natural gas proven reserves)

Note:
(1) Preliminary estimates

Iraq began installation of gas processing facilities in the 1970s, and produced approximately 700 mmcf/d by the 1980s. Since the 1980s, output has been on the decline following decades of war. Currently, Iraq has over 100 Tcf of gas reserves, and an estimated 260 Tcf of undiscovered natural gas. Natural gas is predominately used for power generation and re-injection for oil recovery, as well as for some industrial uses such as fertiliser and cement production. However, given the shortage of gas to supply Iraq's power sector, the country is currently importing gas from Iran (*BMI Iraq Oil and Gas Report Q1 2018*).

According to Business Monitor International (BMI), Iraq's dry natural gas production and consumption each increased by 0.1 per cent. from 1.0 bcm in 2015 to 1.1 bcm in 2016. Although there is substantial associated gas potential, efficient use of this resource has not yet been realised. In 2014, Iraq was the fourth-largest natural gas-flaring country in the world, behind Russia, Iran and Venezuela, according to Cedigaz. To curb flaring, Iraq has

developed projects to capture flared gas for domestic use. Iraq created the Basra Gas Company in November 2011 to capture flared gas at three large south oil fields: Rumaila, West Qurna 1 and Zubair. The projects involve upgrading current facilities, building new facilities and processing plants to increase natural gas processing capacity to 2 Bcf per day by 2018. As of February 2016, associated gas produced at Majnoon is being sent to processing facilities in Basra to produce 300 megawatts of electricity for Iraq's power grid (*Source: Energy Information Administration*).

The Iraqi Ministry of Oil has recently announced a number of new qualified companies that have been approved to take part in the current bidding round for exploration fields and blocks both on- and offshore.

United Arab Emirates

Since declaring independence from the United Kingdom in 1971, the UAE has relied on its large hydrocarbon endowments to support its economy. Through concerted efforts over the last several decades, however, this situation is beginning to change as the UAE has made progress in diversifying its economy through tourism, trade and manufacturing. In the near-term, however, oil, natural gas and associated industries will continue to account for the majority of economic activity in the UAE.

Petroleum legislation is the responsibility of the individual Emirates rather than the federal government. All of the states operate concession systems, although royalty and tax levels vary significantly both within and between the Emirates. Exploration and production operations are generally governed by concession agreements with international oil companies. However, within the various Emirates there are specific laws which provide some fundamental guidelines to the industry.

There is no specific petroleum law in Sharjah, and petroleum operations are carried out through the terms of concession agreements. Income tax was originally defined on the basis of the Income Tax Decree of 1968, but was subsequently revised in the specific cases of petroleum operations on the offshore Mubarek field (now ceased), and the onshore gas fields operated by Amoco (now BP).

Petroleum legislation in Sharjah was, until 1999, administered by the Department of Petroleum and Minerals. In 1999, on the basis of Law Number 1 of that year, the Ruler of Sharjah ordered the formation of the SPC to develop and administer the oil and gas policy in the Emirate. The Council has the authority to oversee the exploration and production activities of the international companies operating in the Emirate. It will also submit recommendations to the Ruler, regarding concession agreements with oil companies, in both the upstream and downstream sectors.

In 2010, the Ruler of Sharjah issued a decree establishing SNOC. The decree defines the functions of SNOC as exploration, discovery, extraction, engineering operations and construction, maintenance, training, transportation, distribution, refining, storage, buying, selling, swapping, production, reception and delivery of hydrocarbon products.

According to the Oil and Gas Journal, as of January 2017, the UAE holds the seventh-largest proved oil reserves in the world at 97.8 billion barrels, with approximately 96 per cent. of the reserves located in Abu Dhabi. Beyond its significant oil reserves, the UAE has just over 215 Tcf of proved natural gas reserves, ranking it seventh in the world. The UAE is not as prolific a producer of natural gas as it is of oil. Despite the challenges of producing natural gas domestically, the UAE plans to boost production through several ongoing projects to help meet the country's growing demand. BMI estimates that the UAE's dry natural gas production increased by 12.0 per cent. from 63.9 bcm in 2015 to 71.6 bcm in 2016, while dry natural gas consumption increased by 5.5 per cent. from 74.6 bcm in 2015 to 78.7 bcm in 2016.

Despite its large endowment, the UAE is a net importer of natural gas. This is due to the fact that the UAE has in recent years re-injected gross natural gas production into existing oil fields as part of enhanced oil recovery techniques (in 2015, the UAE re-injected approximately 26 per cent. of gross natural production into its oil fields), and the country's inefficient and rapidly-expanding electricity grid – which is being taxed by the rapid economic and demographic growth of recent decades – relies on natural gas for the majority of its feedstock (*BMI UAE Oil and Gas Report Q1 2018*). In 2017, gas represented more than 98 per cent. of total electricity generation. To help meet the growing demand for natural gas, the UAE boosted imports from neighbouring Qatar via the Dolphin Gas Project's export pipeline. The pipeline runs from Qatar to Oman via the UAE, and is one of the principal points of entry for UAE natural gas imports. In addition to the imports from Qatar, Dubai and Abu Dhabi both engage in LNG trading; the former as an importer and the latter as an exporter (*Source: U.S. Department of Energy, Energy Information Administration*).

The UAE's significant gas reserves and growing demand have added increased significance to the gas sector in the UAE. The UAE's natural gas has a relatively high sulphur content which makes it highly corrosive and difficult to process, and for decades the country simply flared the gas from its oil fields rather than undertake the extensive and expensive processes associated with separating the sulphur from the gas. The technical difficulties of producing the country's sulphur-rich (sour) gas once posed an impediment to the development of the nation's reserves, but advances in technology and the growing domestic demand for natural gas make the country's significant reserves an alternative to Qatari imports.

The following table sets forth the UAE's gas production and reserves for the year ended 31 December 2016.

Production and reserves	For the year ended 31 December 2016
Natural gas production ⁽¹⁾ (bcm).....	71.6
Natural gas consumption ⁽¹⁾ (bcm)	78.7
Net exports/imports ⁽¹⁾ (bcm)	(7.1)
Natural gas proven reserves (Tcf)	215.0

Source: BMI (in respect of natural gas production/consumption and net exports/imports) and Energy Information Administration (in respect of natural gas proven reserves)

Note:

(1) Preliminary estimates

The proved reserves of 215 Tcf of natural gas in the UAE are located almost entirely in Abu Dhabi, as that Emirate controls more than 90 per cent. of the country's endowment. As at 30 June 2017, the UAE's total gas production was approximately 8.5 bcfd, but its marketed production was less than 5 bcfd (*Source: WoodMackenzie Country Report UAE, July 2017*). Most of this difference is attributable to the UAE's extensive – and increasing – use of enhanced recovery techniques, though the country continues to engage in a small amount of flaring. As techniques for processing sour gas improve, it is possible that the UAE will be able to increase its marketed production levels without diverting critical natural gas volumes away from its oil fields (*Source: U.S. Department of Energy, Energy Information Administration*).

OVERVIEW OF THE UNITED ARAB EMIRATES

Introduction

The UAE is a federation of seven Emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al-Quwain, Fujairah and Ras Al Khaimah. Formerly known as the Trucial States, the Emirates were British protectorates until they achieved independence in December 1971 and merged to form the federation of the UAE. Each Emirate has a local government headed by the Ruler of the Emirate. There is a federal government which is headed by the President. The President of the UAE is H.H. Sheikh Khalifa bin Zayed Al Nahyan who is also The Ruler of Abu Dhabi. The Ruler of Dubai is H.H. Sheikh Mohammad bin Rashid Al Maktoum who is also the Vice President and Prime Minister of the UAE.

The UAE as a whole extends along the West coast of the Arabian Gulf, from the coast of the Kingdom of Saudi Arabia near the base of the Qatar peninsula in the West to Ras Al Khaimah in the North and across the Mussandam peninsula to the Gulf of Oman in the East, covering an area of 83,600 square kilometres in total.



Governance, Legislation and Judiciary

UAE Constitution

The original constitution of the UAE (the “**Constitution**”) established the legal framework for the UAE. The major principle adopted by the Constitution was that jurisdiction for enacting substantive legislation was confined to the federal government, but the local governments of the seven Emirates were authorised to regulate those matters that were not the subject of legislation by the federal government. The Constitution was initially provisional but was made permanent pursuant to a constitutional amendment in May 1996.

Pursuant to Articles 120 and 121 of the Constitution, the federal government is responsible for foreign affairs, security and defence, nationality and immigration, education, public health, the currency, postal, telephone and other communications services, air traffic control and the licensing of aircraft and a number of other matters, including labour relations, banking, the delimitation of territorial waters, and the extradition of criminals.

Federal matters are regulated through a number of specially created federal ministries which include the Ministries of Foreign Affairs, Defence, Justice, Finance and Economy. Although most of the federal government ministries are based in Abu Dhabi, many also maintain offices in Dubai. The UAE’s monetary and exchange rate policy is managed on a federal basis by the Central Bank. Article 122 of the Constitution states that the Emirates shall have jurisdiction in all matters not assigned to the exclusive jurisdiction of the UAE federation, in accordance with the provision of the preceding two Articles.

The individual Emirates are given flexibility in the governance and management of their own Emirates. The Constitution permits individual Emirates to elect to maintain their own competencies in certain sectors. Based on this flexibility, Dubai has elected to assume responsibility for its own education, public health and judicial systems.

The natural resources and wealth in each Emirate are considered to be the public property of that Emirate. Each Emirate manages its own budget on an independent basis and no Emirate has any obligation to contribute to the budget of any other Emirate. Each Emirate makes contributions to the federal budget in agreed amounts.

Governance

The following are the key entities in the structure of the federal government of the UAE: (i) the Supreme Council of the Rulers of all the Emirates (the “**Supreme Council**”); (ii) the UAE Federal Council of Ministers (the “**Cabinet**”); and (iii) the UAE Federal National Council (the “**Council**”).

Supreme Council

The UAE is governed by the Supreme Council. This is the highest federal governing body and consists of the Rulers of the seven Emirates. The Supreme Council elects from its own membership the President and the Vice President of the UAE (for renewable five-year terms). Decisions relating to substantive matters are decided by a majority vote of five Emirates, provided that the votes of both Dubai and Abu Dhabi are included in that majority, but matters that are purely procedural are decided by a simple majority vote.

The Supreme Council is vested with legislative as well as executive powers. It ratifies federal laws and decrees, plans general policy, approves the nomination of the Prime Minister and accepts his resignation. It also relieves him from his post upon the recommendation of the President.

The then Ruler of Abu Dhabi, Sheikh Zayed bin Sultan Al Nahyan, was elected in 1971 as the first President of the UAE and was re-elected as President for successive five-year terms until his death in November 2004. Sheikh Zayed bin Sultan Al Nahyan was succeeded by his son Sheikh Khalifa bin Zayed Al Nahyan as Ruler of Abu Dhabi who was elected as President of the UAE in November 2004 by the members of the Supreme Council.

Federal Council of Ministers

The Cabinet is described in the Constitution as the executive authority for the UAE and is responsible for implementing policy decisions of the Supreme Council. The Cabinet is the principal executive body of the UAE. The Constitution defines the responsibilities of the Cabinet, which include the issuing of regulations, the preparation of draft laws and the drawing up of the annual federal budget.

Based in Abu Dhabi, the Cabinet is headed by the Prime Minister and consists of two Deputy Prime Ministers and a number of other Ministers. These Ministers are normally selected (for no fixed term) by the approval of the Supreme Council on the recommendation of the Prime Minister.

Federal National Council

The Council is a parliamentary body which comprises 40 members who are UAE nationals. Half of the members are appointed by their respective rulers and the other half is elected under an electoral process. Each Emirate appoints members for a particular number of seats based on such Emirate’s population and size. Abu Dhabi and Dubai have eight members each, Sharjah and Ras Al Khaimah have six members each and the other Emirates have four members each. The nomination of representative members is left to the discretion of each Emirate, and the members’ legislative term is four calendar years. The members represent the UAE as a whole rather than their individual Emirates.

Presided over by a speaker, or either of two deputy speakers elected from amongst its members, the Council has both a legislative and supervisory role under the Constitution. This means that it is responsible for examining and, if required, amending, all proposed federal legislation, and is empowered to summon and to question any federal minister regarding ministry performance. One of the main duties of the Council is to discuss the annual budget of the UAE. Although the Council can monitor and debate government policy, it has no veto or amendment power and cannot initiate any legislation by itself.

During 2006, reforms were made with a view to enhancing public participation in indirect elections to the Council. Under these reforms, the Ruler of each Emirate selects an electoral college whose members are at least 100 times the number of Council members for the Emirate. The members of each electoral college elect half of the Council members for their Emirate, with the remainder being appointed by the Ruler.

In May 2011, the National Election Commission issued new electoral guidelines addressing the methods of selection of representatives to the Council, the role of the Council and its sub-committees and general rules on the elections, nominations, campaign, filing of appeals and timeline for the electoral process.

The most recent Council elections were held on 3 October 2015, where 330 candidates stood for election to the 20 elected positions on the Council.

Legal and Court System

There are three primary sources of law in the UAE, namely (i) federal laws and decrees (applicable in all seven Emirates), (ii) local laws and decrees (i.e., the laws and regulations enacted by the Emirates individually), and (iii) the *Shari'ah* (Islamic law). In addition, trade custom or practice functions as a secondary source of law in the UAE. In the absence of federal legislation on areas specifically reserved to federal authority, the Ruler or local government of each Emirate can apply his or its own rules, regulations and practices.

The federal judiciary, whose independence is guaranteed under the Constitution, includes the UAE Federal Supreme Court and Courts of First Instance. The UAE Federal Supreme Court consists of five judges appointed by the Supreme Council. The judges decide on the constitutionality of federal laws and arbitrate on inter-Emirate disputes and disputes between the federal government and the Emirates.

In accordance with the Constitution, three of the seven Emirates (Abu Dhabi, Dubai and Ras Al Khaimah) have elected to maintain their own court system, separate from that of the UAE, and these courts have sole jurisdiction to hear cases brought in the respective Emirates.

Economy of the UAE

According to data published by the IMF in October 2017, the UAE is the second largest economy in the GCC region after the Kingdom of Saudi Arabia. Although it has a more diversified economy than most of the other countries in the GCC region, its wealth is still largely based on oil and gas. According to data collected by OPEC, as at 31 December 2016, the UAE had approximately 6.6 per cent. of proven crude oil reserves in the world (giving it the sixth largest oil reserves in the world). According to preliminary data produced by the UAE Federal Competitiveness and Statistics Authority (formerly the National Bureau of Statistics) (the "FCSA"), the UAE's proven crude oil reserves generated 21.3 per cent. of its nominal GDP and 16.9 per cent. of the total value of the UAE's exports (including re-exports) in 2016.

According to IMF data (World Economic Outlook April 2017), real GDP in the UAE was AED 1,217.0 in 2016, compared to AED 1,184.7 billion in 2015 and AED 1,141.8 billion in 2014, representing a real GDP growth rate of 3.0 per cent. in 2016 compared to 3.8 per cent. in 2015 and 3.1 per cent. in 2014, reflecting the general economic recovery in the wake of the global economic crisis. According to the FCSA, nominal GDP in the UAE was 1,158.7 in 2016, compared to AED 1,392.6 in 2015 and AED 1,467.0 in 2014.

The table below shows the UAE's nominal and real GDP for each of the years indicated.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Nominal GDP (AED billions).....	1,158.7	1,392.6	1,467.0
Real GDP (AED billions).....	1,217.0	1,184.7	1,141.8

Source: FCSA (for nominal GDP) and IMF World Economic Outlook April 2017 (for real GDP)

While fluctuations in energy prices do have a bearing on economic growth, the UAE is generally viewed as being less vulnerable than some of its GCC neighbours, due to the growth in the non-oil sector, particularly trading, finance, real estate, transport and tourism.

The UAE's economy remains heavily protected and nearly all utilities and most major industries are controlled by the state. However, tight restrictions placed on foreign investment are gradually being relaxed. For example, while foreigners are not permitted to have a controlling interest in UAE businesses or corporates, many of the Emirates have established trade and industry free zones (in which 100 per cent. foreign ownership is permitted) as a means of attracting overseas investment and diversifying the economy. Despite the UAE's membership of the World Trade Organisation, progress towards economic liberalisation has been slow, although trade agreements with Europe and the United States are being negotiated.

Credit rating

On 27 May 2017, Moody's changed the UAE's long-term rating of Aa2 from a negative outlook to a stable outlook. The UAE is not rated by any of the other rating agencies.

Population

Based on a census carried out in 2015 and according to the FCSA, the population of the UAE was approximately 9.2 million in 2015, compared to 4.1 million in 2005. The population of the UAE has grown significantly in recent years, reflecting an influx of foreign labour, principally from Asia, as the Emirates have developed. The table below illustrates this growth using official census data since 1985 for the UAE:

	1985	1995	2005	2015
Total UAE population	1,379,303	2,411,041	4,106,427	9,160,000

Source: Official UAE Census Data published by the FCSA

The majority of the population of the UAE are estimated to be non-UAE nationals, mainly drawn from the Indian subcontinent, Europe and other Arab countries. The FCSA has estimated that in 2016 69 per cent. of the population was male and 31 per cent. was female, reflecting the large male expatriate workforce.

International Relations

Pursuant to Articles 120 and 121 of the UAE Constitution, foreign policy and international relations are a federal matter.

The foreign policy of the UAE is based upon a set of guiding principles, laid down by the country's first President, Sheikh Zayed bin Sultan Al Nahyan. He derived these principles from his belief in the need for justice in international dealings between states, including the necessity of adhering to the principle of non-interference in the internal affairs of others and the pursuit, wherever possible, of peaceful resolution of disputes, together with support for international institutions, such as the United Nations (the "U.N.").

Within the Arabian Gulf region, and in the broader Arab world, the UAE has sought to enhance cooperation and to resolve disagreement through the pursuit of dialogue. Thus, one of the central features of the UAE's foreign policy has been the development of closer ties with its neighbours in the Arabian Gulf region. The GCC, which comprises the UAE, Kuwait, Saudi Arabia, Bahrain, Qatar and Oman, was founded at a summit conference held in Abu Dhabi in May 1981.

At the broader level of the Arab world as a whole, the UAE is committed to rebuilding a sense of common purpose among both its people and its governments and, to this end, has supported the strengthening of common institutions, such as the League of Arab States. Beyond the Arab world, the UAE has pursued a policy of seeking, wherever possible, to build friendly relations with other nations, both in the developing and in the industrialised world. The UAE also maintains cordial relations with other regional states and has established good relations with the United States of America and the European Union as well as with developing nations in Africa and many of the countries of the former Soviet Union. In 2010, the UAE entered into a nuclear cooperation agreement with the United States of America that provides the foundation for the UAE's civilian nuclear energy programme and provides a legal framework for commerce in civilian nuclear energy between the two countries.

Since its establishment, the UAE has played an active role in the provision of financial aid to developing countries and has been a contributor of emergency relief to countries and areas affected by conflict and natural disasters. The philosophy behind the aid policy is twofold: first, the provision of help for the needy is a duty incumbent on all Muslims and, second, the country's policy on utilisation of the revenues from its oil and gas production has always included a component that they should be devoted, in part, to helping other countries which have fewer natural resources.

The UAE is an active participant in a number of multi-lateral developmental institutions, including the International Bank for Reconstruction and Development (World Bank), the IMF, the International Development Agency and regional bodies like the OPEC Fund for International Development, the Arab Gulf Fund for the UN, the Arab Bank for Economic Development in Africa, the Abu Dhabi based Arab Monetary Fund and the Islamic Development Bank. In addition, the UAE is a member of various international organisations including, among others, the GCC, the U.N., the League of Arab States, the Organisation of Islamic Countries, the Organisation of

Arab Petroleum Exporting Countries, OPEC, the World Health Organisation, the International Organisation for Industrial Development, the World Trade Organisation and the Asia Pacific Economic Cooperation.

The UAE has an ongoing dispute with Iran and is in continuing discussions with Saudi Arabia over border issues. Since 1971, the three Gulf islands of Abu Musa and Greater and Lesser Tunb have been occupied by Iran. The UAE believes that these islands should be returned to the Emirate of Sharjah, which claims sovereignty over them, and is seeking to resolve the dispute through bilateral negotiations or a reference to international arbitration.

The UAE is also seeking, through negotiation, to resolve issues related to the 1974 provisional and, as yet, unratified, agreement with Saudi Arabia on the border between the two countries, which the UAE believes should be substantially amended. In addition, the UAE is involved in discussions with the governments of Saudi Arabia and Qatar over a maritime corridor which Qatar has purported to grant to Saudi Arabia, from within Qatar's own maritime waters, but which crosses part of the route of the gas pipeline between Qatar and the UAE. The UAE, along with other Arab states, is currently participating in a military intervention in the Republic of Yemen and is also a member of another military coalition formed in December 2015 to combat Islamic extremism and, in particular, the group known as Islamic State.

The Emirate of Sharjah

Sharjah is situated along approximately 16 kilometres of the Persian Gulf coastline of the UAE and for more than 80 kilometres inland. In addition, there are two enclaves belonging to the Emirate of Sharjah, Kalba and Dibba al-Husn, situated on the east coast of the UAE, bordering the Gulf of Oman. Sharjah covers approximately 2,580 square kilometres, making the Emirate of Sharjah the third largest Emirate in the UAE. It is the only Emirate to have land on both the Persian Gulf and the Gulf of Oman. The estimated population of Sharjah is 800,000.

The settlement of Sharjah dates back some 6,000 years. Traditionally, the population of the area has been small and people relied on trade and sea-faring in addition to farming, hunting, fishing and pearling. Many of the early settlements were based around the 'falaj', a man-made underground water course.

In the 18th century, the Qawassim tribe established strongholds in Sharjah and Ras Al Khaimah. Sheikh Sultan bin Saqr bin Rashid Al Qassimi, the patriarch of today's rulers became the Sheikh of Sharjah in 1804 and governed for over 50 years. In 1809, the British mounted a land based attack on the Qawassim tribe in Sharjah. By 1820, the first of several Treaties of Peace was signed guaranteeing peace at sea and protection of the British against attack for 150 years. The coast became known as Trucial Oman and the Sheikhdoms as the Trucial States. Sharjah remained the regional base for the British RAF and Trucial Oman Scouts until the British presence officially ended in 1971 with the independence of the UAE. Sharjah joined the UAE as a founding member on 2 December 1971. In 1972, Sheikh Sultan bin Mohammed Al Qassimi succeeded as the ruler of Sharjah. The same year, oil was struck in the Mubarek Sharjah field, 80 kilometres offshore, close to the island of Abu Mousa. Two years later production began, and at its peak 35,000 bbl were produced per day. A few years later gas condensate was discovered and drilling started in 1990. Sharjah contains one of the main administrative and commercial centres of the UAE, together with an array of cultural and traditional projects. In 1998, the U.N. Educational, Scientific and Cultural Organisation designated Sharjah as the cultural capital of the Arab world for its commitment to art, culture and the preservation of heritage. The Emirate is also known as the cultural capital of the UAE.

SUMMARY OF THE TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the Transaction Documents. Copies of the Transaction Documents will be available for inspection and/or collection at the specified office of the Principal Paying Agent. Unless otherwise defined or unless the context otherwise requires, capitalised terms used in the following summary shall have the meanings given to them in the Conditions.

The Settlement Deed

Dana Gas, Dana Gas Sukuk Limited in its capacity as issuer, trustee and rab al maal in respect of the Existing Certificates (the “**Original Issuer**”), and certain other parties to certain transaction documents with respect to the Existing Certificates (the “**Existing Transaction Documents**”) will enter into a settlement deed dated as of the Closing Date (the “**Settlement Deed**”), which will be governed by English Law.

Pursuant to the Settlement Deed, the parties thereto will agree to the full and final settlement, termination, waiver and liquidation of any previously existing rights and obligations owing between the Original Issuer and Dana Gas other than the Surviving Obligations (as defined therein), whether in contract or in equity in respect of the Existing Certificates and deeds and agreements entered into in connection therewith, in consideration for, among other things, payment of an amount equal to U.S.\$[●]⁴ (the “**Settlement Amount**”) which shall be payable by Dana Gas to the Original Issuer on the Closing Date and an amount equal to U.S.\$[●] (the “**Deferred Amount**”) which shall be payable by Dana Gas to the Original Issuer on the Scheduled Redemption Date and assigned by the Original Issuer to the Trustee in accordance with the Deed of Assignment.

The Deed of Assignment

The Trustee, the Original Issuer, the Delegate and Dana Gas will enter into a deed of assignment (the “**Deed of Assignment**”) on the Closing Date, which will be governed by English Law.

Pursuant to the Deed of Assignment, the Original Issuer will assign to the Trustee its rights, title and interest in and under the Settlement Deed including, *inter alia*, the Original Issuer’s right to receive the Settlement Amount and the Deferred Amount from Dana Gas (or equal commercial value for the subject matter of the assignment). Dana Gas will be a signatory to the Deed of Assignment in order to provide its consent to such transfer.

Purchase Agreement

The Trustee (in its capacity as the Purchaser), Dana Gas and certain Affiliates of Dana Gas (in their capacity as Sellers) will enter into a Purchase Agreement (the “**Purchase Agreement**”) on the Closing Date, which will be governed by English law.

Pursuant to the Purchase Agreement, the Purchaser will purchase from the Sellers the *Ijara* Assets, free and clear of any encumbrance at an agreed price (the “**Purchase Price**”), which will be at least equal to the value of the *Ijara* Assets as of the date of the Purchase Agreement and which will be no less than 60 per cent. of the aggregate face amount of the Certificates as at the Closing Date and will be set-off against the Settlement Amount.

Receivable Scheduling Agreement

The Trustee (in its capacity as the beneficiary) and Dana Gas (in its capacity as obligor) will enter into a receivable scheduling agreement (the “**Receivable Scheduling Agreement**”) on the Closing Date, which will be governed by English Law.

Pursuant to the Receivable Scheduling Agreement, the Deferred Amount will be rescheduled and will remain owed by Dana Gas to the Trustee and will be paid on a deferred basis on the Scheduled Redemption Date, or prior thereto on an Early Redemption Date, Optional Redemption Date, Tax Redemption Date, Change of Control Put Date, Total Loss Redemption Date or Cancellation Date.

If the Certificates are to be redeemed in full on an Early Redemption Date in accordance with Condition 6.1 (*Dissolution Event – Early Redemption*), an Optional Redemption Date in accordance with Condition 6.3

⁴ To be equal to the face amount of the Existing Certificates following the completion of the Tender Offer.

(*Redemption at the Option of the Trustee*), a Change of Control Put Date in accordance with Condition 6.36.4 (*Redemption for Change of Control*) a Tax Redemption Date in accordance with Condition 6.5 (*Redemption for Tax Reasons*), or a Total Loss Redemption Date in accordance with Condition 6.6 (*Redemption for Total Loss Event*) it will trigger a full pre-payment of the Deferred Amount on the Early Redemption Date, the Optional Redemption Date, the Change of Control Put Date, the Tax Redemption Date or the Total Loss Redemption Date, as applicable.

If some but not all of the Certificates are to be redeemed on an Optional Redemption Date in accordance with Condition 6.3 (*Redemption at the Option of the Trustee*), redeemed on any Change of Control Put Date in accordance with Condition 6.4 (*Redemption for Change of Control*) or cancelled on any Cancellation Date in accordance with Condition 6.8 (*Cancellation*), it will trigger an early partial pre-payment of the Deferred Amount (any such pre-payment amount, the “**Pre-payment Amount**”), such that the remaining Deferred Amount after the relevant pre-payment will be equal to the product of: (i) the Deferred Amount on the last Business Day prior to the relevant Optional Redemption Date, Change of Control Put Date or Cancellation Date, as applicable, multiplied by (ii) the Relevant Fraction, where

“**Relevant Fraction**” means the fraction calculated in accordance with the following formula:

$$\text{Relevant Fraction} = 1 - (A \div B)$$

where:

“A” is an amount equal to the aggregate principal amount of Certificates either cancelled as set out in Condition 6.8 (*Cancellation*) or redeemed on an Optional Redemption Date as set out in Condition 6.3 (*Redemption at the Option of the Trustee*) or a Change of Control Put Date as set out in Condition 6.4 (*Redemption for Change of Control*); and

“B” is an amount equal to the Aggregate Face Amount on the last Business Day prior to the Cancellation Date, Optional Redemption Date or Change of Control Put Date (as applicable);

Ijara Agreement

The Trustee (in its capacity as Lessor) and Dana Gas (in its capacity as Lessee) will enter into an *Ijara* agreement (the “***Ijara Agreement***”) on the Closing Date, which will be governed by English law.

Pursuant to the *Ijara* Agreement the Lessor will lease to the Lessee, and the Lessee will lease from the Lessor, the *Ijara* Assets for consecutive three month periods commencing and ending on the dates specified in the *Ijara* Agreement. During the term of the *Ijara* Agreement, the Lessee will pay to the Lessor rental payments as specified in the *Ijara* Agreement. The rental payments due under the *Ijara* Agreement will not be less than the Periodic Distribution Amounts payable on each Periodic Distribution Date, or to the extent that any such date does not fall on a Periodic Distribution Date, any Early Redemption Date, Optional Redemption Date, Change of Control Put Date, Tax Redemption Date, Total Loss Redemption Date or Cancellation Date (“**Rental Payment Date**”). The Lessee will be obligated to make such rental payments on each Rental Payment Date by transferring amounts to the Transaction Account on the Business Day prior to the relevant Rental Payments Date. Following the redemption of some but not all Certificates on an Optional Redemption Date in accordance with Condition 6.3 (*Redemption at the Option of the Trustee*) or a Change of Control Put Date in accordance with Condition 6.4 (*Redemption for Change of Control*), or the cancellation of certificates in accordance with Condition 6.8 (*Cancellation*), rental payments will be reduced accordingly and the Lessor shall send to the Lessee a Rental Notice specifying the rental payments to be paid for the remaining period in the *Ijara* Period in which the Change of Control Put Option was exercised.

The Lessee shall, at its own cost and expense, be responsible for the performance of all Ordinary Maintenance and Repair (as defined in the *Ijara* Agreement) required for the *Ijara* Assets.

The Lessor shall be responsible for: (i) the performance of all Major Maintenance and Structural Repair (as defined in the *Ijara* Agreement); (ii) the payment of any proprietorship or other relevant taxes; and (iii) insuring the *Ijara* Assets (to the extent consistent with general industry practice by prudent owners of similar assets) and the Lessee acknowledges that the Lessor may procure that the Servicing Agent, in accordance with the terms and conditions set out in the Servicing Agency Agreement, shall perform, or shall procure the performance of, the Major Maintenance and Structural Repair, the payment of such taxes and any insurance of the *Ijara* Assets, in each case, on behalf of the Lessor.

All payments by the Lessee to the Lessor under the *Ijara* Agreement shall be paid in full without any set-off or counterclaim of any kind and without any deduction or withholding for or on account of tax unless the deduction or withholding is imposed or levied by or on behalf of any relevant taxing authority, in which event the Lessee shall forthwith pay to the Lessor such additional amount so that the net amount received by the Lessor will equal the full amount which would have been received by it had no such deduction or withholding been made.

The Lessee has agreed to use the *Ijara* Assets at its own risk. Under the *Ijara* Agreement, the Lessee bears the entire risk of loss of or damage to the *Ijara* Assets or any part thereof arising from the usage or operation thereof by the Lessee to the extent such losses or damages have resulted from the Lessee's negligence, default, breach of the *Ijara* Agreement or other action or failure to act. In addition, the Lessor shall not be liable (and the Lessee will waive any claim or right, howsoever arising, to the contrary) for any indirect, consequential or other losses, howsoever arising, in connection with the Lessee's use or operation of the *Ijara* Assets.

If a Total Loss Event occurs, then the lease in respect of the *Ijara* Assets shall automatically terminate and the Lessor will be entitled to all insurance proceeds (or the relevant percentage thereof) payable as a result of the Total Loss Event in addition to any amounts payable pursuant to the Servicing Agency Agreement, together with any accrued and unpaid rental payments up to the date on which the Total Loss Event occurred. See “– *Servicing Agency Agreement*” for further details.

Servicing Agency Agreement

Dana Gas (in its capacity as the Servicing Agent) and the Trustee as principal of the *Wakala* Assets (as defined below) (in its capacity as the Trustee) will enter into a servicing agency agreement (the “**Servicing Agency Agreement**”) on the Closing Date, which will be governed by English Law.

Pursuant to the Servicing Agency Agreement, the Lessor will appoint the Servicing Agent as its agent and the Servicing Agent will agree to act as the agent for the Lessor and to provide certain services in respect of the *Ijara* Assets and the Deferred Amount (together, the “**Wakala Assets**”).

Under the terms of the Servicing Agency Agreement, the Servicing Agent will be responsible for: (i) ensuring on behalf of the Trustee that the *Wakala* Assets are properly insured; (ii) the performance of all Major Maintenance and Structural Repair in respect of the *Ijara* Assets; and (iii) the payment of any proprietorship or other relevant taxes charged, levied or claimed in respect of the *Wakala* Assets.

An amount equal to the Service Charge Amount to be paid by Dana Gas (as the Lessee under the *Ijara* Agreement) to the Lessor as, or as part of, any: (i) supplementary rental under the *Ijara* Agreement; or (ii) Exercise Price under the Purchase Undertaking or the Sale Undertaking (as the case may be), shall be set off against the Service Charge Amount to be paid by the Lessor to the Servicing Agent under the Servicing Agency Agreement in connection with expenses incurred by the Servicing Agent and approved by the Lessor.

The Servicing Agent is, amongst other things, responsible for ensuring that the *Ijara* Assets are properly insured and, accordingly, shall effect such insurances in respect of the *Ijara* Assets (the “**Insurances**”), naming the Trustee as the beneficiary of such Insurances, through brokers and with such reputable insurance companies in good financial standing, against such risks and, in particular but without limitation, shall ensure that:

- (a) the *Ijara* Assets are insured against a Total Loss Event in an insured amount that is, at all times, at least equal to the Insurance Coverage Amount; and
- (b) the terms of the Insurances provide that, in the event of a Total Loss Event of the *Ijara* Asset, all proceeds from such Insurances in an amount equal to the Insurance Coverage Amount shall be paid within thirty (30) days of such Total Loss Event occurring.

Upon the occurrence of a Total Loss Event, all insurance proceeds (or the relevant percentage thereof) are required to be paid into the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event. The Servicing Agency Agreement provides that if the insurance proceeds paid into the Transaction Account are less than the Insurance Coverage Amount, then the Servicing Agent acknowledges that it shall have failed in its responsibility properly to insure the *Ijara* Assets and accordingly (unless it proves beyond any doubt that any shortfall in the insurance proceeds is not attributable to its negligence or its failure to comply with the terms of this Agreement relating to insurance), the Servicing Agent irrevocably and unconditionally undertakes to pay any shortfall amount (being the difference between the Insurance Coverage Amount and the amount credited to the Transaction Account (the “**Total Loss Shortfall Amount**”)) into the Transaction Account by no later than close of business in London on the 31st day after the Total Loss Event occurred, such that the amount

standing to the credit of the Transaction Account on the 31st day following the occurrence of a Total Loss Event, represents the aggregate of the insurance proceeds payable in respect of a Total Loss Event (if any) and the shortfall amount funded by the Servicing Agent in accordance with the terms of the Servicing Agency Agreement. Following the payment of such Total Loss Shortfall Amount, any insurance proceeds received from any insurer shall be for the Servicing Agent's sole account.

Purchase Undertaking

Dana Gas will enter into the Purchase Undertaking on the Closing Date in favour of the Trustee and the Delegate, which will be governed by English law.

Under the terms of the Purchase Undertaking, Dana Gas, provided there has been no Total Loss Event, irrevocably undertakes to purchase, transfer and convey all of the Trustee's rights, title, interests, benefits and other entitlements in and to the *Ijara* Assets (or the relevant *Ijara* Assets as identified by Dana Gas in the case of a Change of Control) on the Scheduled Redemption Date or an Early Redemption Date, in each case in exchange for payment of the relevant Exercise Price, or on a Change of Control Put Date in exchange for payment of the relevant Change of Control Exercise Price.

"Exercise Price" has the meaning given to in in the Purchase Undertaking or the Sale Undertaking, as applicable.

"Change of Control Exercise Price" has the meaning given to it in the Purchase Undertaking.

An amount equal to the Service Charge Amount to be paid by Dana Gas as part of any Exercise Price and any Service Charge Amount to be paid by the Trustee in accordance with the Servicing Agency Agreement which has not been paid by way of payment of supplementary rental under the *Ijara* Agreement shall be set-off against one another.

In order to exercise these rights, the Trustee or the Delegate or, in certain circumstances specified in the Purchase Undertaking, a Certificateholder (on behalf of the Trustee and/or the Delegate) (as the case may be) is required to deliver an Asset Exercise Notice to Dana Gas under the Purchase Undertaking.

Following the payment of the Exercise Price or the Change of Control Exercise Price (as the case may be) into the Transaction Account in London in accordance with the Purchase Undertaking, the parties will enter into a sale agreement (the **"Sale Agreement"**) to evidence the sale by the Trustee to Dana Gas of all of the Trustee's rights, title, interests, benefits and other entitlements (if any) in and to the *Ijara* Assets. Such Sale Agreement will be governed by English law.

To the extent that the sale and purchase of the *Ijara* Assets is not effective, or is alleged by any person to be ineffective, in any jurisdiction for any reason or if any allegation is made as to the existence of any security interest or any person seeks at any time to limit or void Dana Gas's obligation to pay the Exercise Price, the Change of Control Exercise Price, the Deferred Amount, the Settlement Amount or any other amount in respect of the Certificates or the Transaction Documents, Dana Gas will undertake in the Purchase Undertaking in consideration for the payment to it (whether by means of set-off or otherwise) by the Trustee of the Purchase Price (which each Seller and Dana Gas acknowledge has been paid by the Trustee and received by Dana Gas) to make payment of an amount equal to the Purchase Price (without any diminution or reduction for any reason) by way of restitution to the Trustee immediately upon request and the Trustee, upon receipt of such amount in full, shall transfer any such interest it may have in and to the *Ijara* Assets pursuant to the Purchase Agreement to the relevant Sellers. Dana Gas acknowledges and undertakes that its obligation to pay such amount shall not be dependent upon the Trustee having any interest in the *Ijara* Assets.

"Sellers" has the meaning given to it in the Purchase Agreement.

The Certificateholders will also have the benefit of a negative pledge and certain other restrictive covenants given by Dana Gas in the Purchase Undertaking. In particular, Dana Gas has covenanted in the Purchase Undertaking that for so long as any Certificate is outstanding:

(a) Limitation on Financial Indebtedness

It shall not, and shall procure that no member of the Group shall, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to, any Financial Indebtedness other than Permitted Financial Indebtedness.

(b) **Negative Pledge**

It shall not, and shall procure that no member of the Group shall, create or permit to subsist any Security Interest upon the whole or any part of its present or future assets or revenues (including uncalled capital) to secure any Financial Indebtedness of any Person other than any Permitted Security Interest.

(c) **Distributions**

It shall not declare, make or pay, in any fiscal year, any Dividend, unless:

- (i) the amount of any such Dividend, when aggregated with all other Dividends paid in the same fiscal year, does not exceed the Dividend Cap; and
- (ii) Dana Gas' Cash and Cash Equivalents, immediately after giving effect to such Dividend exceed U.S.\$100,000,000.

(d) **Repayment Obligations**

It undertakes that it shall, or shall cause the Trustee to, use any Egypt Asset Sale Proceeds and any UAE Gas Project Settlement Proceeds to effect a redemption of the Certificates under Condition 6.3 (*Redemption at the Option of the Trustee*) and shall, or shall cause the Trustee to, send the Optional Redemption Notice with respect thereto within two (2) months of the receipt of such cash proceeds.

(e) **Allocated Amount**

It may apply the Allocated Amount, to the extent such Allocated Amount exceeds U.S.\$10,000,000, to purchase the Certificates in any manner permitted by law and shall, to the extent that U.S.\$10,000,000 or more of the Allocated Amount has not been fully utilised in the purchase of the Certificates within nine (9) months hereof, use any such balance Allocated Amount, as soon as practicable after the expiry of the nine (9) month period, to effect an optional redemption of the Certificates under Condition 6.3 (*Redemption at the Option of the Trustee*) and shall, or shall cause the Trustee to, send the Optional Redemption Notice no later than thirty (30) days after the expiry of the nine (9) month period.

(f) **Insurance**

It shall, and shall procure that each member of the Group shall, obtain and maintain insurance with an insurer or insurers of good standing against such losses and risks and in such amounts as are customary in the businesses (or substantially similar businesses) in which it and they are engaged in the jurisdiction where it and they operate; provided that if any failure to comply with this undertaking is capable of remedy and is remedied within thirty (30) days after notice thereof is given to Dana Gas, this covenant shall be deemed not to have been breached.

(g) **Loans**

It shall not, and shall procure that no member of the Group shall, make any loans or grant any credit to or for the benefit of any Person, other than loans from any member of the Group to any other member of the Group, provided always that such loans are on arm's-length terms and are repayable on demand.

(h) **Affiliate Transactions**

It shall not, and shall not permit any member of the Group to, directly or indirectly, enter into or permit to exist any transaction or series of related transactions (each of the foregoing, an "**Affiliate Transaction**") (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with, or for the benefit of, any Affiliate of Dana Gas or any member of the Group, unless any such transaction or series of related transactions is:

- (i) set forth in writing; and
- (ii) entered into in good faith; and
- (iii) is on terms that are no less favourable to Dana Gas or such member of the Group, as the case may be, than those that could have been obtained at the time of the Affiliate Transaction in an arm's-length transaction with third parties that are not Affiliates.

Furthermore:

With respect to any Affiliate Transaction involving aggregate consideration equal to or greater than U.S.\$5,000,000 (or, to the extent the consideration for such Affiliate Transaction is not in U.S. dollars, the U.S. dollar equivalent of such amount as determined by Dana Gas), Dana Gas will deliver a Director's Certificate to the Trustee or the Delegate (as the case may be pursuant to the Declaration of Trust) certifying that such Affiliate Transaction complies with paragraphs (i), (ii) and (iii) of this paragraph (h) above; and

with respect to any Affiliate Transaction involving aggregate consideration equal to or greater than U.S.\$15,000,000 (or, to the extent the consideration for such Affiliate Transaction is not in U.S. dollars, the U.S. Dollar equivalent of such amount) such Affiliate Transaction must be approved by a majority (or where there is an even number of Directors, at least half) of disinterested directors, failing which (or, if there are no disinterested directors), Dana Gas will obtain a written opinion from an internationally recognised investment banking firm or firm of public accountants (an "**Independent Appraiser**") certifying that such Affiliate Transaction is fair to Dana Gas or the relevant member of the Group, as the case may be, and comparable with what the Independent Appraiser would reasonably consider to be third party terms.

(i) **Asset Sales**

- (i) Save as provided below, it shall not, and shall procure that each member of the Group shall not, directly or indirectly, enter into any Asset Sale unless the consideration received by Dana Gas or the relevant member of the Group, as the case may be, is at least equal to the Fair Market Value of the assets the subject of such Asset Sale provided that, in the case of any Asset Sale of an asset with a book value (as determined by reference to the most recent publicly available annual audited or interim reviewed consolidated financial statements of Dana Gas or relevant member of the Group, (as the case may be, prepared in accordance with IFRS, or such other international financial reporting standards as may be adopted, from time to time, by Dana Gas or such other relevant member of the Group (the "**Relevant Accounts**")) that exceeds five per cent. of the consolidated total assets of the Group (as determined by reference to the most recently published financial statements of the Group, prepared in accordance with IFRS or such other international financial reporting standards as may be adopted, from time to time, by the Group (the "**Group Accounts**")), the determination as to whether the consideration for such Asset Sale is at least equal to the Fair Market Value of the assets the subject of such Asset Sale shall be made by an Independent Appraiser.
- (ii) Notwithstanding paragraph (i)(i) above, Dana Gas shall be permitted to make Asset Sales (i) where the consideration received is less than the Fair Market Value of the assets the subject of such Asset Sale(s) provided that the aggregate book value (as determined by reference to the most recently published Relevant Accounts) of all assets the subject of such Asset Sale by any members of the Group occurring after the Closing Date shall not exceed 10 per cent. of the consolidated total assets of the Group (as determined by reference to the most recently published Group Accounts) or (ii) in respect of Permitted Financial Indebtedness conducted in a manner to comply with *Shari'ah* law and where Dana Gas has an unconditional obligation to buy back the relevant asset(s) at a pre-determined amount.
- (iii) For the purposes of the foregoing, (a) an Asset Sale, the sale value of which has been determined by a valuation made by an Independent Appraiser and approved by the Board of Directors (as evidenced by a resolution of the Board of Directors delivered to the Delegate); and (b) an Asset Sale by way of a public offering of securities in a domestic or international market or by way of a competitive tender, shall, in each case, be deemed to take place at Fair Market Value and shall not require any independent determination by an Independent Appraiser.

(j) **Compliance Certificate**

- (i) Promptly after the approval by the Board of Directors of its accounts in respect of each financial year commencing with the financial year ending 31 December 2018 and in any event not later than thirty (30) days after such approval by the Board of Directors, Dana Gas shall deliver to the Delegate a certificate signed by two Directors or two officers (or a combination thereof) of Dana Gas certifying that as at the date of the certificate there is no Event of Default,

Dissolution Event or Potential Dissolution Event, and certifying compliance with the Transaction Documents (or if there exists any non-compliance, specifying the same) and that during the period from and including the date of the last such certificate (or, in the case of the first such certificate, the date hereof) to and including the relevant date of such certificate that the Obligor has complied with the terms of this paragraph (j) or (if such is not the case) specifying the respects in which it has not complied.

- (ii) As soon as possible and in any event within fourteen (14) days after Dana Gas becomes aware of the occurrence of an Event of Default, a Dissolution Event or a Potential Dissolution Event, Dana Gas shall deliver to each of the Delegate and the Trustee a certificate signed by two Directors or two officers (or a combination thereof) of Dana Gas setting forth the details of the Event of Default, Dissolution Event or Potential Dissolution Event (as the case may be), and the action which Dana Gas proposes to take with respect thereto.

The Delegate shall be entitled to rely conclusively upon each such certificate referred to in (i) and (ii) above and shall not be liable to any person by reason thereof.

(k) Security

- (i) It shall (and it shall procure that each Security Provider will) at its own expense, take all actions required to perfect the security created or intended to be created under or evidenced by the Security Documents, including, without limitation, the making or the procuring of appropriate registrations, recordings, filings, endorsements, notarisation, stamping and/or notifications of the Security Documents and/or the Security created under them, (A) in the case of the UAE Mortgage, as soon as practicable and in any event on or before the date falling sixty (60) days after the Closing Date, and (B) in the case of each of the other Security Documents, as soon as practicable and in any event on or before the date falling forty-five (45) days after the Closing Date;
- (ii) It shall ensure that the obligations expressed to be assumed by it or the relevant Security Provider under the Security Documents shall remain legal, valid, binding and enforceable and shall continue to have the priority and ranking each is expressed to have therein;
- (iii) It shall (and it shall procure that each Security Provider will) fully comply with its obligations under each Security Document; and
- (iv) It shall, by no later than sixty (60) days after the Closing Date, in the case of the UAE Mortgage, and no later than forty-five (45) days after the Closing Date, in the case of the other Security Documents, deliver or procure the delivery, to the Trustee, the Delegate and each Security Agent, a confirmation certificate or certificates signed by an authorised officer of Dana Gas certifying compliance with paragraph (k)(i) above and attaching documentary evidence in support thereof.

(l) Capitalisation

It shall ensure that at all times, the share capital of Dana LNG Ventures Ltd. is fully paid up and capitalised at U.S.\$50,000.

(m) Evidence of Shareholding

It shall ensure that its shareholding in each of Sajaa Gas Private Limited Company and United Gas Transmissions Company Limited as set out in the UAE Security accords at all times with that set out in the decree by the Ruler of Sharjah in respect of the incorporation of Sajaa Gas Private Limited Company as a limited liability company, and the decree by the Ruler of Sharjah in respect of the incorporation of United Gas Transmissions Company Limited as a limited liability company, respectively.

(n) Challenges

- (i) It shall not dispute or contest, or seek otherwise to challenge the validity or enforceability of this Undertaking or any Transaction Document or any obligation or obligations of any party thereunder on the basis of non-compliance with any principles of *Shari'ah* (or any interpretation thereof).

- (ii) It shall irrevocably and unconditionally fully accept all or any ownership interest, or other rights or entitlements, the Trustee may have in the *Ijara* Assets and, accordingly, shall not dispute or challenge in any way all or any ownership interest, or other rights or entitlements, the Trustee may have in the *Ijara* Assets.
- (iii) If Dana Gas breaches any declaration or undertaking in this paragraph (n) or if for any reason the *Ijara* Assets may not be purchased by Dana Gas or if Dana Gas or any administrator, liquidator or receiver of Dana Gas disputes or challenges the rights, benefits and entitlements of the Trustee in and to the *Ijara* Assets, Dana Gas shall fully indemnify the Trustee and the Delegate in an amount equal to the Exercise Price or Change of Control Exercise Price (as applicable).

For the purposes of the covenants listed above:

“Adjustment Factor” means [●]⁵;

“Affiliate” means, with respect to any specified Person: (a) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person; or (b) any other Person that owns, directly or indirectly through one or more Subsidiaries, 15 per cent. or more of any class or such specified Person’s Capital Stock; or (c) any other Person in which such specified Person owns, directly or indirectly through one or more Subsidiaries, 15 per cent. or more of any class of such other Person’s Capital Stock. For the purposes of this definition, **“control”**, when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms **“controlling”** and **“controlled”** have meanings correlative to the foregoing;

“Affiliate Transaction” has the meaning given to it in paragraph (h) (*Affiliate Transactions*);

“Allocated Amount” means [●]⁶;

“Asset Sale” means any sale, lease, sale and lease back, transfer or other disposition by any member of the Group of all or any of the legal or beneficial interest in any Capital Stock of any Affiliate or any property or assets of any member of the Group (either in one transaction or in a series of related transactions, at the same time or over a period of time) to any Person who is not a member of the Group;

“Board of Directors” means, with respect to any Person, the board of directors of such Person or any duly authorised committee thereof;

“Capital Expenditure” means any expenditure which, in accordance with IFRS, should be treated as capital expenditure (including for the avoidance of doubt, but without limitation, the capital element of any expenditure or obligation incurred in connection with a finance lease);

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person’s equity, including any preferred stock of such Person, whether now outstanding or issued after the date hereof, including without limitation, all series and classes of such Capital Stock;

“Cash and Cash Equivalents” means cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three (3) months or less, net of outstanding bank overdrafts, as reflected in the latest financial statements or management accounts of Dana Gas;

“Change of Control Exercise Price” has the meaning given to it in the Purchase Undertaking;

“Closing Date” means the day on which the Certificates are issued (in accordance with the Declaration of Trust);

“Current Assets” means the aggregate (on a consolidated basis) of all inventory, trade and other receivables of each member of the Group including prepayments in relation to operating items and sundry debtors (but excluding cash) maturing within twelve months from the date of computation;

⁵ The quotient of (i) (a) 101 per cent of the Aggregate Face Amount, less (b) the Deferred Amount, divided by (ii) the *Ijara* Base Amount.

⁶ We will know the exact amount at the time of execution. It will be 335m minus the cash utilized in the exchange/tender payments.

“Current Liabilities” means the aggregate (on a consolidated basis) of all liabilities (including trade payables, accruals and provisions) of each member of the Group falling due within twelve months from the date of computation;

“Dana Gas Egypt” means a limited liability company incorporated under the laws of Barbados which is a Subsidiary of Dana Gas;

“Dividend” means any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution), in each case payable in cash, on or in respect of the Obligor’s Capital Stock;

“Dividend Cap” means an amount equal to 5.5 per cent. of the paid up share capital of the Obligor at the time of declaration of the Dividend;

“EBITDA” means, in relation to any period, the annualised consolidated profit or loss before tax of Dana Gas for that period adjusted to the extent necessary to exclude:

- (a) any share of the profit or loss of any minority interest;
- (b) any amounts written off from the value of investments;
- (c) extraordinary and exceptional items, including realised and unrealised exchange gains and losses, including impairment losses/adjustments, and any revaluation gains or losses on any assets, in each case, which do not relate to ordinary trading activities;
- (d) depreciation or amortisation of tangible and intangible assets; and
- (e) finance cost and income,

all as interpreted and calculated in accordance with accounting principles and standards adopted by Dana Gas for the preparation of the Group Accounts;

“Egyptian Assignment Agreement” means the conditional assignment agreement between Dana Gas Egypt and the Local Security Agent executed no later than the date falling forty-five (45) days from the date of the Purchase Undertaking in respect of all present and future receivables owing to Dana Gas Egypt under certain gas sale agreements between Dana Gas Egypt and the relevant counterparty under the gas sale agreement;

“Egypt Asset Sale Proceeds” means all cash proceeds received by Dana Gas or any of its subsidiaries, after deduction of all costs and expenses related thereto, from any sale, lease, sale and lease back, transfer or other disposition (in each case other than in connection with, and solely for the purpose of, raising financial indebtedness in a manner complying (or intended to comply) with the principles of *Shari’ah* and provided that under the terms of any such arrangement ownership of the relevant assets shall revert back to Dana LNG Ventures Ltd or its relevant Subsidiary on settlement of such financial indebtedness) of all or any of the legal or beneficial interest in any Capital Stock of, or any property or assets of, Dana LNG Ventures Ltd or any of its direct or indirect Subsidiaries (either in one transaction or in a series of related transactions, at the same time or over a period of time) to any Person who is not a member of the Group;

“Exercise Price” has the meaning given to in in the Purchase Undertaking or the Sale Undertaking, as applicable;

“Expert” means an independent investment bank of international repute or an independent financial adviser with appropriate expertise, which may include a calculation agent, appointed by the Trustee and/or the Delegate (at the expense of the Trustee, failing which, Dana Gas) and, where not appointed by the Delegate, approved in writing by the Delegate;

“Fair Market Value” means:

- (a) with respect to any Capital Stock, asset or property (other than an exploration or development contract), the sale value that would be received by a seller in an arm’s-length transaction for consideration in cash or kind; and

- (b) with respect to an exploration or development contract, the sale value (determined in accordance with valuation methodology commonly used in the oil and gas sector) that would be received by a seller in an arm's-length transaction for consideration in cash or kind,

in each case between an independent, informed and willing seller under no compulsion to sell and an independent, informed, willing buyer under no compulsion to buy;

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount drawn on any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, sukuk, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would be treated as a finance or capital lease in accordance with the accounting standards, policies and procedures published from time to time by the International Accounting Standards Committee or any equivalent successor body acceptable (acting reasonably) to the Delegate;
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (f) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (g) any amount raised under any other transaction (including any *Shari'ah* compliant financing, forward sale or purchase agreement, sale and sale back or sale and leaseback agreement) having the commercial effect of either a borrowing or a drawing under a credit facility;
- (h) to the extent not otherwise included in this definition, the amount of any liability in respect of any repurchase or put option arrangement entered into in connection with any securitisation transaction;
- (i) shares which are expressed to be redeemable prior to the maturity of the Certificates;
- (j) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above,

provided that for the avoidance of doubt, the following will not be considered to fall within the definition of Financial Indebtedness:

- (i) any transaction entered into in the ordinary course of business in the oil and gas sector to guarantee or secure (or obtain letters of credit or bank or insurance guarantees that secure) the performance of tenders, contracts, statutory or governmental obligations, bonds, bids, leases, concession agreements, production sharing agreements, licenses, operating agreements, performance bonds, services, purchase, construction, development or sales contracts, completion guarantees, comfort letters and other similar obligations, in each case not incurred or made specifically in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property;
- (ii) any transaction entered into in the ordinary course of business in the oil and gas sector guaranteeing or securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof, in each case not incurred or made specifically in connection with the borrowing of money or the obtaining of advances or credit;
- (iii) any transaction entered into in the ordinary course of business in the oil and gas sector arising under a foreign exchange transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates not being a foreign exchange transaction

for investment or speculative purposes or incurred or made specifically in connection with the borrowing of money, the obtaining of advances or credit;

- (iv) any transaction entered into in the ordinary course of business securing interest rate protection or other hedging obligations not being a derivative transaction for investment or speculative purposes or incurred as a means of borrowing money or obtaining advances or credit; and
- (v) any transaction entered into in the ordinary course of business in the oil and gas sector under finance or capital leases of vehicles, plant, equipment or computers, provided that the aggregate capital value of all such items so leased under outstanding leases by members of the Group does not exceed an amount equal to five per cent. of the consolidated total assets of the Group as shown in the Group Accounts (or its equivalent in another currency or currencies) at any time;

“Group” means Dana Gas and its direct and indirect Subsidiaries at the relevant point in time;

“Group Accounts” has the meaning given to it in paragraph (i) (*Asset Sales*);

“IFRS” means the International Financial Reporting Standards;

“Ijara Assets” has the meaning given to it in the *Ijara* Agreement;

“Independent Appraiser” has the meaning given to it in paragraph (h) (*Affiliate Transactions*);

“Limited-recourse Financial Indebtedness” means any Financial Indebtedness of any member of the Group:

- (a) the proceeds of which are used for the acquisition, construction or development of any asset or performance of any contract in connection with the business of Dana Gas (**“contracts”**); and/or
- (b) the benefit of which is transferred to Dana Gas,

and provided always that:

- (i) any Security Interest given by any member of the Group pursuant to such Financial Indebtedness is related solely to (A) the contracts or assets acquired, constructed or developed; and/or (B) the assets or equipment acquired or constructed as part of any such development; and/or (C) any existing contracts or assets owned by such member of the Group; and/or
- (ii) the Person(s) providing such Financial Indebtedness expressly agree(s) to limit its recourse to the assets or contracts financed, and the revenues derived from such assets or contracts as the principal source of repayment for such Financial Indebtedness; and
- (iii) except for (i) recourse to Subsidiaries not covered by the Security Documents and (ii) any other customary terms associated with limited-recourse financing as may be appropriate in the circumstances if approved by an Extraordinary Resolution of the Certificateholders, there is no other recourse to any member of the Group (apart from (a) and/or (b)) in respect of any default or shortfall under such Financial Indebtedness.

“Limited-recourse reserve-based Financial Indebtedness” means Financial Indebtedness of any member of the Group pursuant to which:

- (a) any Security Interest given, or Asset Sale made, by any member of the Group pursuant to such Financial Indebtedness is limited solely to the related gas or oil or other hydrocarbon reserves; and/or
- (b) the Person(s) providing such Financial Indebtedness expressly agree(s) to limit its recourse to the relevant reserves and the revenues derived therefrom as the principal source of repayment for such Financial Indebtedness; and
- (c) except for recourse to Subsidiaries not covered by the Security Documents, there is no other recourse to any member of the Group (apart from (a) and/or (b)) in respect of any default or shortfall under such Financial Indebtedness;

“Local Security Agent” means SHUAA Capital psc in its capacity as security agent in respect of the UAE Share Pledges, the UAE Mortgage and the Egyptian Assignment Agreement pursuant to the Security Agency Agreement;

“Permitted Financial Indebtedness” means at the relevant point in time when any member of the Group incurs any additional Financial Indebtedness consisting of:

- (a) Financial Indebtedness of any member of the Group in existence at the Closing Date except for any such Financial Indebtedness which is redeemed or repaid using any Financial Indebtedness arising under paragraph (b) below;
- (b) Financial Indebtedness arising under or in connection with the Purchase Undertaking and the other Transaction Documents to which any member of the Group is a party and, for the avoidance of doubt, the amount of such Financial Indebtedness shall be calculated on the Closing Date and shall not be adjusted pursuant to any subsequent partial redemption of such Financial Indebtedness;
- (c) any additional Financial Indebtedness incurred by any member of the Group provided that when such Financial Indebtedness is taken together with all other existing Financial Indebtedness, the Total Consolidated Financial Indebtedness (after giving effect to the incurrence of such Financial Indebtedness) shall not exceed U.S.\$[●]⁷, provided that, within that limit for Total Consolidated Financial Indebtedness,
 - (i) the Financial Indebtedness at Dana Gas Egypt shall not exceed U.S.\$100,000,000; and
 - (ii) the Financial Indebtedness at all other operating subsidiaries covered by the Security Documents shall not exceed U.S.\$50,000,000 in aggregate;
- (d) any Financial Indebtedness incurred in addition to paragraphs (a) to (c) above by any member of the Group for so long as the ratio of Total Consolidated Financial Indebtedness to EBITDA over the last twelve (12) months is lower than 3:1, provided always that:
 - (i) no additional Financial Indebtedness may be incurred if the incurrence of such Financial Indebtedness does not satisfy at least one of the provisions of paragraphs (c) or (d) above; and
 - (ii) no additional Financial Indebtedness may be incurred if an Event of Default has occurred and is continuing, or would occur as a result of the incurrence of such additional Financial Indebtedness; and
- (e) any Limited-recourse Financial Indebtedness or Limited-recourse reserve-based Financial Indebtedness.

For the purposes of this definition:

- (i) **“Total Consolidated Financial Indebtedness”** under paragraphs (c) and (d) above means, as of any date of determination, an amount equal to the aggregate amount (without duplication) of all Financial Indebtedness (excluding Limited-recourse Financial Indebtedness and Limited-recourse reserve based Financial Indebtedness) of Dana Gas and its subsidiaries outstanding at such time;
- (ii) whenever pro forma effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of any Financial Indebtedness incurred in connection therewith, the pro forma calculations shall be determined in good faith by a responsible financial or accounting Officer of Dana Gas or member of the Group (as the case may be). If any Financial Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Financial Indebtedness shall be calculated as if the rate in effect on the date of determination had

⁷ To be equal to the aggregate face amount of the New Certificates.

been the applicable rate for the entire period (taking into account any interest rate agreement applicable to such Financial Indebtedness if such interest rate agreement has a remaining term in excess of twelve (12) months). If any Financial Indebtedness is incurred under a revolving credit facility and is being given pro forma effect, the interest on such Financial Indebtedness shall be calculated based on the average daily balance of such Financial Indebtedness for the four fiscal quarters subject to the pro forma calculation to the extent that such Financial Indebtedness was incurred solely for working capital purposes;

“Permitted Security Interest” means:

- (a) any Security Interest securing the payment obligations arising under any of the Transaction Documents;
- (b) any Security Interest created by the operation of a reservation of title clause contained in a vendor’s or supplier’s standard terms and conditions of sale in respect of goods acquired by any member of the Group in the ordinary course of its business;
- (c) any Security Interest existing on the Closing Date;
- (d) any rights of set-off or netting arising in the ordinary course of banking transactions or arm’s-length trading activities in the ordinary course of business in the oil and gas sector between any member of the Group and its suppliers provided that the Security Interest is limited to the assets which are the subject of the relevant transactions;
- (e) any Security Interest existing on any property or assets prior to the acquisition thereof by any member of the Group and not created in contemplation of such acquisition; provided that no such Security Interest shall extend to any other property or assets or any property or assets of any member of the Group and the aggregate principal amount of all indebtedness secured on such property or assets shall not exceed the acquisition cost of such property or assets;
- (f) any Security Interest created in the ordinary course of business in the oil and gas sector to secure (or obtain letters of credit that secure) the performance of tenders, statutory obligations, contracts, concession agreements, production sharing agreements, licences, operating agreements, bonds, bids, leases, performance bonds, purchase, construction or sales contracts and other similar obligations, in each case not incurred or made in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property;
- (g) any Security Interest created in the ordinary course of business in the oil and gas sector securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof, in each case not incurred or made in connection with the borrowing of money or the obtaining of advances or credit;
- (h) any Security Interest created in the ordinary course of business in the oil and gas sector arising under a foreign exchange transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates not being a foreign exchange transaction for investment or speculative purposes or incurred or made in connection with the borrowing of money, the obtaining of advances or credit;
- (i) any Security Interest created in the ordinary course of business securing interest rate protection or other hedging obligations not being a derivative transaction for investment or speculative purposes or incurred as a means of borrowing money or obtaining advances or credit;
- (j) any extension, renewal or replacement of any Security Interest described in clauses (a) to (i) above, provided that (i) such extension, renewal or replacement shall be no more restrictive in any material respect than the original Security Interest, (ii) the amount of Financial Indebtedness secured by such Security Interest is not increased and (iii) such extension, renewal or replacement of the relevant Security Interest takes place on arm’s-length terms

between independent, informed and willing parties under no compulsion to extend, renew or replace the relevant Security Interest;

- (k) any Security Interest created in the ordinary course of business in the oil and gas sector under finance or capital leases of vehicles, plant, equipment or computers, provided that the aggregate capital value of all such items so leased under outstanding leases by members of the Group does not exceed an amount equal to five per cent. of the consolidated total assets of the Group as shown in the Group Accounts (or its equivalent in another currency or currencies) at any time;
- (l) any Security Interest granted in respect of any Limited-recourse Financial Indebtedness or Limited-recourse reserve-based Financial Indebtedness, provided that such Limited-recourse Financial Indebtedness or Limited-recourse reserve-based Financial Indebtedness relates to assets not covered by the Security Documents;
- (m) any Security Interest arising solely by operation of law which is discharged within forty-five (45) days of the first date on which it arises; and
- (n) any Security Interest to permit the development of new reserves where Dana Gas Egypt capital commitment to develop those reserves will exceed U.S.\$100,000,000 and the ratio of proven and probable reserves booked net to Dana Gas Egypt in excess of proven and probable reserves booked as at 31 December 2017 to new debt secured is less than U.S.\$4 boe;

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government or agency, or political subdivision thereof, or other entity;

“Principal Security Agent” means BNY Mellon Corporate Trustee Services Limited in its capacity as principal security agent in respect of the Security Agreement pursuant to the Security Agency Agreement;

“Purchase Undertaking” has the meaning given to it in Condition 4.3 (*Ijara Transaction*).

“Relevant Accounts” has the meaning given to it in paragraph (i) (*Asset Sales*);

“Relevant Jurisdiction” means the United Arab Emirates and the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax;

“Relevant Rate” means on any day, and, in respect of the conversion of one currency into another currency, the rate of exchange between such currencies appearing on Bloomberg at 12 noon UK time on that day (provided always that, in the case of any conversion of any currency into AED, the relevant rate shall be the rate published on Bloomberg at 9 am Greenwich Mean Time on the relevant date) whether or not such rate represents a “live” price, or, if that source is not available or that rate of exchange does not appear on that source on that day, the rate of exchange between such currencies appearing on Reuters at 12 noon UK time on that day, or if that rate of exchange is available on neither such sources, the rate of exchange between such currencies appearing on such other screen or information service, or determined in such other manner, as the Principal Paying Agent shall determine having consulted with the Expert;

“SajGas Share Pledge” means the share pledge granted by Dana Gas in respect of its shares in Sajaa Gas Private Limited Company in favour of the Local Security Agent dated the date of the Purchase Undertaking;

“Sale Undertaking” has the meaning given to it in Condition 4.3 (*Ijara Transaction*).

“Security” means a mortgage, charge, pledge, lien, encumbrance or other security interest securing any obligation of any person or any other agreement or arrangement in any jurisdiction having a similar effect;

“Security Agency Agreement” means the security agency agreement entered into between, among others, Dana Gas, the Trustee and the Security Agents dated the Closing Date;

“Security Agents” means the Principal Security Agent and the Local Security Agent;

“Security Agreement” means the security agreement relating to the shares in Dana LNG Ventures Ltd. between Dana Gas, the Trustee, the Principal Security Agent and Dana LNG Ventures Ltd. dated the date of the Purchase Undertaking;

“Security Documents” means the Security Agreement, the UAE Share Pledges, the UAE Mortgage and the Egyptian Assignment Agreement;

“Security Interest” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof, any sale with recourse against the seller or any affiliate of the seller, or any agreement to give any security interest) securing any obligation of any Person;

“Security Provider” means each person granting Security in favour of a Security Agent pursuant to a Security Document and for the avoidance of doubt, includes without limitation, Dana Gas, United Gas Transmissions Company Limited, Sajaa Gas Private Limited Company and Dana Gas Egypt Ltd.;

“Subsidiary” means, with respect to any Person:

- (a) any corporation, association, partnership or other business entity of which 50 per cent. or more of the total voting rights of its Capital Stock is at the time owned or controlled directly by such Person, or by such Person and one or more Subsidiaries of such Person or by one or more Subsidiaries of such Person;
- (b) any partnership in which such Person or a Subsidiary of such Person is, at the time, a general partner; or
- (c) any other Person in which such Person, one or more Subsidiaries of such Person, or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof has:
 - (i) an ownership interest of 50 per cent. or more; or
 - (ii) the power to elect or direct the election of a majority of the directors, members of the Board of Directors or other governing body of such Person;

“UAE Gas Project Settlement Proceeds” means all cash proceeds received by Dana Gas or any of its subsidiaries, after deduction of all costs and expenses related thereto, from any resolution, judgment or award, whether in litigation, arbitration, mediation or otherwise, of the legal dispute related to the Gas Sales & Purchase Contract between Crescent Gas Corporation Limited and National Iranian Oil Company for the supply of gas to the UAE, in respect of which Dana Gas is entitled to proceeds as shareholder of Crescent Gas Corporation Limited;

“UAE Mortgage” means the mortgage over a plot of land located in Sharjah between Sajaa Gas Private Limited Company and the Local Security Agent dated the date of the Purchase Undertaking;

“UAE Security” means each of the UAE Share Pledges and the UAE Mortgage;

“UAE Share Pledges” means each of the SajGas Share Pledge and the UGTC Share Pledge;

“UGTC Share Pledge” means the share pledge granted by Dana Gas in respect of its shares in United Gas Transmissions Company Limited in favour of the Principal Security Agent on the date of the Purchase Undertaking; and

“Working Capital” means, on any date, Current Assets less Current Liabilities.

Declaration of Trust

The Declaration of Trust will be entered into by way of a deed on the Closing Date between Dana Gas, the Trustee and the Delegate and will be governed by English law.

Pursuant to the Declaration of Trust, the Trustee will declare a trust (the **“Trust”**) for the benefit of the Certificateholders over all of its rights, title, interest and benefit, present and future, in, to and under the *Wakala*

Assets and each of the Transaction Documents (other than in relation to any representations given to the Trustee by Dana Gas (acting in any capacity) pursuant to any of the Transaction Documents), including any proceeds received in connection with the enforcement of the Security, all moneys which may now be, or hereafter from time to time are, standing to the credit of the Transaction Account and all proceeds of the foregoing (together, the “**Trust Assets**”). All payments by any of Dana Gas (acting in any capacity) to the Trustee for the Certificateholders under each Transaction Document to which it is party will be deposited into an account of the Trustee in London maintained for such purpose (the “**Transaction Account**”).

Pursuant to the Declaration of Trust, the Trustee will, *inter alia*:

- (a) hold the Trust Assets on trust absolutely for the Certificateholders *pro rata* on an individual basis according to the face amount of Certificates held by each Certificateholder; and
- (b) act as trustee in respect of the Trust Assets, distribute the income deriving from the Trust Assets received by it and otherwise perform its obligations in accordance with the provisions of the Declaration of Trust and the Conditions.

In the Declaration of Trust, the Trustee shall by power of attorney granted irrevocably, unconditionally and by way of security for the performance of the covenants, obligations and duties of the Trustee to the Certificateholders under the Conditions and the Declaration of Trust appoint the Delegate to be its attorney and in its name, on its behalf and as its acts and deeds to:

- (a) execute and perfect all documents; and
- (b) exercise for the benefit of the Certificateholders and with power to sub-delegate, all of the present and future powers, trusts, authorities and discretions vested in the Trustee by the Declaration of Trust (including but not limited to the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Declaration of Trust),

that the Delegate may consider to be necessary or desirable in order to exercise all of the rights and powers of the Trustee under the Transaction Documents (provided that no obligations, duties or covenants of the Trustee pursuant to the Declaration or any other Transaction Document shall be imposed on the Delegate by virtue of such delegation) and make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Declaration of Trust (together the “**Delegation**” of the “**relevant powers**”), on the terms and subject to the conditions of the Declaration of Trust. The Delegation shall become effective, in respect of certain of the relevant powers, from the date of the Declaration of Trust and, in respect of all other relevant powers, immediately upon the occurrence of a Dissolution Event or a Potential Dissolution Event. This Delegation is made by the Trustee to the Delegate for the benefit of the Delegate and the Certificateholders and, subject to certain provisions of the Declaration of Trust, does not affect the Trustee’s continuing role and obligations as sole trustee.

The Declaration of Trust includes a number of provisions regulating (among other things) the respective rights of the holders of the Certificates in respect of, among other things, (i) the giving of consents and waivers in respect of, and the making of amendments to, the Transaction Documents and the Conditions; (ii) the rights of Certificateholders to accelerate the Certificates following the occurrence of a Dissolution Event; (iii) the rights of Certificateholders to take enforcement action in respect of Dana Gas’ obligations under the Purchase Undertaking and/or the Receivable Scheduling Agreement and/or the Security; and (iv) the manner in which proceeds of the Trust Assets and any proceeds of enforcement of the Security will be distributed.

The Declaration of Trust will provide that the obligations and liabilities of the Trustee and the Delegate under the Certificates and the Declaration of Trust are limited to the Trust Assets and the proceeds thereof. No payment of any amount whatsoever shall be made by the Trustee or any of its agents on its behalf except to the extent that, in the case of payments, funds are available therefore from the Trust Assets. Following the distribution of the proceeds of the Trust Assets to Certificateholders in accordance with the Conditions and the Agency Agreement, no Certificateholder shall be entitled to proceed directly against the Trustee, the Delegate or Dana Gas in respect of the Trust Assets to enforce the performance of any of the provisions of the Declaration of Trust or any other Transaction Document. Neither Dana Gas nor the Certificateholders shall take any action which would result in the winding up or insolvency of the Trustee.

In the Declaration of Trust, Dana Gas will undertake to each of the Trustee and the Delegate that if the Exercise Price or the Change of Control Exercise Price, as applicable, is not paid in accordance with the provisions of the Purchase Undertaking, the Deferred Amount is not paid in accordance with the provisions of the Receivable

Scheduling Agreement or the Total Loss Shortfall Amount is not paid in accordance with the provisions of the Servicing Agency Agreement, whether as a result of a dispute or challenge in relation to the right, title, interests, benefits and entitlements of the Trustee in, to and under the *Wakala* Assets or any of them, or for any other reason, Dana Gas shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee and the Delegate for the purpose of redemption in full of the outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal the aggregate of (i) the Deferred Amount, and (ii) as applicable the Exercise Price, Change of Control Exercise Price or the Total Loss Shortfall Amount less any amounts standing to the credit of the Transaction Account as of the date of such redemption (but before giving effect thereto).

Sale Undertaking

The Trustee will enter into the Sale Undertaking on the Closing Date in favour of Dana Gas, which will be governed by English Law.

Under the terms of the Sale Undertaking, Dana Gas has the right to require the Trustee to sell to Dana Gas all of the Trustee's rights, title, interests, benefits and other entitlements (if any) in and to some or all of the *Ijara* Assets (as the case may be) by delivering an Asset Exercise Notice specifying the relevant Tax Redemption Date or Optional Redemption Date, which shall be no later than twenty-eight (28) nor more than thirty-two (32) days after the date on which the Asset Exercise Notice is given. The consideration payable by Dana Gas upon exercise of the Sale Undertaking shall be an amount equal to the Exercise Price. An amount equal to the Service Charge Amount to be paid by Dana Gas as part of any Exercise Price and any Service Charge Amount to be paid by the Trustee in accordance with the Servicing Agency Agreement which has not been paid by way of payment of supplementary rental under the *Ijara* Agreement shall be set-off against one another.

Under the terms of the Sale Undertaking, Dana Gas also has the right, in the event of cancellation of Certificates by Dana Gas in accordance with the Declaration of Trust, to require the Trustee to transfer and convey all of the Trustee's rights, title, interests, benefits and other entitlements (if any) in and to some or all of the *Ijara* Assets (as the case may be) by delivering an Asset Redemption Notice no later than five (5) Business Days and no more than ten (10) Business Days prior to the proposed Asset Redemption Date. The consideration payable by Dana Gas upon such exercise of the Sale Undertaking shall be the delivery of the Certificates for cancellation, provided that, the aggregate value of the relevant *Ijara* Assets following the transfer and conveyance of such Redemption *Ijara* Assets or Cancellation *Ijara* Assets (as the case may be), as determined by reference to the relevant valuation criteria used in connection with the transfer of such assets pursuant to the Purchase Agreement, is no less than the Relevant Fraction of the *Ijara* Base Amount.

Following the payment of the Exercise Price or cancellation of the Certificates, the parties will enter into a Sale Agreement (which is governed by English law) to evidence the sale or transfer by the Trustee to Dana Gas of all of the Trustee's rights, title, interests, benefits and other entitlements in and to the relevant *Ijara* Assets. Such Sale Agreement will be governed by English law.

Substitution Undertaking

Under the terms of the Substitution Undertaking, Dana Gas has the right to require the Trustee to transfer, convey and deliver all of the Trustee's rights, title, interests, benefits and other entitlements in and to the Substituted *Ijara* Assets to Dana Gas in exchange for the grant by Dana Gas to the Trustee of the New *Ijara* Assets, on the condition that (i) the value of such New *Ijara* Assets is equal to or greater than the value of the Substituted *Ijara* Assets on the Substitution Date, (ii) the New *Ijara* Assets are not immoveable assets, and (iii) as of the date on which the substitution is to occur, the aggregate value of the *Ijara* Assets (including the Substituted *Ijara* Assets) is at least equal to the *Ijara* Base Amount, as determined by reference to the internal management valuation of such *Ijara* Assets conducted by Dana Gas.

The substitution of the New *Ijara* Assets for the Substituted *Ijara* Assets will become effective on the Substitution Date (as specified in the Substitution Notice to be delivered by Dana Gas in accordance with the Substitution Undertaking) by the Trustee and Dana Gas entering into a Substitution Transfer Agreement (which is governed by English law) in substantially the form scheduled to the Substitution Undertaking to effect the transfer of the Substituted *Ijara* Assets by the Trustee to Dana Gas, which is governed by English Law.

Agency Agreement

The Agency Agreement will be entered into on the Closing Date between the Trustee, the Delegate, the Principal Paying Agent and the other parties named therein and will be governed by English law.

Pursuant to the Agency Agreement, the Registrar has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to authenticate and deliver the Global Certificates and, if any, each Definitive Certificate; the Principal Paying Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to pay all sums due under such Global Certificates from the balance of the Transaction Account and to make the determinations and calculations as required by the Conditions; the Transfer Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to effect requests to transfer all or part of the Definitive Certificates and issue Definitive Certificates in accordance with each request.

On the Closing Date, the Registrar will (i) authenticate the Global Certificates in accordance with the terms of the Declaration of Trust; and (ii) deliver the Global Certificates to the Common Depositary.

The Trustee shall cause to be deposited into the Transaction Account opened in London by the Trustee with the Principal Paying Agent, in same day freely transferable, cleared funds, any payment which may be due under the Certificates in accordance with the Conditions.

The Principal Paying Agent agrees that it shall, on each Periodic Distribution Date and on any Redemption Date, apply the moneys standing to the credit of the Transaction Account in accordance with the order of priority set out in the Agency Agreement.

Security

To secure Dana Gas' payment obligations (acting in any capacity) under the Transaction Documents, Dana Gas and certain of its Subsidiaries will grant security (and in respect of the Egyptian Receivables, a contractual assignment agreement) in favour of the relevant Security Agent (being the Principal Security Agent or the Local Security Agent as applicable, each as defined in the Security Agency Agreement referred to below) for the benefit of the Trustee, the Delegate, the Certificateholders, the relevant Security Agent and any Receiver (such security being the "**Security**").

The Security will be created by way of the Security Documents (as defined below) and the obligations secured thereby (the "**Secured Obligations**") are all obligations and liabilities at any time due, owing or incurred by Dana Gas under the Transaction Documents, whether present or future, actual or contingent (and whether incurred by Dana Gas jointly or severally and whether as principal or surety or in some other capacity).

For the purposes of this section and the sections entitled "*Risk Factors – Risks Relating to the Security*", capitalised terms shall have the meaning given to them in the section above entitled "*– Purchase Undertaking*" and, in addition, the following defined terms shall have the following meanings:

"**Concession Agreements**" means:

- (a) the concession agreement for petroleum exploration and exploitation dated 3 May 1995 between The Arab Republic of Egypt, EGPC and Marathon Petroleum Egypt, Ltd. in El Manzala Area, Nile Delta, Arab Republic of Egypt (the "**El Manzala Concession Agreement**");
- (b) the concession agreement for gas and crude oil exploration and exploitation dated 29 June 2005 between The Arab Republic of Egypt, EGAS, Centurion Petroleum Corporation and CTIP Oil and Gas in West El Manzala Area, Nile Delta, Arab Republic of Egypt (the "**West El Manzala Concession Agreement**");
- (c) the concession agreement for gas and crude oil exploration and exploitation dated 29 June 2005 between The Arab Republic of Egypt, EGAS, Centurion Petroleum Corporation and CTIP Oil and Gas in West El Qantara Area, Nile Delta, Arab Republic of Egypt (the "**West El Qantara Concession Agreement**"); and
- (d) any other concession agreement entered into between Dana Gas, Dana LNG Ventures Ltd. or a subsidiary of Dana LNG Ventures Ltd, and the government of Egypt or a national oil company of Egypt.

"**Egyptian Receivables**" means any amounts which Dana Gas Egypt is entitled to receive as payment for gas sold to the relevant Gas Sales Counterparty under each Gas Sales Agreement.

"**Gas Sales Agreements**" means:

- (a) the gas sales letter of agreement dated 28 September 2002 between Dana Gas Egypt, EGAS and EGPC with respect to the South El Manzala development lease, pursuant to the El Manzala Concession Agreement;
- (b) the letter of agreement for the sale of gas dated 6 June 2001 between Dana Gas Egypt and EGPC with respect to El Wastani and East El Wastani Development Leases, pursuant to the El Manzala Concession Agreement;
- (c) the gas sales agreement dated 10 September 2005 between Dana Gas Egypt and EGPC with respect to El Wastani and East El Wastani Development Leases, pursuant to the El Manzala Concession Agreement;
- (d) the gas sales agreement dated 10 September 2005 between Dana Gas Egypt and EGPC with respect to the South El Manzala Development Lease, pursuant to the El Manzala Concession Agreement;
- (e) the gas sales agreement dated 18 June 2007 as amended from time to time between Dana Gas Egypt and EGAS with respect to the Luzi Development Lease, pursuant to the West El Manzala Concession Agreement; and
- (f) the gas sales agreement dated 14 July 2010 as amended from time to time between Dana Gas Egypt and EGAS with respect to Sama Development Lease, pursuant to the West El Qantara Concession Agreement,

and any current or future amendments thereto as well as any future petroleum or gas sales agreement(s) entered into or to be entered by Dana Gas Egypt for the sale of petroleum and/or gas pursuant to the Concession Agreements.

“Gas Sales Counterparty” means the relevant counterparty under a Gas Sales Agreement.

“Security Provider” means each person granting Security in favour of a Security Agent pursuant to a Security Document and for the avoidance of doubt, includes without limitation, Dana Gas, SajGas, and Dana Gas Egypt.

“Short Form Mortgage” means the short form agreement relating to the UAE Mortgage, which shall be in the form prescribed by the SLD.

The Security shall consist of the following:

- (a) a first ranking pledge in respect of 100 per cent. of the registered shares in Dana LNG Ventures (the **“Security Agreement”**);
- (b) a first ranking pledge in respect of 99.99 per cent. of the share capital of SajGas (the **“SajGas Share Pledge”**);
- (c) a first ranking pledge in respect of 99.99 per cent. of the share capital of UGTC (the **“UGTC Share Pledge”** and, together with the SajGas Share Pledge, the **“UAE Share Pledges”**);
- (d) a first ranking mortgage over a plot of land in Sharjah (the **“Sajaa Land”**) owned by SajGas (the **“UAE Mortgage”**) which shall be registered with the SLD pursuant to the Short Form Mortgage; and
- (e) a conditional assignment of all present and future receivables owing to Dana Gas Egypt under certain gas sale agreements between Dana Gas Egypt and the relevant counterparty under the gas sale agreement (the **“Egyptian Assignment Agreement”**),

in the case of paragraph (a) above, in favour of the Principal Security Agent, and in the case of paragraphs (b) to (e) above, in favour of the Local Security Agent.

For further details of the covenants provided by Dana Gas in relation to the Security, please see Condition 7 (Covenants).

There are certain risks relating to the registration, enforcement and realisation of the Security – see *“Risk Factors – Risks Relating to the Security”*.

Security Agency Agreement

The Security Agency Agreement will be entered into on the Closing Date between, among others, Dana Gas, the Trustee and the Security Agents and will be governed by English law. Pursuant to the Security Agency Agreement, each Security Agent shall hold the benefit of the security constituted by the Security Documents for the benefit of the Secured Parties, and such rights of the Trustee shall constitute part of the Trust Assets held on behalf of the Certificateholders.

TAXATION

The following is a general description of certain tax considerations relating to the Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Certificates. Prospective holders of Certificates should consult their tax advisers as to the consequences under the tax laws of the country of which they could be resident for any tax purposes and the tax laws of the UAE relating to acquiring, holding and disposing of Certificates and receiving payments of Relevant Redemption Amounts, Periodic Distribution Amounts and/or other amounts under the Certificates.

This summary is based upon laws, decrees, rulings, administrative practice and judicial decisions as in effect on the date of these Listing Particulars and is subject to any change in law that may take effect after such date and which could have retroactive effect.

Cayman Islands

Under existing Cayman Islands laws payments on the Certificates will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of Certificates nor will gains derived from the disposal of Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax.

The Trustee has applied for, and expects to obtain, an undertaking from the Governor in Cabinet of the Cayman Islands, pursuant to the Tax Concessions Law (as amended) of the Cayman Islands, that for a period of 20 years from the date of grant of that undertaking no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Trustee or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which includes the Certificates) of the Trustee or by way of the withholding in whole or part of any relevant payment. However, an instrument transferring title to any Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty.

No capital or stamp duties are levied in the Cayman Islands on the issue or redemption of Certificates. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.\$854 (this may be increased from time to time by the Cayman Islands Government). The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

United States Federal Income Taxation

The following discussion is a summary of material U.S. federal income tax consequences of the ownership and disposition of the Certificates by a U.S. Holder (as defined below) who acquires the Certificates at the time of their original issuance, but does not purport to be a complete analysis of all potential tax effects. This discussion is limited to consequences relevant to a U.S. Holder, and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or foreign tax laws. This summary is based upon the U.S. Internal Revenue Code of 1986, as amended (the “Code”), Treasury regulations issued thereunder, and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. No rulings from the IRS have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of ownership or disposition of the Certificates or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder’s particular circumstances or to holders subject to special treatment under the U.S. federal income tax laws, such as financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax-exempt organisations, regulated investment companies, real estate investment trusts, partnerships or other pass through entities (or investors in such entities), persons liable for alternative minimum tax or the Medicare tax on certain net investment income, persons holding the Certificates as part of a “straddle”, “hedge”, “conversion transaction” or other integrated transaction, and persons subject to special tax accounting rules as a result of any item of gross income with respect to the Certificates being taken into account in an applicable financial statement.

For purposes of this discussion, a “**U.S. Holder**” is a beneficial owner of a Certificate that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity taxable as a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia; (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person. If any entity treated as a partnership for U.S. federal income tax purposes holds the Certificates, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A holder that is a partnership, and partners in such partnerships, should consult their tax advisers regarding the tax consequences of the ownership and disposition of the Certificates.

Prospective purchasers of the Certificates should consult their tax advisers concerning the tax consequences of holding the Certificates in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of U.S. federal estate and gift tax laws and state, local, foreign or other tax laws.

Classification of the Certificates

The determination of whether an obligation or other security represents debt, equity or some other instrument or interest for U.S. federal income tax purposes is based on all the relevant facts and circumstances. It is not clear whether the Certificates should be treated as debt or equity, and if treated as debt, whether they are debt of Dana Gas or debt of the Trustee. Other alternative characterisations may also be possible. For example, the arrangement under which the Trustee issues the Certificates could be treated as a grantor trust for U.S. federal income tax purposes and the Certificates could be treated as interests in a grantor trust. Unless as otherwise indicated, this disclosure assumes the Certificates will be treated as representing the debt of Dana Gas. However, the analysis is subject to significant ambiguity and the IRS may apply a different treatment. No ruling will be sought from the IRS regarding this or any other aspect of the tax treatment of the Certificates. If the Certificates were not treated as debt of Dana Gas, U.S. Holders will likely be subject to tax consequences that are materially different from the consequences described below. For example, if the Certificates are treated as interest in a grantor trust, U.S. Holders would be subject to certain information reporting applicable to foreign trusts and U.S. Holders that fail to comply with these information reporting requirements in a timely manner could be subject to significant penalties. See “*Information Reporting and Backup Withholding – Tax filing obligations*” below.

U.S. Holders are strongly urged to consult their tax advisers regarding the characterisation of the Certificates for U.S. federal income tax purposes.

Treatment of the Certificates

Taxation of Periodic Distribution Amounts and Additional Amounts

Payments of Periodic Distribution Amounts in respect of the Certificates (including any non-U.S. tax withheld on such payments and any additional amounts as described under “*Terms and Conditions of the Certificates – Taxation*”) that constitute “qualified stated interest” generally will be taxable to a U.S. Holder as ordinary income at the time that such payments are received or accrued, in accordance with such U.S. Holder’s method of accounting for U.S. federal income tax purposes. Qualified stated interest generally means stated interest that is unconditionally payable in cash or in property at least annually at a single fixed rate. The Periodic Distribution Amounts with respect to the Certificates should constitute qualified stated interest up to a Profit Rate of 4%.

Original Issue Discount

The Certificates may be issued with original issue discount (“**OID**”) for U.S. federal income tax purposes. In such event, U.S. Holders will be subject to special rules relating to the accrual of income for tax purposes. U.S. Holders of Certificates issued with OID generally must include OID in gross income (as ordinary income) for U.S. federal income tax purposes on an annual basis under a constant yield accrual method, regardless of their regular method of tax accounting. As a result, U.S. Holders of Certificates issued with OID will generally include OID in income in advance of the receipt of cash attributable to such income.

The Certificates will be treated as issued with OID if the stated redemption price at maturity of the Certificates exceeds their issue price (described below) by an amount equal to or greater than a statutorily defined *de minimis* amount (0.0025 of the stated face amount multiplied by the number of complete years to maturity from the “issue

date”). Stated redemption price at maturity of the Certificates for this purpose should be determined taking into account certain assumptions as of the Profit Rate Reset Date, further described below. The issue price of the Certificates will generally depend on whether the Certificates, when they are issued, are “publicly traded” within the meaning of the applicable U.S. Treasury Regulations. So long as there is any sale price or a firm or indicative quote available during a thirty-one (31) day period ending fifteen (15) days after the issue date, the Certificates will be treated as publicly traded within the meaning of the applicable U.S. Treasury Regulations, and the issue price of the Certificates will be based on their fair market value.

In the event that the Certificates are issued with OID, the amount of OID includible in income by a U.S. Holder is the sum of the “daily portions” of OID with respect to the Certificate for each day during the taxable year or portion thereof on which such U.S. Holder holds such Certificate (“accrued OID”). A daily portion is determined by allocating to each day in any “accrual period” a *pro rata* portion of the OID that accrued in such period. The “accrual period” of a Certificate may be of any length up to one year and may vary in length over the term of the Certificate, provided that each scheduled payment of Redemption Amount or Periodic Distribution Amount occurs either on the first or last day of an accrual period. The amount of OID that accrues with respect to any accrual period is the excess of (i) the product of the Certificate’s “adjusted issue price” at the beginning of such accrual period and its yield to maturity, determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of such period, over (ii) the amount of qualified stated interest allocable to such accrual period. The adjusted issue price of a Certificate at the start of any accrual period is generally equal to its issue price, increased by the accrued OID for each prior accrual period.

In determining the amount and accrual of OID, the applicable Treasury Regulations require the Trustee and each U.S. Holder to assume that the Trustee will redeem the Certificates on the Profit Rate Reset Date only if doing so would minimize the yield of the Certificates (which will depend on the issue price of the Certificates for U.S. federal income tax purposes). This assumption is made solely for such U.S. federal income tax purposes and does not constitute a representation regarding the elections the Trustee will make. If the Certificates are in fact redeemed (or not redeemed) contrary to the assumption, then solely for the purposes of determining the amount and accrual of OID: either (1) if the Trustee were assumed to have not redeemed the Certificates but in fact redeem the Certificates, the Trustee will be deemed to have made a *pro rata* prepayment (within the meaning of the applicable Treasury Regulations) to the extent of such cash payment, which should be treated as a payment in retirement of a portion of the Certificates and may result in gain or loss to the U.S. Holder; or (2) if the Certificates were assumed to have been redeemed but in fact are not, the Certificates will be treated as retired and reissued on the date of the change in circumstances for an amount equal to their adjusted issue price and the yield to maturity on the Certificates will be redetermined taking into account such change in circumstances.

If a U.S. Holder has an acquisition premium (i.e., if such holder’s adjusted tax basis is higher than the issue price but lower than the stated redemption price of the Certificate immediately after the acquisition), such holder may reduce the accrual of OID on the Certificate. If a U.S. Holder has a bond premium (i.e., if such holder’s adjusted tax basis is higher than the stated redemption price of the Certificate immediately after the acquisition), such holder will not be required to accrue any OID, and may be able to amortise such premium over the term of the Certificate, subject to certain limitations.

A U.S. Holder may be treated as having market discount on the Certificate to the extent the adjusted tax basis in the Certificates is less than their issue price after the acquisition by more than a *de minimis* amount. A U.S. Holder may elect to accrue such market discount currently; otherwise, any gain attributable to accrued market discount may be treated as ordinary income when recognised.

Foreign Tax Credit

Periodic Distribution Amounts and OID, if any, on a Certificate generally will constitute foreign source income and be considered passive category income in computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws. Any non-U.S. withholding tax paid by or on behalf of a U.S. Holder at a rate applicable to such holder may be eligible for foreign tax credits (or, at such holder’s election, a deduction in lieu of such credits) for U.S. federal income tax purposes, subject to applicable limitations (including holding period and at risk rules). The calculation of foreign tax credits involves the application of complex rules that depend on a U.S. Holder’s particular circumstances. U.S. Holders should consult their tax advisers regarding the availability of foreign tax credits.

Sale, Redemption, Retirement or other Taxable Disposition

Generally, upon the sale, redemption, retirement or other taxable disposition of a Certificate (including any deemed *pro rata* prepayment), a U.S. Holder will recognise taxable gain or loss equal to the difference between

the amount realised on the disposition (less any amount attributable to accrued but unpaid qualified stated interest not previously included in income, which will be taxable as described above) and such U.S. Holder's adjusted tax basis in the Certificate.

A U.S. Holder's tax basis in a Certificate will generally be such holder's initial tax basis in the Certificates and increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Certificates, and decreased by any amortised bond premium, payments other than qualified stated interest, and payments treated as a pro rata prepayment as described above.

Gain or loss recognised upon the sale, redemption, retirement or other taxable disposition of a Certificate (i) generally will be U.S. source gain or loss and (ii) generally will be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, redemption, retirement or other disposition such U.S. Holder's holding period for U.S. federal income tax purposes with respect to the Certificate was more than one year, except to the extent of any market discount carried over to the Certificate and any accrued market discount accrued on the Certificate. Long-term capital gain realised by a non-corporate U.S. Holder will generally be subject to taxation at a reduced rate. The deductibility of capital losses is subject to limitation.

A U.S. Holder receiving a pro rata prepayment as described above will be required to treat each Certificate that it holds as consisting of two debt instruments, one that is prepaid and retired and one that remains outstanding, and must allocate the adjusted issue price, adjusted basis and accrued but unpaid OID on each such Certificate immediately prior to the cash payment proportionally between these two debt instruments.

Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale, redemption or other taxable disposition of the Certificates.

Information Reporting and Backup Withholding

Certain information reporting requirements with respect to foreign financial assets

Certain U.S. Holders who are individuals are required to file IRS Form 8938 (Statement of Foreign Financial Assets) to report information relating to an interest in the Certificates, subject to certain exceptions (including an exception for the Certificates held in accounts maintained by certain financial institutions). Under certain circumstances, an entity may be treated as an individual for purposes of the foregoing rules. U.S. Holders should consult their tax advisers regarding the effect, if any, of this legislation on their ownership and disposition of the Certificates. Penalties may apply for failure to properly complete and file IRS Form 8938.

Backup withholding and related information reporting requirements

In general, payments of Periodic Distribution Amounts, including accruals of OID, if any, and the proceeds from sales or other dispositions (including retirements or redemptions) of the Certificates held by a U.S. Holder may be required to be reported to the IRS unless the U.S. Holder is an exempt recipient and, when required, demonstrates this fact. In addition, a U.S. Holder that is not an exempt recipient may be subject to backup withholding unless it provides a taxpayer identification number and otherwise complies with applicable certification requirements.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the appropriate information is timely furnished to the IRS.

Tax filing obligations

As discussed above under "Overview – Classification of the Certificates", the IRS may seek to characterise the Certificates as interests in a grantor trust for U.S. federal income tax purposes. Under this characterisation, U.S. Holders would be treated as owning an undivided interest in the Trust Assets and the Trustee and U.S. Holders would be subject to certain information reporting applicable to foreign trusts. U.S. Holders that fail to comply with these information reporting requirements in a timely manner could be subject to significant penalties, including a penalty of up to 35 per cent. of the amount paid for a Certificate and 35 per cent. of distributions received from the Trustee. Moreover, a U.S. Holder that fails to file the appropriate information return within ninety (90) days after the date on which the IRS mails notice of such failure to the holder may be liable for a penalty (in addition to the penalty described in the preceding sentence) of U.S.\$10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period. A U.S. Holder could also be liable for penalties equal to 5 per cent. of the gross value of the portion of the trust owned by a U.S. Holder at the close of the year, if the Trustee failed to file a U.S. annual information return and provide each U.S.

Holder with a foreign grantor trust owner statement. Similar penalties would be applicable to the Trustee for failure to comply. The Trustee does not expect that it will provide information that would allow either itself or U.S. Holders to comply with foreign trust reporting obligations if they were determined to be applicable. U.S. Holders should consult their own tax advisers as to the potential application of the foreign trust reporting rules and the tax consequences generally with respect to potentially being treated as owning an undivided interest in the Trust Assets.

UAE Taxation

There is currently in force in many Emirates, such as in the Emirates of Sharjah, Abu Dhabi and Dubai legislation establishing a general corporate taxation regime (the Sharjah Income Tax Act of 1968 (as amended), the Abu Dhabi Income Tax Decree 1965 (as amended) and the Dubai Income Tax Decree 1969 (as amended)). The regime is however not enforced save in respect of companies active in the hydrocarbon industry and some related service industries. Branches of foreign banks operating in the UAE are also taxed under specific regulations at the Emirates level. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE, Sharjah, Abu Dhabi or Dubai taxation in respect of payments of profit or principal on debt securities (including of Periodic Distribution Amounts and Redemption Amount due under the Certificates).

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to raise taxes on a federal basis for the purpose of funding its budget. It is not certain whether this right will be exercised in the future, and how any future Federal tax laws will interact with the laws already existing in the individual Emirates.

The UAE has entered into double taxation arrangements with a number of countries.

On 1 January 2018, the UAE Government implemented value added tax. Supplies of goods and services which are subject to VAT in the UAE are taxed at the standard rate of 5 per cent., unless specifically exempt or zero rated.

CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in or re-interpretation of the rules, regulations and procedures of Euroclear or Clearstream (the “Clearing Systems”) currently in effect. The information in this section concerning such Clearing Systems has been obtained from sources that the Trustee and Dana Gas believe to be reliable, but neither the Trustee nor Dana Gas takes any responsibility for the accuracy of this section. The Trustee and Dana Gas only take responsibility for the correct extraction and reproduction of the information in this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Trustee and Dana Gas and any other party to the Transaction Documents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Certificates held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Clearing systems

Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either Clearing System.

Registration and form

Book-entry interests in the Unrestricted Certificates will be represented by Unrestricted Global Certificates and book-entry interests in the Restricted Certificates will be represented by Restricted Global Certificates, in each case, registered in the name of a common depository or its nominee for Euroclear and Clearstream. Beneficial ownership of book-entry interests in the Global Certificates will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream.

The aggregate holdings of book-entry interests in the relevant Global Certificate in Euroclear and Clearstream will be reflected in the book-entry accounts of each such institution. Euroclear or Clearstream, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Global Certificate will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the relevant Global Certificate. The Registrar will be responsible for maintaining a record of the aggregate holdings of each Global Certificate registered in the name of a common depository or its nominee for Euroclear and Clearstream and/or, if Definitive Certificates are issued in the limited circumstances described under the Global Certificate, holders of Certificates represented by those Definitive Certificates. The Principal Paying Agent will be responsible for ensuring that payments received by it from the Trustee for holders of book-entry interests in the Global Certificate holding through Euroclear and Clearstream are credited to Euroclear or Clearstream, as the case may be.

The Trustee will not impose any fees in respect of holding the Global Certificates; however, holders of book-entry interests in the Global Certificate may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear or Clearstream.

Clearance and Settlement Procedures

Initial Settlement

Upon their original issue, the Certificates will be in global form represented by Unrestricted Global Certificates and Restricted Global Certificates. Interests in the Global Certificates will be in uncertified book-entry form. Book entry interests in the Global Certificate held through Euroclear and Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Global Certificates will

be credited to Euroclear and Clearstream participants' securities clearance accounts on the Closing Date against payment (for value on the Closing Date).

Secondary market trading

Because the purchaser determines the place of delivery, it is important to establish at the time of trading of any Certificates where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Trading between Euroclear and/or Clearstream participants

Secondary market trading between Euroclear participants and/or Clearstream participants will be settled using the procedures applicable to conventional Eurobonds in same-day funds. The laws of some jurisdictions, including certain states of the United States, may require that certain persons take physical delivery of securities in definitive form. The foregoing limitations may impair investors' ability to own, or transfer or pledge to such persons, interests in a Global Certificate.

Beneficial interests in the Global Certificates will be subject to certain restrictions on transfer set out therein and in the Agency Agreement, and such Global Certificates will bear the applicable legends regarding such restrictions set out under "*Transfer Restrictions*". A beneficial interest in an Unrestricted Global Certificate may be transferred to a person who takes delivery in the form of an interest in a Restricted Global Certificate only upon receipt by the relevant Registrar of a written certification (in the form provided in the Agency Agreement) to the effect that the transferor reasonably believes that the transferee is a person who is both a QIB and an AI, that such transfer is made in reliance on a transaction exempt from, or not subject to, the registration requirements, as the case may be, and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in a Restricted Global Certificate may be transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate only upon receipt by the relevant Registrar of a written certification (in the form provided in the Agency Agreement) from the transferor to the effect that the transferee is or is reasonably believed to be located outside the United States and such transfer is being made to a non-U.S. person within the meaning of, and in accordance with, Regulation S.

Any beneficial interest in an Unrestricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Restricted Global Certificate will, upon transfer, cease to be an interest in the relevant Unrestricted Global Certificate and become an interest in the relevant Restricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Restricted Global Certificates for as long as it remains such an interest. Any beneficial interest in a Restricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate will, upon transfer, cease to be an interest in the relevant Restricted Global Certificate and become an interest in the relevant Unrestricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Unrestricted Global Certificates for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Certificates, but the relevant Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

In connection with transfers involving an exchange of a beneficial interest in an Unrestricted Global Certificate for a beneficial interest in a Restricted Global Certificate, appropriate adjustments will be made to reflect a decrease in the face amount of the Unrestricted Global Certificate and a corresponding increase in the face amount of the Restricted Global Certificate and vice versa.

General

Neither of Euroclear and Clearstream is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

None of the Trustee, Dana Gas, the Delegate or any of their Agents will have any responsibility for the performance by Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

TRANSFER RESTRICTIONS

As a result of the restrictions set out below, purchasers of Restricted Certificates are advised to consult appropriately qualified legal counsel prior to making any offer, resale, pledge or transfer of Restricted Certificates.

Restricted Certificates

Each prospective purchaser of Restricted Certificates, by accepting delivery of these Listing Particulars, will be deemed to have represented, agreed and acknowledged that:

- (a) It is (a) (A) a QIB or (B) an AI, (b) acquiring such Restricted Certificates for its own account, or for the account of a QIB or an AI, as the case may be, (c) not formed for the purpose of investing in the Certificates and (d) aware, and each beneficial owner of such Restricted Certificates has been advised, that the sale of such Restricted Certificates to it is being made in reliance on Rule 144A or Regulation D under the Securities Act, as the case may be.
- (b) It understands that the Restricted Certificates have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred (prior to the date that is one year after the later of the date of the original issue of the Restricted Certificates or the last date on which the Trustee is the owner of such notes (or any predecessor thereto) except (a) to the Trustee or any subsidiary thereof, (b) in accordance with Regulation D under the Securities Act or another exemption from the registration requirements of the Securities Act to a person that it and any person acting on its behalf reasonably believes is an AI (c) pursuant to a registration statement that has been declared effective under the Securities Act, (d) in accordance with Rule 144A to a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (e) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (f) pursuant to any other exemption from, or in a transaction not subject to, registration under the Securities Act, in each case in accordance with any applicable securities laws of any State of the United States.
- (c) It understands that such Restricted Certificates, unless the Trustee determines otherwise in compliance with applicable law, will bear a legend (the “**Rule 144A Legend**”) substantially to the following effect:

“THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO THE TRUSTEE OR ANY SUBSIDIARY THEREOF, (2) IN ACCORDANCE WITH REGULATION D UNDER THE SECURITIES ACT OR ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT TO A PERSON THAT IT AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS AN AI (3) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (4) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A “**QIB**”) TO WHOM NOTICE IS GIVEN THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (5) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (5) PURSUANT TO ANY OTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144, IF AVAILABLE, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS CERTIFICATE.

BY ACCEPTING THIS CERTIFICATE (OR AN INTEREST IN THE CERTIFICATES REPRESENTED HEREBY), EACH BENEFICIAL OWNER HEREOF IS DEEMED TO REPRESENT AND WARRANT (I) EITHER (A) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS CERTIFICATE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT ACTING ON

BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS CERTIFICATE OR AN INTEREST HEREIN WILL NOT BE ACTING ON BEHALF OF) AN EMPLOYEE BENEFIT PLAN, AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”), THAT IS SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (“**CODE**”) APPLIES, OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE “PLAN ASSETS” BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN’S INVESTMENT IN SUCH ENTITY (EACH, A “**BENEFIT PLAN INVESTOR**”), OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR THE PROHIBITED TRANSACTION PROVISIONS OF ERISA AND/OR SECTION 4975 OF THE CODE (“**SIMILAR LAWS**”), AND NO PART OF THE ASSETS BEING USED BY IT TO ACQUIRE OR HOLD SUCH CERTIFICATE OR ANY INTEREST HEREIN CONSTITUTES THE ASSETS OF ANY SUCH BENEFIT PLAN INVESTOR OR SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) THE ACQUISITION, HOLDING AND DISPOSITION OF THIS CERTIFICATE OR AN INTEREST HEREIN DOES NOT AND WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF ANY SIMILAR LAWS); AND (II) IT WILL NOT SELL OR OTHERWISE TRANSFER THIS CERTIFICATE OR ANY INTEREST HEREIN OTHERWISE THAN TO AN ACQUIRER OR TRANSFEREE THAT IS DEEMED TO REPRESENT AND AGREE WITH RESPECT TO ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS CERTIFICATE TO THE SAME EFFECT AS THE ACQUIRER’S REPRESENTATION AND AGREEMENT SET FORTH IN THIS SENTENCE.

IF THE HOLDER IS A BENEFIT PLAN INVESTOR, AT ANY TIME WHEN REGULATION 29 C.F.R. SECTION 2510.3-21, AS MODIFIED IN 2016, IS APPLICABLE, THE HOLDER WILL BE DEEMED TO REPRESENT THAT NONE OF THE COMPANY OR THE TRUSTEE OR ANY OF THEIR RESPECTIVE AFFILIATES (EACH, A “**TRANSACTION PARTY**”, AND COLLECTIVELY, THE “**TRANSACTION PARTIES**”) HAS PROVIDED OR WILL PROVIDE ADVICE WITH RESPECT TO THE ACQUISITION OF THE CERTIFICATES BY THE BENEFIT PLAN INVESTOR, OTHER THAN TO THE BENEFIT PLAN INVESTOR FIDUCIARY WHICH IS INDEPENDENT OF THE TRANSACTION PARTIES AND THE BENEFIT PLAN FIDUCIARY MAKING THE DECISION TO INVEST IN THE CERTIFICATES ON THE HOLDER’S BEHALF WILL BE REQUIRED OR DEEMED TO REPRESENT AND WARRANT THAT IT (A) IS A BANK, INSURANCE CARRIER, REGISTERED INVESTMENT ADVISER, BROKER-DEALER OR OTHER PERSON WITH FINANCIAL EXPERTISE, IN EACH CASE AS DESCRIBED IN 29 C.F.R. SECTION 2510.3-21(C)(1)(I); (B) IS AN INDEPENDENT PLAN FIDUCIARY WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-21; (C) IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH REGARD TO PARTICULAR TRANSACTIONS AND INVESTMENT STRATEGIES; (D) IS RESPONSIBLE FOR EXERCISING INDEPENDENT JUDGMENT IN EVALUATING THE TRANSACTION AND (E) IT IS NOT PAYING ANY FEE OR OTHER COMPENSATION TO A TRANSACTION PARTY FOR INVESTMENT ADVICE (AS OPPOSED TO OTHER SERVICES) IN CONNECTION WITH THE TRANSACTION. IN ADDITION, SUCH FIDUCIARY WILL BE REQUIRED OR DEEMED TO ACKNOWLEDGE AND AGREE THAT IT (I) HAS BEEN INFORMED (AND IT IS HEREBY EXPRESSLY CONFIRMED) THAT NONE OF THE TRANSACTION PARTIES, OR OTHER PERSONS THAT PROVIDE MARKETING SERVICES, NOR ANY OF THEIR AFFILIATES, HAS PROVIDED, AND NONE OF THEM WILL PROVIDE, IMPARTIAL INVESTMENT ADVICE AND THEY ARE NOT GIVING ANY ADVICE IN A FIDUCIARY CAPACITY, IN CONNECTION WITH THE INVESTOR’S ACQUISITION OF CERTIFICATES AND (II) HAS RECEIVED AND UNDERSTANDS THE DISCLOSURE OF THE EXISTENCE AND NATURE OF THE FINANCIAL INTERESTS CONTAINED IN THE LISTING PARTICULARS AND RELATED MATERIALS. NOTWITHSTANDING THE FOREGOING, ANY BENEFIT PLAN INVESTOR WHICH IS AN INDIVIDUAL RETIREMENT ACCOUNT THAT IS NOT REPRESENTED BY AN INDEPENDENT FIDUCIARY SHALL NOT BE DEEMED TO HAVE MADE THE REPRESENTATION IN CLAUSE (A) ABOVE WITH RESPECT TO A “PERSON WITH FINANCIAL EXPERTISE.” “BENEFIT PLAN INVESTOR” MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA, AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3)

OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE “PLAN ASSETS” BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN’S OR PLAN’S INVESTMENT IN THE ENTITY.

NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE TRUSTEE OR ANY INTERMEDIARY, THE TRUSTEE HAS THE RIGHT UNDER THE CONDITIONS AND THE CERTIFICATES TO COMPEL ANY BENEFICIAL OWNER THAT IS NOT: (I) A QUALIFIED INSTITUTIONAL BUYER; OR (II) AN ACCREDITED INVESTOR, AND THAT HAS NOT ACQUIRED ITS INTEREST IN ACCORDANCE WITH THE TERMS OF THE AGENCY AGREEMENT, THE CONDITIONS AND THE CERTIFICATES TO SELL ITS INTEREST IN THE CERTIFICATE OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNERS. THE TRUSTEE HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF AN INTEREST IN THE CERTIFICATE TO A PERSON WHO IS NOT: (I) A QUALIFIED INSTITUTIONAL BUYER; OR (II) AN ACCREDITED INVESTOR, AND IS NOT A NON-U.S. PERSON (WITHIN THE MEANING OF REGULATION S) PROPOSING TO ACQUIRE AN INTEREST IN THE CERTIFICATES IN RELIANCE ON REGULATION S.”.

- (d) It understands that the Trustee, the Registrar and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Certificates for the account of one or more QIBs or AIs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (e) It understands that the Restricted Certificates will be evidenced by a Restricted Global Certificate. Before any interest in the Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
- (f) It understands that it is, and each subsequent holder of the Restricted Certificates will be, required to notify any purchaser of the Restricted Certificates from it of the resale restrictions on the Restricted Certificates.

Prospective purchasers are hereby notified that sellers of the Certificates may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A or other applicable exemptions.

Unrestricted Certificates

Each purchaser of Unrestricted Certificates outside the United States pursuant to Regulation S and each subsequent purchaser of such Unrestricted Certificates in resales prior to the expiration of the distribution compliance period, by accepting delivery of these Listing Particulars and the Unrestricted Certificates, will be deemed to have represented, agreed and acknowledged that:

- (a) It is, or at the time Unrestricted Certificates are purchased will be, the beneficial owner of such Unrestricted Certificates and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Trustee or a person acting on behalf of such an affiliate.
- (b) It understands that such Unrestricted Certificates have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Unrestricted Certificates except except (a) to the Trustee or any subsidiary thereof, (b) in accordance with Regulation D under the Securities Act or another exemption from the registration requirements of the Securities Act to a person that it and any person acting on its behalf reasonably believes is an AI (c) pursuant to a registration statement that has been declared effective under the Securities Act, (d) in accordance with Rule 144A to a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (e) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (f) pursuant to any other exemption from, or in a

transaction not subject to, registration under the Securities Act, in each case in accordance with any applicable securities laws of any State of the United States.

- (c) It understands that the Unrestricted Certificates, unless otherwise determined by the Trustee in accordance with applicable law, will bear a legend in or substantially in the following form:

“THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT”.

- (d) The Trustee, the Registrar and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Unrestricted Certificates as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.
- (e) It understands that the Unrestricted Certificates offered in reliance on Regulation S will be represented by the Unrestricted Global Certificate. Prior to the expiration of the distribution compliance period, before any interest in the Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate, it will be required to provide the Registrar with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

GENERAL INFORMATION

- Application has been made to Euronext Dublin for the approval of this document as Listing Particulars. Application has been made to Euronext Dublin for the Certificates to be admitted to the Official List and trading on the Global Exchange Market, which is the exchange-regulated market of Euronext Dublin. There can be no assurance that any such application will be successful or that any such listing will be granted or maintained. The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EU. The Bank of New York Mellon SA/NV, Dublin Branch is acting solely in its capacity as listing agent for the Trustee in connection with the notes and is not itself seeking admission of the Certificates to trading on the Main Securities Market or the Global Exchange Market of Euronext Dublin. Transactions will normally be effected for settlement in U.S. dollars and for delivery on the fifth working day after the day of the transaction.
- The issue of the Certificates has been duly authorised by a resolution of the board of directors of the Trustee on [●] 2018. The issue of the Certificates was duly authorised by an extraordinary resolution of the shareholders of Dana Gas on [●] 2018, passed at a duly convened Extraordinary General Meeting of shareholders at which a representative of the SCA was present and in respect of which the SCA had approved the holding of the meeting and publication of the notice of meeting. The entry into by Dana Gas of the Transaction Documents to which it is a party was duly authorised by a resolution of the board of directors of Dana Gas on [●] 2018. Each of the Trustee and Dana Gas has obtained all necessary consents, approvals and authorisations in connection with the issuance of the Certificates and entry into of the Transaction Documents to which each is a party.
- The Certificates have been accepted for clearance through Euroclear and Clearstream. The ISINs and Common Codes for the Certificates are as follows:

Restricted Certificates:	ISIN	[●]
	Common Code	[●]
Unrestricted Certificates:	ISIN	[●]
	Common Code	[●]
- Except as disclosed in these Listing Particulars, since 31 December 2017 (the last day of the financial period in respect of which the most recent audited financial statements of Dana Gas have been prepared), there has been no significant change in the financial or trading position of Dana Gas or the Group and no material adverse change in the prospects of Dana Gas or the Group and no significant change in the financial or trading position of Dana Gas or the Group since 31 March 2018 (the last day of the financial period in respect of which financial statements of Dana Gas have been prepared).
- Except as disclosed in these Listing Particulars, Dana Gas is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Dana Gas is aware) during the 12 months preceding the date of these Listing Particulars which may have or have had in the recent past significant effects on the financial position or profitability of Dana Gas.
- The Trustee is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee is aware) during the 12 months preceding the date of these Listing Particulars which may have or have had in the recent past significant effects on the financial position or profitability of the Trustee.
- The Trustee has no subsidiaries.
- So long as any of the Certificates remain outstanding, physical copies of the following documents will be available in English for inspection and/or collection free of charge, during normal business hours on any weekday (excluding public holidays) from the registered office of the Trustee and from the specified office of the Principal Paying Agent:
 - (a) the constitutional documents of the Trustee and Dana Gas;
 - (b) the three years' most recently publicly available audited financial statements of Dana Gas beginning with the financial statements for the year ended 31 December 2015, and the respective auditors' report thereon; and

(c) the pronouncement issued by Dar Al Sharia Legal & Financial Consultancy.

Prospective Certificateholders should not rely on the pronouncement referred to above in deciding whether to make an investment in the Certificates and should consult their own *Shari'ah* advisers as to whether the proposed transaction described in the pronouncement referred to above is in compliance with *Shari'ah* principles.

These Listing Particulars have been published on the website of Euronext Dublin at <http://www.ise.ie>.

- Where information in these Listing Particulars has been sourced from third parties this information has been accurately reproduced and as far as Dana Gas and the Trustee are aware and are able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.
- For so long as the Certificates are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market, an extract of the GCA Report will be made available for inspection at: <http://www.danagas.com/en-us/Investors/Gaffney,Cline%20Reserves%20Report%20Extract.pdf>
- Dana Gas' audited consolidated financial statements for each of the financial years ended 31 December 2015, 31 December 2016 and 31 December 2017 included in these Listing Particulars have been audited by Ernst & Young, independent auditors, as stated in their report appearing herein.

The current address of Ernst & Young is P.O. Box 1350, Sharjah. Ernst & Young is an audit firm registered with the Financial Reporting Council in the United Kingdom as a third country audit entity.

GLOSSARY

Abu Dhabi	The Emirate of Abu Dhabi.
Ajman	The Emirate of Ajman.
bbl	Barrels.
bbld	Barrels per day.
Bcf	Billion cubic feet.
billion	A thousand million.
boe	Barrel of oil equivalent.
boed	Barrels of oil equivalent per day.
BVI	British Virgin Islands.
Centurion	Dana LNG Ventures Ltd. together with its subsidiaries.
Centurion Energy	Centurion Energy International Inc.
CGCL	Crescent Gas Corporation Limited, a limited liability company incorporated under the laws of the Emirate of Sharjah and the UAE.
CNGCL	Crescent National Gas Corporation Limited, a limited liability company incorporated under the laws of the Emirate of Sharjah and the UAE.
Concession	A legal agreement by a government to permit a company to explore, drill and produce hydrocarbons within a strictly defined geographic area. The concession provides for some type of royalty or production sharing if petroleum is produced.
Condensate	Liquid hydrocarbons of very light crude oil composition that occur as a gas under subsurface reservoir conditions.
Crescent	Crescent Petroleum Company International Limited.
Dana Gas	Dana Gas PJSC, a public joint stock company incorporated under the laws of the UAE.
Dana Gas Egypt	Dana Gas Egypt Ltd., a limited liability company incorporated under the laws of Barbados.
Downstream	The sale and end-use of natural gas by the petrochemical, industrial and power sectors.
Dubai	The Emirate of Dubai.
EBGDCo	Egyptian Bahraini Gas Derivative Company S.A.E., a <i>Société Anonyme Égyptienne</i> incorporated under the laws of Egypt.
EGAS	Egyptian Natural Gas Holding Company.
EGPC	Egyptian General Petroleum Company.
Egypt	The Arab Republic of Egypt.
Emarat	Emirates General Petroleum Corporation.
Exploration Block	A defined area within an exploration lease.
Exploration Lease	A legal agreement by a government to permit a company to explore for oil and gas in any part of a large designated area not covered by a production license.
EU	The European Union.
Farm-in agreement	A contractual agreement by an owner who holds all or part of a working interest in an oil and gas lease to assign all or part of that interest to another

	party in exchange for fulfilling contractually specified conditions (e.g., drilling depth and location), within a certain time frame. The farmer retains an interest in the form of an overriding royalty interest which can convert to working interest.
Ganope	Ganoub El Wadi Petroleum Holding Company.
GCA	Gaffney, Cline & Associates.
GCC	The Cooperation Council for the Arab States of the Gulf.
Hydrocarbon	Petroleum or natural gas or natural gas liquids.
IOC	International oil company.
IPP	Independent power producer.
KRG	The Kurdistan Regional Government.
Kurdistan Region of Iraq	The Kurdistan Region of Iraq.
Lean Gas	Natural gas that contains relatively little condensate or liquid hydrocarbons.
LNG	Liquefied natural gas.
LPG	Liquefied petroleum gas; propane; or less commonly butane or a propane/butane mixture that has been compressed into a liquid.
MENA Region	The Middle East and North Africa.
MENASA Region	The Middle East, North Africa and South Asia.
Midstream	The steps comprising the gathering and processing, storage and transportation and receiving and distribution of natural gas.
MMboe	Million barrels of oil equivalent.
MMbbl	Millions of barrels.
MMbtu	Million British thermal units.
MMscf	Million standard cubic feet.
MMscfd	Million standard cubic feet per day.
MOL	MOL Hungarian Oil and Gas PLC, a public limited company incorporated under the laws of Hungary.
MW	Megawatts, unit of power station capacity.
Natural Gas Value Chain	The organisational components of the natural gas industry comprising exploration and production, gathering and processing, storage and transportation, receiving and distribution and finally, its sale to and end-use by the petrochemical, industrial and power sectors.
NGL	Natural Gas Liquids.
NIOC	The National Iranian Oil Company.
NOC	National oil company.
OMV	OMV Upstream International GmbH, a <i>Gesellschaft mit beschränkter Haftung</i> incorporated under the laws of Austria.
OPEC	Organization of the Petroleum Exporting Countries.
Pearl	Pearl Petroleum Company Limited, a limited liability company incorporated under the laws of the BVI.
Possible reserves	Oil and gas that is inferred to be present by speculative geological information yielding vague indications of possible recovery.
Probable reserves	Oil and gas whose existence is not proven by geological information but is probably present due to proximity to proven reserves and can be produced if

	located.
Production Lease	An exclusive legal agreement between a host government and a company, for that company to search and produce hydrocarbons from a concession. There is an annual expenditure commitment to further exploration and drilling, and the host government receives a royalty on any production.
Production Sharing Contract	An agreement between a host government and a contractor, whereby the contractor bears all exploration risks, development and production costs on a production lease in return for a stipulated share of the production resulting from this effort.
Profit Centre	A business unit or department which is treated as a distinct entity enabling revenues and expenses to be determined so that profitability can be measured. In context, aligned with the components of the Natural Gas Value Chain, namely upstream, midstream and downstream.
Proved reserves	An estimate of the amount of crude oil, natural gas and natural gas liquids which existing geological and engineering data demonstrate with reasonable certainty can be recovered from a well, lease or reservoir under existing economic and operating conditions.
Reservoir rock	Rock with good porosity and permeability, usually sandstone or carbonate; or the porous and permeable rock in a trap that holds hydrocarbons.
Rich Gas	Natural gas that contains significant amounts of condensate and/or other hydrocarbons such as propane and butane that can be liquefied.
Risk-reward contract	A type of contract in which one party bears risks in exchange for a share of the total lifetime production from the field.
SajGas	Sajaa Gas Private Limited Company, a limited liability company incorporated under the laws of the Emirate of Sharjah and the UAE.
Sales Gas	Gas that meets the specifications of a gas pipeline purchase contract. Sales gas is dry enough to ensure that liquid hydrocarbons will not condense out in the pipeline and does not contain corrosive gases or excessive moisture.
Seismic	An exploration method to map subsurface geological structures by putting elastic wave or sound energy into the ground and recording the reflection or refraction back to the surface. Seismic includes data acquisition, processing and interpretation.
Service Contract	In context, a form of contract in which the contractor undertakes initial investment in developing and bringing a project to market, and subsequently recovers its investment through the sale of the project's final product.
Sour Gas	Gas containing significant amounts of hydrogen sulphide.
Sweetening	A process used to remove hydrogen sulphide and carbon dioxide from a gas stream.
Tcf	Trillion cubic feet.
Train	In the context of LPG, an independent unit for gas liquefaction.
Trillion	A thousand billion.
SEC	U.S. Securities and Exchange Commission.
Sharjah	The Emirate of Sharjah.
Stratigraphic traps	A hydrocarbon trap formed by the deposition of reservoir rock. The distribution of trapped hydrocarbons is not controlled by faults or structural flexures of the reservoir, but by the depositional geometry of the reservoir.
Structural traps	A hydrocarbon formed by the deformation of the reservoir rock such as a fold (anticline or dome) or a fault.
UAE	The United Arab Emirates.

UGTC	United Gas Transmissions Company Limited, a limited liability company incorporated under the laws of the Emirate of Sharjah and the UAE.
U.N.	The United Nations.
UOP	Unit-of-production.
U.S. or U.S.A.	The United States of America.
Wellhead	The portion of an oil or gas well that is above ground and controls the flow of hydrocarbon from the reservoir.
Working Interest	A percentage ownership in a hydrocarbon lease granting its owners the right to explore, drill and produce hydrocarbons from a tract of property. Working interest owners are obligated to pay a corresponding percentage of the cost of leasing, drilling, producing and operating a well or unit. After royalties are paid, the working interest also entitles its owner to share in production revenues with other working interest owners, based on the percentage of working interest owned.

APPENDIX – FINANCIAL STATEMENTS

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Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2018 (Unaudited)

DANA GAS PJSC

Report of the Directors

The Board of Directors of Dana Gas (“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 2018.

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 2018

During the quarter ended 31 March 2018, the Company earned gross revenues of USD 120 million (AED 440 million) as compared to USD 118 million (AED 432 million) in the first quarter of 2017, an increase of 2% reflecting increase in realised hydrocarbon prices during the current quarter. Realised prices were up by 14 % in Q1 2018 and impacted the topline by USD 12 million (AED 45 million). This increase was partly offset by production decline in Egypt and Zora which impacted the topline by USD 10 million (AED 37 million). Realised price averaged USD 57/bbl for condensate and USD 33/boe for LPG compared to USD 47/bbl and USD 34/boe respectively in Q1 2017.

The Group’s share of production for the first 90 days was 5.85 million barrels of oil equivalent [65,000 barrels of oil equivalent per day (“boepd”)], a decrease of 7% compared to corresponding quarter production of 6.3 million boe (69,900 boepd). Production in Egypt and Zora were down by 10% and 22%, respectively.

The Group achieved a net profit after tax of USD 14 million (AED 51 million) as compared to USD 11 million (AED 40 million) in Q1 2017, an increase of 27%. This increase was mainly due to reversal of accruals made by Pearl Petroleum for certain operating charges in prior years which are no longer required following the positive arbitration settlement with the Kurdistan Regional Government (KRG).

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) in Q1 2018 increased to USD 71 million (AED 259 million) compared to USD 69 million (AED 252 million) in Q1 2017.

Liquidity and Financial Resources

Cash and bank balance at period end stood at USD 636 million (AED 2,331 million), an increase of 5% compare to year-end balance of USD 608 million (AED 2,229 million). The increase was mainly due to collections in Q1. The Group collected a total of USD 48 million (AED 176 million) during the period with Egypt, Kurdistan Region of Iraq (KRI) and U.A.E. contributing USD 27 million (AED 99 million), USD 18 million (AED 66 million) and USD 3 million (AED 11 million), respectively.

DANA GAS PJSC

Report of the Directors

Sukuk

As at 30 June 2017, Capital Received on Issuance of Sukuk amounting to USD 700 million was reclassified from Borrowings. Legal advice received from independent UAE legal advisers states that the terms of the Company's Sukuk Al Mudarabah are unlawful under the laws of the UAE and are not compliant with Shari'a principles and therefore are void and unenforceable. Accordingly, the Company instituted legal action in UAE court for declaration to that effect seeking liquidation of the Mudarabah and a reconciliation of the amounts paid.

On 15 February 2018, the UK High Court ordered that the outstanding UAE law issues relating to the validity of the Mudarabah Agreement, and any consequent reconciliation are matters that should be heard and determined in the UK. Additionally, that the Company should take steps from 29 March 2018 to discontinue the legal proceedings currently pending in the U.A.E. Court. Conversely, on 13 March 2018 on the application of a Company shareholder, the UAE Court ordered the Company not to discontinue and to proceed with the legal proceedings currently pending in the UAE Court. It also suspended the enforcement in the UAE of the English Court orders pending consideration by the UAE Court of the enforceability of the English Court orders in the UAE.

External legal counsel have advised the Company that the outcome of the ongoing litigation finally in UAE courts could result in a significant liability for the Sukukholders to repay the Company excess 'on account profit payments' based on a lawful reconciliation of the transaction. The Company up to 30 April 2017 has made total on account profit payments of USD 635 million to the Sukukholders since January 2008.

The Company, in line with detailed public disclosures that it has made to the Securities and Commodities Authority (SCA) and through ADX, is pursuing the litigation route to resolve the matter and is confident pursuant to independent legal advice of prevailing in its interpretation of the outcome.

The unlawful nature of the current Sukuk and the ongoing litigation process raise a number of accounting issues which may have a material impact on the carrying value of certain assets and liabilities on the statement of financial position. Management and the Directors will carefully review these with the external auditors on an ongoing basis.

Subsequent Event

On 13 May 2018, the Company announced agreement with the Ad-Hoc committee of the Sukukholders ("the AHC"). For details please refer to Note 18.

The consensual transaction represents a means to resolve amicably all current issues and disputes facing the Company and the Sukukholders.

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) 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 2017. Following this review, the Group's gross proved reserves (1P) as at 31 December 2017 were assessed at 75 MMboe (31 December 2016: 89 MMboe). The gross proved and probable reserves (2P) as at 31 December 2017 were estimated at 117 MMboe (31 December 2016: 132 MMboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2017 were estimated to be 160 MMboe (31 December 2016: 184 MMboe). The decrease in reserves was on account of production during the year and which was not replaced.

DANA GAS PJSC

Report of the Directors

Reserves & Resources (continued)

(b) 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 risked¹ 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 31 December 2015 based on a comprehensive data set comprising ca. 1200 km 2D seismic, the 11 wells drilled in the two fields to date plus field production data over a period of seven years.

In their report dated April 2016, GCA provide the following reserves estimates for both fields²:

- Proved plus Probable (2P) gas and condensate reserves for Khor Mor are 8.5 Tscf and 191 MMbbl respectively of which Dana Gas’ 35% share equates to 3 Tscf of dry gas and 67 MMbbl of condensate.
- For Chemchemical, Proved plus Probable (2P) gas and condensate reserves are 6.6 Tscf and 119 MMbbl respectively, with Dana Gas’ 35% share being 2.3 Tscf of dry gas and 42 MMbbl of condensate.

The above figures are based on data from 2 of the 12 defined compartments in the Khor Mor Field and 1 of the 3 compartments in the Chemchemical Field. Total Dana Gas share of the Khor Mor and Chemchemical 2P reserves is therefore 5.3 Tcf gas and 109 MMbbls condensate, equivalent to 990 MMboe.

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 Resources³ and Prospective Resources⁴.

GCA’s report confirms Dana Gas’ and Crescent Petroleum’s belief that Khor Mor and Chemchemical have the potential to be the largest gas fields in the KRI and indeed in the whole of Iraq and thus makes them world class assets.

(c) Sharjah Western Offshore – Zora Field

Following signing of a concession agreement with Ajman in January 2014, Dana Gas has a 100% working interest in the Zora field which spans the territorial waters of Sharjah and Ajman. Gaffney, Cline & Associates carried out an independent evaluation of Sharjah Western Offshore concession – Zora Field’s hydrocarbon reserves as on 31 December 2017. Following this review, the Group’s gross proved reserves (1P) as at 31 December 2017 were assessed at 8 MMboe (31 December 2016: 17 MMboe). The gross proved and probable reserves (2P) as at 31 December 2017 were estimated to be 24 MMboe (31 December 2016: 33 MMboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2017 were estimated to be 61 MMboe (31 December 2016: 65 MMboe).

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 The reported hydrocarbon volumes are estimates based on professional judgment and are subject to future revisions, upwards or downwards, as a result of future operations or as additional information becomes available.

³ Those quantities of petroleum estimated to be potentially recoverable but not yet considered mature enough for commercial development due to one or more contingencies.

⁴ Those quantities of petroleum estimated to be potentially recoverable from undiscovered accumulations by future development projects.

DANA GAS PJSC

Report of the Directors

E&P Operations

a) Egypt E&P Operations

The Company production in Egypt for the first 90 days of operations in 2018 was 3.3 MMboe i.e. averaging 36,800 boepd (March 2017: 3.7 MMboe, i.e. averaging 40,950 boepd) a decrease of 10% over the corresponding period. The decline in production is mainly due to natural decline in fields and increase of formation water production from Balsam 3 and 5 wells.

In Egypt, the Company collected USD 27 million (AED 99 million) during the period and hence realised 84% of the quarter's revenue. Out of the total USD 26 million (AED 95 million) was received in US Dollars and USD 1 million (AED 4 million) in equivalent Egyptian pounds.

At period end, the trade receivable balance increased to USD 234 million (AED 858 million) from USD 228 million (AED 836 million) at end of 2017. During the period, the company exported an additional cargo on 8 January 2018 with average cargo volume of 150,000 barrels and collected an amount of USD 10.5 million (AED 39 million). Cash generated from the export of Government's share of the incremental condensate is being used to pay down the outstanding receivables owed to the Company by the Egyptian Government.

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

In April 2007, the Group entered into agreements with the Kurdistan Regional Government of Iraq for developing the significant petroleum (including gas) resources in the Khor Mor and Chemchemal fields. Since then, the focus has been on developing, processing and transporting natural gas from the Khor Mor Field including processing and extracting LPG and condensate and providing natural gas supplies to domestic power generation plants near Erbil and Sulaimaniya. Further development of both fields is planned following resolution of the legal dispute. As envisaged under the agreements, such further development is expected to provide significant natural gas supplies for future expansion of power generation and local industries as well as for export and sale abroad as and when the political circumstances permit.

Dana Gas's share (35%) of gross production in the KRI for the first 90 days of operations in 2018 was 2.4 MMboe, i.e. averaging 26,300 boe per day (Q1 2017 – DG Share 35%: 2.4 MMboe, averaging 26,500 boe per day).

Dana Gas share of collections for the period stood at USD 18 million (AED 66 million) and hence realised 62% of the quarter's revenue. At period end, Dana Gas' 35% share of trade receivable balance stood at USD 16 million (AED 59 million) and represents amounts due against local sales for the month of February and March 2018 all of which was subsequently collected in April 2018.

Pearl is going ahead with the development of two world-class gas field with in-place volumes of approximately 75 trillion cubic feet of wet gas and 7 billion bbls of oil and is targeting an production increase of 20% this year and 170% within two to three years.

DANA GAS PJSC

Report of the Directors

E&P Operations (continued)

c) Zora Gas Field

The Zora gas field lies partly in the Sharjah Western Offshore Concession area and extends into the adjacent Ajman Concession area with approximately 50% of the volume on each side as agreed under the initial unitization agreement. The field produces slightly sour gas via an unmanned platform in approximately 24 meters of water depth located about 33km offshore. The platform is connected by means of 12" subsea and onshore pipeline system to a gas processing plant located within Sharjah Hamriyah Free Zone.

The gas plant has been in continuous production since 28 February 2016, currently delivering approximately 8 mmscfd sales gas to Sharjah power station and producing on average 76 bbl/day of condensate. Production from the Zora field during the period averaged 1,400 boepd (Q1 2017: 1,819 boepd). As the current production rate of the Sharjah-2 well has continued to decline, a detailed geo-technical study was carried out, based on production data, to determine the range of well intervention options which could enhance production and to assess their economic viability. This work was further extended into a Field Development Plan to evaluate possible future options for further development and to determine the gas price required to make such further development economically viable. At this time it is unlikely that further well interventions can be economically justified and this has been taken into consideration during the 2017 annual reserves evaluation audit. However, any final decision on future expenditure will also be subject to the outcome of negotiations on sales gas price.

During the period, collections stood at USD 3 million (AED 11 million). At period end, the trade receivable balance stood at USD 1 million (AED 4 million) (31 December 2017: USD 1 million / AED 4 million).

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 Sajaa Gas and UGTC, the entities that own the offshore riser platform, the offshore and onshore pipelines and the sour gas processing plant.

For further updates see "Arbitration Cases"

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 1,685 boepd of propane (DG Share 26.4%: 445 boepd) and 118 boepd of butane (DG Share 26.4%: 31 boepd) during the period.

DANA GAS PJSC

Report of the Directors

Arbitration Cases

On 30 August 2017, the Company announced the settlement of the International arbitration commenced on 21 October 2013 in the London Court of International Arbitration ('LCIA') in relation to the Heads of Agreement on Khor Mor and Chemchemal fields on 4 April 2007 ('HOA') between Dana Gas, Crescent Petroleum Company International Limited ("Crescent Petroleum"), Pearl Petroleum (the 'Consortium') and the Kurdistan Regional Government ('KRG'), (together the 'Parties').

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 National Iranian Oil Company ('NIOC's) 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 previously 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) took place in November 2016. Due to a long post-hearing submissions timetable, the tribunal indicated that its award will likely be delivered in 2H of 2018.

The Company, together with Crescent Petroleum, commenced arbitration proceedings against MOL Group ('MOL') on 20 September 2017 arising out of MOL's conduct as a 10% shareholder in Pearl Petroleum relating to the settlement of the arbitration with the KRG.

On 30 August 2017, the Company announced settlement of the long running dispute between itself, Crescent Petroleum and Pearl Petroleum Company Limited ("Pearl") and the Kurdistan Regional Government of Iraq (the "KRG") on beneficial terms which paved the way for immediate development of world class resources in Khor Mor and Chemchemal to maximise their potential for mutual benefit as well as the benefit of the people of the Kurdistan Region and all of Iraq.

The Settlement Agreement with the KRG was welcomed and endorsed by Dana Gas, Crescent Petroleum, OMV and RWE, together holding 90% of the shares of Pearl Petroleum. MOL (a 10% shareholder of Pearl) unreasonably sought to link its endorsement of the settlement to a renegotiation of the terms by which it first secured its participation in Pearl back in May 2009 (namely its commitment to certain contingent payments) and now complains about Dana Gas and Crescent Petroleum for their handling of the settlement alongside Pearl, expressing dissatisfaction with the outcome as compared to the alternative of pursuing a final litigation and enforcement outcome against the KRG. MOL has issued a default notice under the terms of the Pearl Petroleum shareholders agreement alleging that the actions of Dana Gas and Crescent Petroleum in concluding the Settlement Agreement amounts to a breach of the Pearl Petroleum shareholders agreement.

Dana Gas and Crescent Petroleum reject the allegations and the default notice, and have been forced to initiate arbitration in The London Court of International Arbitration in order to obtain a formal declarations to resolve these matters. The hearing of these matters is scheduled for up to three weeks commencing in London on 26 November 2018.

DANA GAS PJSC
Report of the Directors

Board of Directors

H.H. Sheikh Ahmed Bin Sultan Al-Qasimi, Honorary Chairman

1. Mr. Hamid Dhiya Jafar, Chairman
2. Mr. Rashid Saif Al-Jarwan, Deputy Chairman
3. H.E. Sheikh Sultan Bin Ahmed Bin Sultan Al-Qasimi (to 18 April 2018)
4. Mr. Abdullah Ali Al Majdouie
5. Ms. Fatima Obaid Al-Jaber (to 18 April 2018)
6. Mr. Hani Abdulaziz Hussein
7. Mr. Majid Hamid Jafar
8. Mr. Nasser Al Nowais (to 18 April 2018)
9. Mr. Said Arrata
10. Mr. Varoujan Nerguizian
11. Mr. Ziad Abdulla Ibrahim Galadari
12. Mr. Adel Al-Awadhi (from 18 April 2018)
13. Mr. Nureddin Sehweil (from 18 April 2018)
14. Mr. Shaheen Al-Muhairi (from 18 April 2018)

Auditors

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

On behalf of the Board of Directors



Director

13 May 2018

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF DANA GAS PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Dana Gas PJSC ("the Company") and its subsidiaries ("the Group") as at 31 March 2018 comprising of the interim condensed consolidated statement of financial position as at 31 March 2018 and the related interim condensed consolidated statements of income, comprehensive income, cash flows and changes in equity for the three month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matters

We draw attention to the following matters:

- (i) note 6 to the interim condensed consolidated financial statements which discloses that the continued delay in commencement of gas supplies has prompted a key supplier of the Group to initiate arbitration proceedings against its ultimate supplier;
- (ii) note 14 to the interim condensed consolidated financial statements which discloses the ongoing legal actions with respect to the Company's Sukuk which matured in October 2017; and
- (iii) note 1 to the interim condensed consolidated financial statements which discloses arbitration between the Group and a joint venture partner.

Our conclusion is not qualified in respect of the above matters.

For Ernst & Young



Signed by:
Anthony O'Sullivan
Partner
Registration No: 687

13 May 2018

Sharjah, United Arab Emirates

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Period ended 31 March 2018 (Unaudited)

Notes	<i>Three months ended</i>			
	<i>31 March</i>		<i>31 March</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>USD mm</i>	<i>AED mm</i>	<i>USD mm</i>	<i>AED mm</i>
Revenue	120	440	118	432
Royalties	(46)	(169)	(45)	(165)
Net revenue	74	271	73	267
Operating costs	(13)	(47)	(10)	(37)
Depreciation and depletion	(29)	(106)	(25)	(92)
Reversal of accrued operating cost	4	13	-	-
Gross profit	45	165	38	138
General and administration expenses	(4)	(15)	(3)	(11)
Investment and finance income	2	7	7	26
Other income	3	11	5	18
Reversal of surplus over entitlement	15	-	6	22
Other expenses	(1)	(4)	(2)	(7)
Provision for impairment	(2)	(7)	(1)	(4)
Share of loss of a joint venture	(1)	(4)	-	-
Exploration expenses	(5)	(18)	(8)	(29)
Finance cost	(14)	(51)	(20)	(73)
PROFIT BEFORE INCOME TAX	23	84	22	80
Income tax expense	(9)	(33)	(11)	(40)
PROFIT FOR THE PERIOD	14	51	11	40
PROFIT ATTRIBUTABLE TO:				
- Equity holders of the parent	14	51	11	40
- Non-controlling interest	-	-	-	-
	14	51	11	40
EARNINGS PER SHARE:				
- Basic earnings per share (USD/AED per share)	5	0.002	0.007	0.001
- Diluted earnings per share (USD/AED per share)	5	0.002	0.007	0.001

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 March 2018 (Unaudited)

	<i>Three months ended</i>			
	<i>31 March</i>		<i>31 March</i>	
	<i>2018</i>		<i>2017</i>	
	<i>USD mm</i>	<i>AED mm</i>	<i>USD mm</i>	<i>AED mm</i>
Profit for the period	14	51	11	40
Other comprehensive income	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	14	51	11	40
ATTRIBUTABLE TO:				
- Equity holders of the parent	14	51	11	40
- Non-controlling interest	-	-	-	-
	14	51	11	40

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018 (Unaudited)

		31 March 2018		31 December 2017 (Audited)	
	Notes	USD mm	AED mm	USD mm	AED mm
ASSETS					
Non-current assets					
Property, plant and equipment		1,433	5,254	1,462	5,360
Intangible assets	6	645	2,365	644	2,361
Investment property	7	24	87	24	87
Interest in joint ventures		559	2,049	560	2,053
		<u>2,661</u>	<u>9,755</u>	<u>2,690</u>	<u>9,861</u>
Current assets					
Inventories		49	179	50	183
Trade and other receivables	8	294	1,078	285	1,045
Financial assets at fair value through profit or loss	9	6	22	9	33
Funds held for development	10	140	513	140	513
Cash and cash equivalents	11	636	2,331	608	2,229
		<u>1,125</u>	<u>4,123</u>	<u>1,092</u>	<u>4,003</u>
TOTAL ASSETS		<u>3,786</u>	<u>13,878</u>	<u>3,782</u>	<u>13,864</u>
EQUITY					
Capital and reserves attributable to equity holders of the Parent					
Share capital	12	1,903	6,977	1,903	6,977
Statutory reserve		116	424	116	424
Legal reserve		116	424	116	424
Retained earnings		683	2,504	669	2,453
Other reserves		5	19	4	15
Convertible bonds- equity component		58	212	58	212
		<u>2,881</u>	<u>10,560</u>	<u>2,866</u>	<u>10,505</u>
Attributable to equity holders of the Parent		<u>2,881</u>	<u>10,560</u>	<u>2,866</u>	<u>10,505</u>
Non-controlling interest		1	4	1	4
Total equity		<u>2,882</u>	<u>10,564</u>	<u>2,867</u>	<u>10,509</u>
LIABILITIES					
Non-current liabilities					
Borrowings	13	18	66	19	70
Provisions		14	51	14	51
		<u>32</u>	<u>117</u>	<u>33</u>	<u>121</u>
Current liabilities					
Capital received on issuance of Sukuk	14	700	2,566	700	2,566
Borrowings	13	4	15	4	15
Trade payables and accruals		168	616	178	653
		<u>872</u>	<u>3,197</u>	<u>882</u>	<u>3,234</u>
Total liabilities		<u>904</u>	<u>3,314</u>	<u>915</u>	<u>3,355</u>
TOTAL EQUITY AND LIABILITIES		<u>3,786</u>	<u>13,878</u>	<u>3,782</u>	<u>13,864</u>


Director
13 May 2018


CEO
13 May 2018


CFO
13 May 2018

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 31 March 2018 (Unaudited)

	<i>Note</i>	<i>Three months ended</i>			
		<i>31 March 2018</i>		<i>31 March 2017</i>	
		<i>USD mm</i>	<i>AED mm</i>	<i>USD mm</i>	<i>AED mm</i>
OPERATING ACTIVITIES					
Profit before income tax		23	84	22	80
Adjustments for:					
Depreciation and depletion		29	106	25	92
Investment and finance income		(2)	(7)	(7)	(26)
Other income		(3)	(11)	(5)	(18)
Reversal of surplus over entitlement		-	-	(6)	(22)
Provision for impairment		2	7	1	4
Share of loss of a joint venture		1	4	-	-
Exploration expenses		5	18	8	29
Finance costs		14	51	20	73
		<u>69</u>	<u>252</u>	<u>58</u>	<u>212</u>
Changes in working capital:					
Trade and other receivables		(4)	(15)	(16)	(58)
Inventories		1	4	1	4
Trade payables and accruals		(23)	(84)	2	7
		<u>43</u>	<u>157</u>	<u>45</u>	<u>165</u>
Net cash generated from operating activities					
Income tax		(9)	(33)	(11)	(40)
		<u>34</u>	<u>124</u>	<u>34</u>	<u>125</u>
Net cash flows from operating activities					
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(3)	(11)	(6)	(21)
Expenditure on intangible assets		(6)	(22)	(1)	(4)
Investment and finance income received		3	11	2	7
Investment redeemed during the period		1	4	-	-
		<u>(5)</u>	<u>(18)</u>	<u>(5)</u>	<u>(18)</u>
Net cash flows used in investing activities					
FINANCING ACTIVITIES					
Repayment of loan		(1)	(4)	(18)	(66)
Finance costs paid		-	-	(15)	(56)
Deposit – Murabaha facility		-	-	8	29
		<u>(1)</u>	<u>(4)</u>	<u>(25)</u>	<u>(93)</u>
Net cash flows used in financing activities					
NET INCREASE IN CASH AND CASH EQUIVALENTS		28	102	4	14
Cash and cash equivalents at the beginning of the period		608	2,229	292	1,070
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11	636	2,331	296	1,084

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period ended 31 March 2018 (Unaudited)

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

1 CORPORATE INFORMATION

Dana Gas PJSC (“Dana Gas” or the “Company”) was incorporated in the Emirate of 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 shares are listed on the Abu Dhabi Securities Exchange (ADX).

The Company, its subsidiaries, joint operations and joint ventures constitute the Group (the “Group”). The Group is engaged in the business of exploration, production, ownership, transportation, processing, distribution, marketing and sale of natural gas and petroleum related products, including the development of gas related projects and services.

The Company’s registered head office is at P. O. Box 2011, Sharjah, United Arab Emirates with presence in Cairo (Egypt) and Kurdistan Region of Iraq.

Principal subsidiaries and joint arrangements of the Group at 31 March 2018 and 31 December 2017 and the Company (direct and indirect) percentage of ordinary share capital or interest are set out below:

<i>Subsidiaries</i>	<i>%</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Dana LNG Ventures Limited	100	British Virgin Islands	Intermediate holding company of Dana Gas Egypt
Dana Gas Red Sea Corporation	100	Barbados	Holding company of Dana Gas Egypt
Dana Gas Egypt Ltd. (“Dana Gas Egypt”)	100	Barbados	Oil and Gas exploration & production
Dana Gas Explorations FZE	100	UAE	Oil and Gas exploration & production
Sajaa Gas Private Limited Company (“SajGas”)	100	UAE	Gas Sweetening
United Gas Transmissions Company Limited (“UGTC”)	100	UAE	Gas Transmission
Danagaz (Bahrain) WLL	66	Bahrain	Gas Processing
<i>Joint Operations</i>	<i>%</i>	<i>Area of operation</i>	<i>Principal activities</i>
Pearl Petroleum Company Limited (“Pearl Petroleum”)*	35	Kurdistan Region of Iraq	Oil and Gas exploration & production
UGTC/ Emarat JV	50	Emirate of Sharjah	Gas Transmission
<i>Joint Ventures</i>	<i>%</i>	<i>Country/Area of operation</i>	<i>Principal activities</i>
Egyptian Bahraini Gas Derivative Company (“EBGDCO”)	26.4	Egypt	Gas Processing
Crescent National Gas Corporation Limited (“CNGCL”)	35	Emirate of Sharjah	Gas Marketing
GASCITIES Ltd	50	MENASA	Gas Cities

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

1 CORPORATE INFORMATION (continued)

* On 30 August 2017, the Company announced the settlement of the International arbitration commenced on 21 October 2013 in the London Court of International Arbitration ('LCIA') in relation to the Heads of Agreement on Khor Mor and Chemchemal fields on 4 April 2007 ('HOA') between Dana Gas, Crescent Petroleum, Pearl Petroleum (the 'Consortium') and the Kurdistan Regional Government ('KRG'), (together the 'Parties').

The Settlement Agreement with the KRG was welcomed and endorsed by Dana Gas, Crescent Petroleum, OMV and RWE, together holding 90% of the shares of Pearl Petroleum. MOL (a 10% shareholder of Pearl) unreasonably sought to link its endorsement of the settlement to a renegotiation of the terms by which it first secured its participation in Pearl back in May 2009 (namely its commitment to certain contingent payments) and now complains about Dana Gas and Crescent Petroleum for their handling of the settlement alongside Pearl, expressing dissatisfaction with the outcome as compared to the alternative of pursuing a final litigation and enforcement outcome against the KRG. MOL has issued a default notice under the terms of the Pearl Petroleum shareholders agreement alleging that the actions of Dana Gas and Crescent Petroleum in concluding the Settlement Agreement amounts to a breach of the Pearl Petroleum shareholders agreement.

Dana Gas and Crescent Petroleum reject the allegations and the default notice, and have been forced to initiate arbitration in The London Court of International Arbitration in order to obtain a formal declarations to resolve these matters. The hearing of these matters is scheduled for up to three weeks commencing in London on 26 November 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for investment property and financial assets at fair value through profit or loss account that have been measured at fair value. The interim condensed consolidated financial statements are presented in United States Dollars (USD), which is the Company's functional currency, and all the values are rounded to the nearest million except where otherwise indicated. The United Arab Emirates Dirhams (AED) amounts have been presented solely for the convenience to readers of the consolidated financial statements. AED amounts have been translated at the rate of AED 3.6655 to USD 1.

Statement of compliance

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard (IAS) No 34, Interim Financial Reporting. Hence, the interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Group's annual financial statement as at 31 December 2017. In addition, results for the three month period ended 31 March 2018 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2018.

Standards and Interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards and interpretations as of 1 January 2018. These new standards and interpretations did not have any major impact on the accounting policies, financial position or performance of the Group.

The Group did not early adopt any standard, interpretation or amendment that was issued but is not yet effective.

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and Interpretations (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective approach. The Group has assessed its contracts with customer and is of the view that the adoption of IFRS 15 does not have any impact on the timing of revenue recognition and the amount of revenue to be recognised. Therefore there was no effect of adopting IFRS 15 on the retained earnings and no impact on the accounting policy for the revenue recognition.

IFRS 9 Financial Instruments

IFRS 9 replaces the provision of IAS 39 that related to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial instruments from 1 January 2018 resulted in changes in accounting policies with no changes to the amount recognised in the financial statements which are described below.

a) Classification and measurement

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivable and available for sale.

The Group's management has assessed which business model apply to the financial assets held by the group and has classified its financial instruments into the appropriate IFRS 9 categories. The reclassification criteria based on IFRS 9 did not have any impact on the classification or measurement of the financial assets.

b) Impairment

The adoption of IFRS 9 has changed the Group's accounting policy for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For Trade and other receivable, the Group has applied the standard's simplified approach. The Group has established a matrix that is based on the Group's historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Based on its assessment, the Group concluded that the application of IFRS 9 has no impact on its condensed consolidated interim financial information.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies

Financial Instruments – accounting policies applied from 1 January 2018

Classification and measurement of financial assets and liabilities

Classification

From 1 January 2018, the group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- Those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows and is determined at the time of initial recognition.

For assets measured at fair value, gain and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through other comprehensive income (FVOCI). The group reclassifies debt investments when and only when its business mode for managing those assets changes.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt Instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss. This category includes Group's trade and other receivables.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses when are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gain/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies (continued)

Measurement (continued)

Equity Instrument

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognised in other gain/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 January 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivable. The Group has established a matrix that is based on the Group's historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

3 SEGMENTAL INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions. The CEO considers the business from a geographic perspective which is divided into three geographical units.

Period ended 31 March 2018

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Revenue net of royalties	4	41	29	74
Gross profit				45
General and administration expenses				(4)
Investment and finance income				2
Other income				3
Other expenses				(1)
Provision for impairment				(2)
Share of loss of a joint venture				(1)
Exploration expenses				(5)
Finance cost				(14)
Profit before income tax				23
Income tax expense				(9)
PROFIT FOR THE PERIOD				14
Segment assets as at 31 March 2018	1,931	1,008	847	3,786
Segment liabilities as at 31 March 2018	778	103	23	904
	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Other segment information				
Capital expenditure:				
Property, plant and equipment	-	1	1	2
Intangible assets	-	6	-	6
Total	-	7	1	8
Operating costs	2	6	5	13
Depreciation, depletion & amortisation	5	16	8	29
Exploration expenses	-	5	-	5

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

3 SEGMENTAL INFORMATION (continued)

Period ended 31 March 2017

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Revenue net of royalties	5	42	26	73
Gross profit				38
General and administration expenses				(3)
Investment and finance income				7
Other income				5
Reversal of surplus over entitlement				6
Other expenses				(2)
Provision for Impairment				(1)
Exploration expenses				(8)
Finance cost				(20)
Profit before income tax				22
Income tax expense				(11)
PROFIT FOR THE PERIOD				11
Segment assets as at 31 March 2017	1,655	1,102	1,000	3,757
Segment liabilities as at 31 March 2017	777	126	60	963
Other segment information				
Capital expenditure:				
Property, plant and equipment	-	6	-	6
Intangible assets	-	1	-	1
Total	-	7	-	7
Operating costs	2	4	4	10
Depreciation, depletion & amortisation	4	17	4	25
Exploration expenses	-	8	-	8

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

4 REVERSAL OF ACCRUED OPERATING COST

Reversal of accrued operating costs amounting to USD 13 million relates to accrual made by Pearl Petroleum for certain operating charges in prior years which are no longer required as a result of the positive arbitration settlement with the KRG. In line with IFRS requirements this reversal has been recorded before the Gross Profit with a corresponding amount being reversed from Trade payable and accruals.

5 EARNINGS PER SHARE

(a) Basic earnings per share is calculated by dividing net profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

	<i>Three months ended 31 March</i>	
	<i>2018</i>	<i>2017</i>
Earnings:		
Net profit for the period - USD mm	14	11
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	6,977	6,977
EPS (Basic) – US per share:	0.002	0.001
EPS (Diluted)		

Employee restricted shares are anti-dilutive and have no impact on the EPS for the period ended 31 March 2018 and 31 March 2017.

6 INTANGIBLE ASSETS

	<i>Oil and gas Interests USD mm</i>	<i>Transmission & sweetening rights USD mm</i>	<i>Gas processing rights USD mm</i>	<i>Development cost USD mm</i>	<i>Goodwill USD mm</i>	<i>Total USD mm</i>
Cost at 1 January 2018	149	289	7	2	308	755
Less: impairment	(102)	-	(7)	(2)	-	(111)
At 1 January 2018	47	289	-	-	308	644
Additions	6	-	-	-	-	6
Transfer to property, plant and equipment	-	-	-	-	-	-
Exploration expenses	(5)	-	-	-	-	(5)
At 31 March 2018	48	289	-	-	308	645
At 31 December 2017(audited)	47	289	-	-	308	644

(a) Oil and Gas Interests

Oil and gas interests of USD 48 million relates to Dana Gas Egypt which has a number of concessions and development leases in Egypt as described below in more detail:

- El Wastani Development Lease – This development lease is held with a 100% working interest and represents approximately 8% of current production in Dana Gas Egypt. El Wastani production includes both gas and associated gas liquids. This lease has 13,017 acres of land included within its boundary and is located in the Nile Delta of Egypt.
- South El Manzala Development Leases – These development leases are held with a 100% working interest and are not currently producing. These development leases have 16,055 acres of land included within their boundaries and are located in the Nile Delta of Egypt.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

6 INTANGIBLE ASSETS (continued)

(a) Oil and Gas Interests (continued)

- West El Manzala Development Leases (West El Manzala Concession) – These development leases are held with a 100% working interest. These development leases have 146,039 acres of land included within their boundaries and are located in the Nile Delta of Egypt. To date, eleven development leases are producing both natural gas and associated liquids representing approximately 85% of Dana Gas Egypt current production.
- West El Qantara Development Leases (West El Qantara Concession) – These development leases are held with a 100% working interest. These development leases have 4,324 acres of land included within their boundaries and are located in the Nile Delta of Egypt. To date, two development leases are producing both natural gas and associated liquids representing approximately 7% of Dana Gas Egypt current production.
- North Al Arish Offshore (Block-6) - In April 2013, Dana Gas Egypt was awarded a 100% working interest in the North El Arish Offshore (Block 6) concession area. The area is located offshore Nile Delta, in the eastern part of the Mediterranean Sea. A 3D seismic acquisition was recently carried out in the Block, covering 1,830 full fold sq. Km.
- North Al Salhiya Onshore (Block-1) - In September 2014, Dana Gas Egypt was awarded a 100% working interest in the North El Salhiya Onshore (Block 1) concession area. The area is located onshore Nile Delta.
- El Matariya Onshore (Block-3) - In September 2014, Dana Gas Egypt was awarded a 50% working interest in the Block 3 concession area. The area is located onshore Nile Delta. As per the concession agreement, Dana Gas Egypt as a partner and BP as an operator will participate on a 50:50 basis. The first deep target exploration well in the concession was spud in May 2016. During the year, the BP operated Mocha-1 exploration well in Block 3 has been completed. It reached total depth at 5,940 metres, making it the deepest onshore Nile Delta well drilled to date. Whilst the Messinian objective encountered wet gas, the primary Oligocene target did not encounter gas in commercial quantities and the well has been P&A'ed. Under the terms of the agreement signed in June 2015, BP agreed to carry Dana Gas for its 50% share of the cost of the well. Consequently, Dana Gas has achieved its objective of drilling this important calibration well at no cost to itself.

(b) Transmission and sweetening rights

Intangible assets include USD 289 million which represent the fair value of the rights for the transmission and sweetening gas and related products acquired by the Company through its shareholdings in SajGas and UGTC. The fair value of the rights acquired in 2005 was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships. The intangible assets will be amortised over 25 years from the date of commencement of commercial activity in accordance with the terms of the contracts to which they relate. Commercial activity has not yet commenced. In July 2010, National Iranian Oil Company (NIOC) introduced gas into its completed transmission network and Dana Gas' UGTC pipeline and SajGas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system which needs rectification. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC.

The Company was notified by Crescent Petroleum on 10 August 2014 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 National Iranian Oil Company ('NIOC's) remaining grounds of appeal against the 2014 arbitration award. The 2014 arbitration award found in favour of Dana Gas' partner Crescent Petroleum Company International Limited 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 previously 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.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

6 INTANGIBLE ASSETS (continued)

(b) Transmission and sweetening rights (continued)

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) took place in November 2016. Due to a long post-hearing submissions timetable, the tribunal indicated that its award will likely be delivered in 2H of 2018.

In accordance with IAS 36 requirement relating to intangible assets not yet available for use, management had undertaken an impairment review of the intangible assets as at 31 December 2017. Management has reviewed the various inputs into the original valuation model and believes that the inputs into the original valuation model have not materially changed.

(c) Goodwill

Goodwill of USD 308 million relates to the acquisition of Dana Gas Egypt in January 2007 which enabled Dana Gas to acquire the upstream business qualification and therefore the rights to develop the gas fields in the Kurdistan Region of Iraq. As per the requirement of IAS 36, an impairment review has to be carried out annually by the management and the last such review was carried out in December 2017.

7 INVESTMENT PROPERTY

The movement in investment property during the period/year is as follows:

	31 March 2018 USD mm	31 Dec 2017 USD mm <i>(Audited)</i>
Balance at 1 January	24	24
Change in fair value	-	-
	<hr/>	<hr/>
Balance at 31 March / 31 December	24	24
	<hr/>	<hr/>

Investment property consists of industrial land owned by SajGas, a subsidiary, in the Sajaa area of the Emirate of Sharjah, United Arab Emirates. The Group considers a portion of land to be surplus to their operational requirements and will be used for earning rentals or held for capital appreciation.

Investment property is stated at fair value which has been determined based on a valuation performed by an independent firm of qualified property consultants, with reference to comparable market transactions. The latest valuation exercise was carried out by the consultants as at 31 December 2017 and resulted in a valuation of USD 24 million.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

8 TRADE AND OTHER RECEIVABLES

	31 March 2018 USD mm	31 Dec 2017 USD mm (Audited)
Trade receivables (net)	254	239
Prepaid expenses	2	2
Due from joint ventures	20	20
Other receivables	25	31
Less: provision for impairment of other receivables	(7)	(7)
	<u>294</u>	<u>285</u>

- a) Trade receivables are interest bearing and are generally on 30-60 days credit period.
- b) The Group's share of trade receivables in Pearl Petroleum is in respect of condensate and LPG deliveries amounting to USD 16 million (31 December 2017: USD 7 million).

As at 30 August 2017, the Group share of trade receivable from KRG amounted to USD 695 million. Pursuant to the Settlement Agreement with the KRG dated 30 August 2017, KRG settled the receivable by payment of USD 1 billion (DG Share: USD 350 million) in cash with the residual receivable being converted to petroleum cost and reclassified to Oil and Gas interest under "property, plant and equipment".

- c) The ageing analysis of trade receivables is as follows:

	Total USD mm	Neither past due nor impaired USD mm	Past due but not impaired				
			<30 days USD mm	30-60 days USD mm	61-90 days USD mm	91-120 days USD mm	>120 days USD mm
31 March 2018	254	100	-	8	25	8	113
31 Dec. 2017	239	92	8	-	2	16	121

- d) As part of the settlement agreement, the Company is entitled to further confined payments from RWE only in case and in the amount dividends are distributed to RWE by Pearl (based on RWE's 10% equity share in Pearl). During the period, on an accrual basis, an amount of USD 3 million has been recognised in other income and other receivable.

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2018 USD mm	31 Dec 2017 USD mm (Audited)
Balance at 1 January	9	9
Repayment during the period	(1)	-
Change in fair value	(2)	-
Balance at 31 March / 31 December	<u>6</u>	<u>9</u>

This represents an investment in the Abraaj Infrastructure fund. The valuation is based on the latest indicative fair value of the fund as of 31 March 2018.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

10 FUNDS HELD FOR DEVELOPMENT

As part of the Settlement Agreement with the KRG (refer note 1), out of the USD 1 billion received from KRG (DG Share: USD 350 million), an amount of USD 400 million (DG Share: USD 140 million) is dedicated for investment exclusively for further development to substantially increase production in Kurdistan Region of Iraq. Pearl is entitled to use any funds remaining in that account after the said development is complete or 29 February 2020, whichever occurs first. If to the reasonable satisfaction of the KRG, Pearl secures financing for all or part of the development specified in the agreement, Pearl shall be entitled to use funds from this USD 400 million (DG Share: USD 140 million) in the same amount as such financing without restriction.

11 CASH AND CASH EQUIVALENTS

	<i>31 March 2018</i> <i>USD mm</i>	<i>31 Dec 2017</i> <i>USD mm</i> <i>(Audited)</i>
Cash at bank and on hand		
- Local Banks within UAE	37	42
- Foreign Banks outside UAE	5	6
Short term deposits		
- Local Banks within UAE	594	560
Cash and cash equivalent	<u>636</u>	<u>608</u>

Cash at bank earns profit at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one week and three months, depending on the immediate cash requirements of the Group, and earn profit at the respective short-term deposit rates. The fair value of cash and bank balance including short-term deposits is USD 636 million (2017: USD 608 million). The effective profit rate earned on short term deposits ranged 0.95% to 3.25% (2017: 0.95% to 2.5%) per annum. As at 31 March 2018, 99 % (31 December 2017: 99%) of cash and bank balance were held with UAE banks and the balance held outside UAE.

12 SHARE CAPITAL

	<i>31 March 2018</i> <i>USD mm</i>	<i>31 Dec 2017</i> <i>USD mm</i> <i>(Audited)</i>
<i>Authorised:</i>		
9,000,000,000 common shares of AED 1 each (USD 0.2728 each)		
<i>Issued and fully paid up:</i>		
6,976,623,422 (2017: 6,976,623,422) common shares of AED 1 each (USD 0.2728 each)	<u>1,903</u>	<u>1,903</u>

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

13 BORROWINGS

	31 March 2018 USD mm	31 Dec 2017 USD mm (Audited)
Non-current		
Equipment loan (a)	9	10
Egypt Building loan (b)	9	9
	<u>18</u>	<u>19</u>
Current		
Equipment loan (a)	2	2
Egypt Building loan (b)	2	2
	<u>4</u>	<u>4</u>
Total Borrowings	<u>22</u>	<u>23</u>

a) EQUIPMENT LOAN

Dana Gas Egypt ("DGE") entered into a "Sale and Lease back" finance lease arrangement with Corporate Leasing Company Egypt SAE on 29 January 2015, for certain inventory equipment (casings, wellheads, piping etc.) that belong to DGE that have not been used to date. The total facility consisting of three contracts amounts to USD 12.6 million and have been fully drawn down up to 30 June 2015. After the full draw down, an additional contract of USD 1.1 million (note 13b) was added to the facility thereby increasing the facility to USD 13.7 million. The payments are over a period of 29 quarters commencing from Quarter 3 2015 including grace period of 2 quarters for interest and principal. As of the reporting date, the amount outstanding toward principal is USD 11 million.

b) EGYPT BUILDING LOAN

Pearl Properties Egypt ("PPE") has entered into a "Sale and Lease back" finance lease arrangement for Egypt Building with Corporate Leasing Company Egypt SAE on 9 June 2015. The total facility originally consisted of three contracts amounting to USD 13.8 million which was reduced by USD 1.1 million to USD 12.7 million. The facility was fully drawn down up to 30 April 2016. The payments are over a period of 29 quarters including grace period of 2 quarters for lease payments. As of the reporting date, the amount outstanding toward principal is USD 11 million.

14 CAPITAL RECEIVED ON ISSUANCE OF SUKUK

As at 30 June 2017, Capital Received on Issuance of Sukuk amounting to USD 700 million was reclassified from Borrowings. Legal advice received from independent legal advisers states that the terms of the Company's Sukuk Al Mudarabah are unlawful under UAE law and are not compliant with Shari'a principles and therefore are void and unenforceable. Accordingly, the Company instituted legal action in UAE court for declaration to that effect seeking liquidation of the Mudarabah and a reconciliation of the amounts paid.

Initially, the Company offered to roll over the Sukuk in accordance with a new instrument fully compliant with UAE law and on commercial terms that take into consideration current market conditions and the considerable improvement in the Company's assets value and financial position, which was declined by a Sukukholders' Ad Hoc Committee consisting of Blackrock and Goldman Sachs.

On 15 February 2018, the UK High Court ordered that the outstanding UAE law issues relating to the validity of the Mudarabah Agreement, and any consequent reconciliation are matters that should be heard and determined in the UK. Additionally, that the Company should take steps from 29 March 2018 to discontinue the legal proceedings currently pending in the U.A.E. Court. Conversely, on 13 March 2018 on the application of a Company shareholder, the UAE Court ordered the Company not to discontinue and to proceed with the legal proceedings currently pending in the UAE Court. It also suspended the enforcement in the UAE of the English Court orders pending consideration by the UAE Court of the enforceability of the English Court orders in the UAE.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

14 CAPITAL RECEIVED ON ISSUANCE OF SUKUK (continued)

External legal counsel have advised the Company that the outcome of the ongoing litigation finally in UAE court could result in a significant liability for the Sukukholders to repay the Company excess 'on account profit payments' based on a lawful reconciliation of the transaction. The Company up to 30 April 2017 has made total on account profit payments of USD 635 million to the Sukukholders since January 2008.

The Company, in line with detailed public disclosures that it has made to the Securities and Commodities Authority (SCA) and through ADX, is pursuing the litigation route to resolve the matter and is confident pursuant to independent legal advice of prevailing in its interpretation of the outcome.

The unlawful nature of the current Sukuk and the ongoing litigation process raise a number of accounting issues which may have a material impact on the carrying value of certain assets and liabilities on the statement of financial position. Management and the Directors will carefully review these with the external auditors on an ongoing basis.

Subsequent Event

On 13 May 2018, the Company announced agreement with the Ad-Hoc committee of the Sukukholders ("the AHC"). For details please refer Note 18.

Background

In October 2007, the Group arranged to issue convertible Sukuk-al-Mudarabah (the "Sukuk") for a total value of USD 1 billion in the form of Trust Certificates through a special purpose company (the "Issuer"). The Sukuk, which were intended to conform to the principles of Islamic Shari'a, were approved by the Company's shareholders at an Extraordinary General Meeting held in July 2007. Pursuant to the terms of the Sukuk, the proceeds were applied to the acquisition and development of assets (the "Mudarabah Assets") owned by Dana LNG Ventures Limited. The Sukuk had a profit rate of 7.5% per annum to be paid quarterly from profits generated by the Mudarabah Assets. In 2008, Dana Gas purchased Sukuk from the market with an aggregate value of USD 80 million.

The Sukuk matured on 31 October 2012. On 23 April 2013, the Sukuk holders (by Extraordinary Resolution passed at a meeting of Holders) and the Company's shareholders (by EGM) approved the Sukuk refinancing Transaction. The salient features of the agreement were a reduction in the capital received on issuance of Sukuk from USD 1 billion to USD 850 million via USD 70 million of cash pay-down and cancellation of another USD 80 million of the existing Sukuk already owned by the Company. The remaining USD 850 million was split into two tranches being a USD 425 million Ordinary Sukuk and USD 425 million Exchangeable Sukuk (together the "New Sukuk"), each with 5-year maturity. The Ordinary Sukuk and Exchangeable Sukuk have a profit rate of 9% and 7% per annum, respectively, to be paid quarterly from profits generated by the Mudarabah Assets. The initial effective exchange price for the exchangeable Sukuk was determined on 13 February 2013 and was fixed at AED 0.75 per share (floor price).

The New Sukuk are secured against the shares of Dana LNG Ventures Limited (BVI), Sajaa Gas Company Limited (Sharjah) and United Gas Transmission Company Limited (Sharjah). In addition to the above, the security package available to holders of the New Sukuk was enhanced by USD 300 million of value comprising security over certain receivables of the Company's Egyptian assets, Company's interest in Danagaz W.L.L. and Sajaa Gas industrial land.

During the previous years the Company bought back Sukuk amounting to USD 77.4 million and a further USD 72.9 million worth of Sukuk was converted into shares of Dana Gas PJSC. The outstanding Sukuk is USD 700 million.

15 PROVISION FOR SURPLUS OVER ENTITLEMENT (NET)

a) Surplus over Entitlements

As per the terms of the Petroleum Development Agreement, Pearl takes title to all petroleum produced and accordingly recognises 100% revenue from the sale of condensate and LPG. From such revenue received in cash, Pearl is entitled to retain the petroleum costs and remuneration fee as per the Petroleum Development Agreement ("Entitlements") and any residual amount is to be paid to the KRG ("Surplus"). The right under the Petroleum Development Agreement to receive such revenue in full was upheld by the Arbitration Tribunal in its second Partial Final Award dated 27 November 2015.

On an accruals basis, the cumulative revenue recognised by Pearl as at 31 December 2016 exceeded its net Entitlements under the Petroleum Development Agreement, if all invoices and outstanding receivables were to be paid by the KRG in an amount of USD 326 million (DG Share 35%: USD 114 million). This notional Surplus was only due on the assumption that all the outstanding liquid petroleum invoices as at 31 December 2016 had been paid in full by the KRG as of that date, which they had not.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

15 PROVISION FOR SURPLUS OVER ENTITLEMENT (NET) (continued)

a) Surplus over Entitlements (continued)

Furthermore, Pearl has a right under the terms of the Authorisation to offset this Surplus, when payable, against any other outstanding payments due from the KRG. Accordingly, as at 31 December 2016, the aforementioned Surplus has been reduced by other outstanding amounts due from KRG, the net result being that a net amount of USD 117 million (DG Share 35%: USD 41 million) would be repayable to the KRG, even if the entire amount of USD 2.04 billion (DG Share 35%: USD 713 million) in outstanding receivables to Pearl by 31 December 2016 were to be settled in full.

Pursuant to the Settlement Agreement dated 30 August 2017, an amount of USD 1 billion was paid in cash by the KRG and the residual debt of USD 1.24 billion (including interest and transportation costs receivable) was converted to petroleum cost under the Petroleum Development Agreement. Post this conversion of the residual debt to petroleum costs, Pearl is again in a cost recovery mode wherein Pearl is yet to recover its full Entitlement under the Petroleum Development Agreement. Accordingly, the provision for Surplus over Entitlement of USD 260 million (DG Share 35%: USD 91 million) as of 30 August 2017 was no longer required and has been fully reversed to the income statement in 2017.

b) Interest and other receivable from KRG (net)

Pearl Petroleum ("Pearl") is contractually entitled to charge interest cost on overdue receivables due from KRG. Previously, without giving up its contractual entitlement to actual interest costs, Pearl invoiced interest on overdue KRG invoices at the rate of LIBOR plus 2%. In the absence of settlement of overdue invoices, Pearl decided to invoice by applying 9% interest (quarterly compounded) on 50% of the total overdue receivables, while the remaining 50% overdue receivables were subject to an interest rate of LIBOR plus 2% which is the minimum specified under the Authorisation.

As part of the Third Award received on 13 February 2017 the Tribunal ruled that Pearl is entitled to interest on overdue receivable at Libor plus 2% compounded monthly. Based on the above, Dana Gas share (35%) of the total interest on overdue receivables (for condensate and LPG sales and transportation costs paid on behalf of KRG) from KRG as at 31 December 2016 stood at USD 67 million.

Pursuant to Settlement Agreement with the KRG dated 30 August 2017, total interest at LIBOR plus 2% compounded monthly on overdue receivables from KRG (towards liquids sales and transportation costs paid on behalf of KRG) amounting to USD 237 million (DG Share 35%: USD 83 million) as on 30 August 2017 has been converted to petroleum cost. For the purposes of these financial statements, this amount has been recorded as Oil & Gas Properties and included under Property, plant & equipment. At 31 March 2018, no interest is receivable from KRG.

16 CONTINGENCIES AND COMMITMENTS

Dana Gas Egypt

In March 2006, Dana Gas Egypt entered into an agreement with CTIP Oil and Gas Limited ("CTIP") to acquire a 25% percent working interest in the West El Manzala and West El Qantara Concessions. Following the closing of this acquisition, the Company held a 100% participating interest in each of these Concessions. As agreed under the terms of the said acquisition agreement Dana Gas Egypt has paid USD 13 million as a result of the first Government approved plan of Development in the West El Manzala Concession. In addition, Dana Gas Egypt has agreed to pay additional payments that could total up to a further USD 12.5 million as and when total Proved Reserves for both El Manzala and West El Qantara concessions collectively and in the aggregate exceeds 1 Trillion cubic feet of natural gas. Dana Gas Egypt has also granted a three percent net profits interest to CTIP on future profit from the Concessions.

In April 2013, Dana Gas Egypt was awarded a 100% working interest in the North El Arish Offshore (Block 6) concession area. The area is located offshore Nile Delta, in the eastern part of the Mediterranean Sea. As per the concession agreement, Dana Gas Egypt has committed to spend USD 25.5 million on the block during the first phase of exploration which is 4 years and expired on 11 February 2018. Dana Gas Egypt is granted a one year extension for the first phase of exploration till 10 February 2019. To-date Dana Gas Egypt has spent circa. USD 15.8 million out of the total commitment.

Dana Gas PJSC and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 31 March 2018 (Unaudited)

16 CONTINGENCIES AND COMMITMENTS (continued)

Dana Gas Egypt (continued)

In October 2014, Dana Gas Egypt was awarded a 100% working interest North El Salhiya (Block 1) concession area. The area is located in Nile delta next to DGE existing development leases. As per the concession agreement, Dana Gas Egypt has committed to spend USD 20 million on the block during the first phase of exploration which is 3 years and expired on 14 January 2018. Dana Gas Egypt is granted a six month extension for the first phase of exploration till 14 July 2018. To-date Dana Gas Egypt has spent circa. USD 11.7 million out of the total commitment.

In October 2014, Dana Gas Egypt was also awarded El Matariya (Block 3) onshore concession area in the Nile Delta. Dana Gas Egypt with BP Exploration (Delta) Limited "BP" as partner and operator will participate in the concession on a 50:50 basis. Dana Gas Egypt and BP have committed to spend USD 60 million on the block during the first phase of exploration which is 3 years. As per the terms of the agreement with BP, BP will fund all of the cost (including Dana Gas's share) of the first exploration well up to an agreed maximum limit. BP also has the option to acquire 50% in the deep potential of some of Dana Gas' adjacent Development leases. The Mocha-1 and West Ward Delta-2 exploration wells were drilled during the first exploration phase. Dana Gas Egypt and BP elected to carry on with the block for the second phase of exploration with commitment to spend USD 15 million during 3 years. The Mocha-1 and West Ward Delta-2 wells drilling costs have fulfilled the spend commitment of first and second phases of exploration.

17 DIVIDEND

Subsequent to the period end, at the Annual General Meeting of the Company held on 18 April 2018, despite a recommendation from the Board to defer the consideration of a dividend at a later date, the shareholders of the Company approved a cash dividend of AED 0.05 per share for 2017 amounting in total to USD 95 million (AED 349 million).

18 SUBSEQUENT EVENT

On 13 May 2018, the Company announced that an agreement has been reached with the Ad-Hoc committee of Sukukholders (the "AHC") on terms and condition of an offer for the restructuring and refinancing of its Sukuk Al-Mudarabah, the nominal value of which on 31 October 2017 was USD 700 million. Sukukholders representing in excess of 52% of the aggregate amount of the existing Exchangeable Certificates and in excess of 30% of the existing Ordinary Certificates have entered into a binding lock-up and standstill agreement with the Company in connection with the mutually agreed proposed restructuring.

The Company and members of the AHC currently involved in litigation have also entered into a Litigation Dismissal Agreement that provides a mechanism for the disposal of all pending litigation and a release of certain claims.

In order to successfully complete the Transaction the Company will seek the consent of its shareholders and existing Sukukholders. It is currently expected that the Transaction will be completed by the first half of July 2018

The consensual transaction represents a means to resolve amicably all current issues and disputes facing the Company and the Sukukholders.

Dana Gas PJSC and Subsidiaries
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2017

DANA GAS PJSC

Report of the Directors

The Board of Directors of Dana Gas (“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 2017.

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 2017

During the year, the Company earned gross revenues of USD 450 million (AED 1.6 billion) as compared to USD 392 million (AED 1.4 billion) in 2016, an increase of 15% reflecting increase in realised hydrocarbon prices in 2017 as compared to 2016 and higher production in Egypt. Realised prices were up by 21% in 2017 and impacted the topline by USD 49 million (AED 179 million). Production increase added a further USD 9 million (AED 33 million). Realised price averaged USD 45/bbl for condensate and USD 30/boe for LPG compared to USD 36/bbl and USD 28/boe respectively in 2016.

The Company ended the year with an average production of 67,600 barrels of oil equivalent per day (boepd), an increase of 1% compared to last year’s production of 67,050 boepd. Production in Egypt increased by 5% however this was partly offset by a decline in Zora production which was lower by 39% compared to corresponding year.

The Group achieved a net profit after tax of USD 83 million (AED 305 million) a 194% turnaround from a net loss of USD 88 million (AED 323 million) in 2016. In 2016 the main contributor to the net loss was a one-time interest reversal of USD 66 million (AED 242 million) on overdue receivables due from KRG following the Third Partial Final Award. In 2017, apart from good production growth and higher realised prices; the Company’s profitability also benefited from a very successful settlement with the KRG at end of August 2017. The profit growth in 2017 was impacted by an impairment of USD 34 million (AED 125 million) against Zora assets following receipt of the year end reserve report.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) increased to USD 334 million (AED 1,224 million) compared to USD 207 million (AED 759 million) in 2016.

Liquidity and Financial Resources

Cash and bank balance at year end stood at USD 608 million (AED 2,229 million), an increase of 101% compare to year-end balance of USD 302 million (AED 1,107 million). The increase was mainly due to receipt of USD 210 million (AED 770 million) dividend from Pearl following settlement with KRG and receipt of an industry payment of USD 110 million (AED 403 million) in Egypt during the month of May and June 2017.

On 30 August 2017, pursuant to a Settlement Agreement with the KRG, Pearl Petroleum Company Limited (“Pearl”) received an amount of USD 1 billion (DG Share: USD 350 million) from the KRG towards partial settlement of outstanding receivable. Of this amount, USD 400 million (DG Share: 140 million) is dedicated for investment exclusively for further development to substantially increase production in Kurdistan Region of Iraq. This amount is held by Pearl and will not be distributed as dividend. Accordingly, this amount is classified separately as “Funds held for development”.

DANA GAS PJSC

Report of the Directors

Liquidity and Financial Resources (continued)

The Group collected a total of USD 639 million (AED 2,342 million) during the year with Egypt, Kurdistan Region of Iraq (KRI) and U.A.E. contributing USD 157 million (AED 575 million), USD 466 million (AED 1,708 million) and USD 16 million (AED 59 million), respectively.

On 2 May 2017, the Company also prepaid the Zora outstanding loan amounting of USD 60 million (AED 220 million) plus applicable interest/costs.

Sukuk

As at 30 June 2017, Capital Received on Issuance of Sukuk amounting to USD 700 million was reclassified from Borrowings. Legal advice received from independent UAE legal advisers states that the terms of the Company's Sukuk Al Mudarabah are unlawful under the laws of the UAE and are not compliant with Shari'a principles and therefore are void and unenforceable. Accordingly, the Company instituted legal action in UAE court for declaration to that effect seeking liquidation of the Mudarabah and a reconciliation of the amounts paid.

On 15 February 2018, the UK High Court ordered that the outstanding UAE law issues relating to the validity of the Mudarabah Agreement, and any consequent reconciliation are matters that should be heard and determined in the UK. Additionally, that the Company should take steps from 29 March 2018 to discontinue the legal proceedings currently pending in the Sharjah Court. The Company has filed applications for permission to appeal against these orders to the UK Court of Appeal.

External legal counsel have advised the Company that the outcome of the ongoing litigation finally in UAE courts could result in a significant liability for the Sukukholders to repay the Company excess 'on account profit payments' based on a lawful reconciliation of the transaction. The Company up to 30 April 2017 has made total on account profit payments of USD 635 million to the Sukukholders since January 2008.

The Company, in line with detailed public disclosures that it has made to the Securities and Commodities Authority (SCA) and through ADX, is pursuing the litigation route to resolve the matter and is confident pursuant to independent legal advice of prevailing in its interpretation of the outcome.

The unlawful nature of the current Sukuk and the ongoing litigation process raise a number of accounting issues which may have a material impact on the carrying value of certain assets and liabilities on the statement of financial position. Management and the Directors will carefully review these with the external auditors on an ongoing basis.

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.

DANA GAS PJSC

Report of the Directors

Reserves & Resources

(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 2017. Following this review, the Group's gross proved reserves (1P) as at 31 December 2017 were assessed at 75 MMboe (31 December 2016: 89 MMboe). The gross proved and probable reserves (2P) as at 31 December 2017 were estimated at 117 MMboe (31 December 2016: 132 MMboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2017 were estimated to be 160 MMboe (31 December 2016: 184 MMboe). Decrease in reserves was on account of production during the year, which was not replaced.

(b) 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 risked¹ 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 31 December 2015 based on a comprehensive data set comprising ca. 1200 km 2D seismic, the 11 wells drilled in the two fields to date plus field production data over a period of seven years.

In their report dated April 2016, GCA provide the following reserves estimates for both fields²:

- a) Proved plus Probable (2P) gas and condensate reserves for Khor Mor are 8.5 Tscf and 191 MMbbl respectively of which Dana Gas' 35% share equates to 3 Tscf of dry gas and 67 MMbbl of condensate.
- b) For Chemchemal, Proved plus Probable (2P) gas and condensate reserves are 6.6 Tscf and 119 MMbbl respectively, with Dana Gas' 35% share being 2.3 Tscf of dry gas and 42 MMbbl of condensate.

The above figures are based on data from 2 of the 12 defined compartments in the Khor Mor Field and 1 of the 3 compartments in the Chemchemal Field. Total Dana Gas share of the Khor Mor and Chemchemal 2P reserves is therefore 5.3 Tcf gas and 109 MMbbls condensate, equivalent to 990 MMboe.

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 Resources³ and Prospective Resources⁴.

GCA's report confirms Dana Gas' and Crescent Petroleum's belief that Khor Mor and Chemchemal have the potential to be the largest gas fields in the KRI and indeed in the whole of Iraq and thus makes them world class assets.

(c) Sharjah Western Offshore – Zora Field

Following signing of a concession agreement with Ajman in January 2014, Dana Gas has a 100% working interest in the Zora field which spans the territorial waters of Sharjah and Ajman. Gaffney, Cline & Associates carried out an independent evaluation of Sharjah Western Offshore concession – Zora Field's hydrocarbon reserves as on 31 December 2017. Following this review, the Group's gross proved reserves (1P) as at 31 December 2017 were assessed at 8 MMboe (31 December 2016: 17 MMboe). The gross proved and probable reserves (2P) as at 31 December 2017 were estimated to be 24 MMboe (31 December 2016: 33 MMboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2017 were estimated to be 61 MMboe (31 December 2016: 65 MMboe).

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 The reported hydrocarbon volumes are estimates based on professional judgment and are subject to future revisions, upwards or downwards, as a result of future operations or as additional information becomes available.

³ Those quantities of petroleum estimated to be potentially recoverable but not yet considered mature enough for commercial development due to one or more contingencies.

⁴ Those quantities of petroleum estimated to be potentially recoverable from undiscovered accumulations by future development projects.

DANA GAS PJSC

Report of the Directors

E&P Operations

a) Egypt E&P operations

Dana Gas Egypt ended 2017 with production for the full year of operations of 14.4 MMboe i.e. averaging 39,500 boepd (2016: 13.7 MMboe, i.e. averaging 37,600 boepd) an increase of 5% over the corresponding year. The higher production is a result of El Wastani plant good performance with minimum downtime. El Wastani plant was operating at full capacity throughout the year of 190 MMscf/d of gas, 6,000 bbl/d of condensate and 200 ton/d of LPG.

In Egypt, the Company collected USD 164 million (AED 600 million) during the year and hence realised 129% of the year's revenue. USD 113 million (AED 413 million) was received in US Dollars, USD 44 million (AED 161 million) in equivalent Egyptian pounds and USD 7 million (AED 26 million) was offset against payables to government owned contractors.

At year end, the trade receivable balance reduced to USD 228 million (AED 835 million) from USD 265 million (AED 971 million) at end of 2016. During the year, the Company achieved an important milestone with the international sale of condensate under the GPEA. Three condensate cargos were exported during the year and an additional cargo was exported in January 2018 with average cargo volume of 150,000 barrels. Total proceeds from the three cargos exported during the year was USD 22 million (AED 81 million). Cash generated from the export of Government's share of the incremental condensate is being used to pay down the outstanding receivables owed to the Company by the Egyptian Government.

During the year, the BP operated Mocha-1 exploration well in Block 3 was completed. It reached total depth at 5,940 metres, making it the deepest onshore Nile Delta well drilled to date. Whilst the Messinian objective encountered wet gas, the primary Oligocene target did not encounter gas in commercial quantities and the well has been P&A'ed. Under the terms of the agreement signed in June 2015, BP agreed to carry Dana Gas for its 50% share of the cost of the well. Consequently, Dana Gas has achieved its objective of drilling this important calibration well at no cost to itself.

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

In April 2007, the Group entered into agreements with the Kurdistan Regional Government of Iraq for developing the significant petroleum (including gas) resources in the Khor Mor and Chemchemal fields. Since then, the focus has been on developing, processing and transporting natural gas from the Khor Mor Field including processing and extracting LPG and condensate and providing natural gas supplies to domestic power generation plants near Erbil and Sulaimaniya. Further development of both fields is planned following resolution of the ongoing legal dispute. As envisaged under the agreements, such further development is expected to provide significant natural gas supplies for future expansion of power generation and local industries as well as for export and sale abroad as and when the political circumstances permit.

Dana Gas's share (35%) of gross production in the KRI for 2017 was 9.4 MMboe, i.e. averaging 25,750 boe per day (2016 – DG Share 35%: 9.5 MMboe, averaging 26,000 boe per day).

Dana Gas share of collections for the year stood at USD 466 million (AED 1,708 million). Pursuant to the Settlement Agreement with the KRG dated 30 August 2017, KRG settled the outstanding receivable amounting to USD 1.98 billion (DG Share: USD 695 million) as of 30 August 2017 by payment of USD 1 billion (DG Share: USD 350 million) in cash with the residual receivable being converted to petroleum cost and classified as "Oil & Gas interest" on the balance sheet. Consequently at year end, Dana Gas' 35% share of trade receivable balance stood at USD 7 million (AED 26 million) and represents amounts due against local sales for the month of December 2017.

The settlement allows Pearl to start 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, with plans underway to increase total production by 20% this year and 170% within 2 years.

DANA GAS PJSC

Report of the Directors

E&P Operations (continued)

c) Zora Gas Field

The Zora gas field lies partly in the Sharjah Western Offshore Concession area and extends into the adjacent Ajman Concession area with approximately 50% of the volume on each side as agreed under the initial unitization agreement. The field produces slightly sour gas via an unmanned platform in approximately 24 meters of water depth located about 33km offshore. The platform is connected by means of 12" subsea and onshore pipeline system to a gas processing plant located within Sharjah Hamriyah Free Zone.

The gas plant has been in continuous production since 28 February 2016, currently delivering approximately 8 mmscfd sales gas to Sharjah power station and producing on average 76 bbl/day of condensate. Production from the Zora field during 2017 averaged 1,650 boepd (2016: 2,750 boepd). As the current production rate of the Sharjah-2 well has continued to decline, a detailed geo-technical study was carried out, based on production data, to determine the range of well intervention options which could enhance production and to assess their economic viability. This work was further extended into a Field Development Plan to evaluate possible future options for further development and to determine the gas price required to make such further development economically viable. At this time it is unlikely that further well interventions can be economically justified and this has been taken into consideration during the 2017 annual reserves evaluation audit. However, any final decision on future expenditure will also be subject to the outcome of negotiations on sales gas price.

During the year, collections stood at USD 16 million (AED 59 million). At year end, the trade receivable balance stood at USD 1 million (AED 4 million) (31 December 2016: USD 2 million / AED 7 million).

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 Sajaa Gas and UGTC, the entities that own the offshore riser platform, the offshore and onshore pipelines and the sour gas processing plant.

For further updates see "Arbitration Cases".

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 mmscfd of gas and has produced 2,355 boepd of propane (DG Share 26.4%: 622 boepd) and 178 boepd of butane (DG Share 26.4%: 47 boepd) during the year.

DANA GAS PJSC

Report of the Directors

Arbitration Cases

On 30 August 2017, the Company announced the settlement of the International arbitration commenced on 21 October 2013 in the London Court of International Arbitration ('LCIA') in relation to the Heads of Agreement on Khor Mor and Chemchemal fields on 4 April 2007 ('HOA') between Dana Gas, Crescent Petroleum, Pearl Petroleum (the 'Consortium') and the Kurdistan Regional Government ('KRG'), (together the 'Parties').

The Parties have mutually agreed to fully and finally settle all their differences amicably by terminating the Arbitration and related court proceedings, and releasing all remaining claims between them, including the substantial damages asserted by the Consortium against the KRG; implementing a mechanism for settlement of USD 2,239 million awarded by the Tribunal to date; and proceeding with immediate further development of the HoA's world class resources for mutual benefit as well as the benefit of the people of the Kurdistan Region and all of Iraq.

The agreed settlement highlights was as follows:

- The KRG to immediately pay Pearl a sum of USD 600 million.
- The KRG to immediately pay Pearl a further of USD 400 million to be dedicated for investment exclusively for the aforesaid further development to substantially increase production.
- Pearl to increase gas production at Khor Mor by 500 MMscf/day, a 160% increase on the current level of production (the "Additional Gas"). The Additional Gas, together with significant additional amounts of condensate, is expected to begin production in approximately two years.
- The balance of sums awarded by the Tribunal (USD 1,239 million) was no longer a debt owed by the KRG and was reclassified as outstanding recoverable by Pearl from future revenues generated from the HoA areas.
- The profit share allocated to Pearl from future revenues generated from the HoA areas were adjusted upwards to a level similar to the overall profit levels normally offered to IOCs under the KRG's Production Sharing Contracts. This adjustment reflected the larger investment risk and costs involved in the development of natural gas resources compared to oil developments.
- The Parties have clarified the Khor Mor block boundary coordinates and the KRG has awarded the Consortium investment opportunities in the adjacent blocks 19 and 20, and added these to the HoA areas, with commitments by the Consortium to make appraisal investments on these blocks, and developments if commercial oil and gas resources are found.
- The KRG will purchase 50% of the Additional Gas on agreed terms to boost the gas supply to power generation plants in the Kurdistan Region. The other 50% of the Additional Gas (250 mmscf/d) will be marketed and sold by Pearl to customers within Iraq or by export, or can be sold to the KRG as well to further boost power generation within Iraq.
- Pearl will also expand its local training and employment programs towards achieving maximum localization and content, as well as supporting local communities through its active Corporate Social Responsibility (CSR) programmes.
- The Parties have exchanged mutual releases, waivers, and discharges in relation to all the claims in relation to the Arbitration and related court proceedings.
- The Parties have also amended and clarified the HoA language and terms, including extension of the term of the Contract until 2049.

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.

DANA GAS PJSC

Report of the Directors

Arbitration Cases (continued)

On 18 July 2016, the English High Court finally dismissed the National Iranian Oil Company ('NIOC's) remaining grounds of appeal against the 2014 arbitration award. The 2014 arbitration award found in favour of Dana Gas' partner Crescent Petroleum Company International Limited 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 previously 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) took place in November 2016. Due to a long post-hearing submissions timetable, the tribunal indicated that its award will likely be delivered in 2H of 2018.

The Company, together with Crescent Petroleum International Limited ("Crescent Petroleum"), commenced arbitration proceedings against MOL Group ('MOL') on 20 September 2017 arising out of MOL's conduct as a 10% shareholder in Pearl Petroleum relating to the settlement of the arbitration with the KRG.

On 30 August 2017, the Company announced settlement of the long running dispute between itself, Crescent Petroleum and Pearl Petroleum Company Limited ("Pearl") and the Kurdistan Regional Government of Iraq (the "KRG") on beneficial terms which paved the way for immediate development of world class resources in Khor Mor and Chemchemal to maximise their potential for mutual benefit as well as the benefit of the people of the Kurdistan Region and all of Iraq.

The Settlement Agreement with the KRG was welcomed and endorsed by Dana Gas, Crescent Petroleum, OMV and RWE, together holding 90% of the shares of Pearl Petroleum. MOL (a 10% shareholder of Pearl) unreasonably sought to link its endorsement of the settlement to a renegotiation of the terms by which it first secured its participation in Pearl back in May 2009 (namely its commitment to certain contingent payments) and now complains about Dana Gas and Crescent Petroleum for their handling of the settlement alongside Pearl, expressing dissatisfaction with the outcome as compared to the alternative of pursuing a final litigation and enforcement outcome against the KRG. MOL has issued a default notice under the terms of the Pearl Petroleum shareholders agreement alleging that the actions of Dana Gas and Crescent Petroleum in concluding the Settlement Agreement amounts to a breach of the Pearl Petroleum shareholders agreement.

Dana Gas and Crescent Petroleum reject the allegations and the default notice, and have been forced to initiate arbitration in The London Court of International Arbitration in order to obtain a formal declarations to resolve these matters. The hearing of these matters is scheduled for up to three weeks commencing in London on 26 November 2018.

DANA GAS PJSC
Report of the Directors

Directors

H.H. Sheikh Ahmed Bin Sultan Al-Qasimi, Honorary Chairman

1. Mr. Hamid Dhiya Jafar, Chairman
2. Mr. Rashid Saif Al-Jarwan, Deputy Chairman
3. H.E. Sheikh Sultan Bin Ahmed Bin Sultan Al-Qasimi
4. Mr. Abdullah Ali Al Majdouie
5. Ms. Fatima Obaid Al-Jaber
6. Mr. Hani Abdulaziz Hussein
7. Mr. Majid Hamid Jafar
8. Mr. Nasser Al Nowais
9. Mr. Said Arrata
10. Mr. Varoujan Nerguizian
11. Mr. Ziad Abdulla Ibrahim Galadari

Auditors

The financial statements have been audited by Ernst & Young who retire and, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors



Director

14 March 2018

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Dana Gas PJSC (the "Company" or "Dana Gas") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

We draw attention to the following matters:

- (i) notes 12 (b) and 14 to the consolidated financial statements which disclose that the continued delay in commencement of gas supplies has prompted a key supplier of the Group to initiate arbitration proceedings against the ultimate supplier;
- (ii) note 26 to the consolidated financial statements which discloses the ongoing legal actions with respect to the Company's Sukuk which matured in October 2017; and
- (iii) note 15 (a) to the consolidated financial statements which discloses arbitration between the Group and a joint venture partner.

Our opinion is not modified in respect of the above matters.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

(i) Settlement agreement with the Kurdistan Regional Government of Iraq

As detailed in note 15 to the consolidated financial statements, on 30 August 2017 the Company announced the settlement of the International arbitration which commenced on 21 October 2013 in the London Court of International Arbitration ("LCIA") in relation to the Heads of Agreement on Khor Mor and Chemchemal fields on 4 April 2007 ("HOA") between Dana Gas, Crescent Petroleum, Pearl Petroleum (the "Consortium") and the Kurdistan Regional Government ("KRG"), (together the "Parties").

Pursuant to the Settlement Agreement, the residual KRG debt of USD 1.25 billion (Dana Gas share: USD 439 million), post cash settlement of USD 1 billion, was converted into a recoverable petroleum cost. This residual debt has been recorded as an addition to the oil and gas properties in the consolidated financial statements. This capitalisation to oil and gas properties is on the basis that it is to be recovered from the Government share and the additional value now attributable to Pearl Petroleum arises from the reduced Government share and the extended term of the Petroleum Development Agreement. Oil and gas interests are depleted using the unit of production method effective from 30 August 2017, and are subject to a periodic impairment test.

We have reviewed the related arbitration documents, legal opinions and the signed settlement agreement. We have discussed the settlement with the management and critically evaluated the accounting implications arising from the settlement agreement. We also assessed the adequacy of the disclosure made in relation to the settlement agreement in note 15 to the consolidated financial statements.

(ii) Recoverability of trade receivables from the Government of Egypt

The receivables from state owned companies of Government of Egypt, EGPC and EGAS amounted to USD 228 million (note 17) as at 31 December 2017. Given the economic uncertainty in Egypt we continue to focus in our audit on the recoverability of this overdue amount. The management is confident of further progress in the collection of receivables in the near future due to its strong relationships with the Egyptian Government. There is no dispute on the outstanding receivable balance and based on the progress made on the Gas Production Enhancement Agreement including the commencement of shipments to allow for direct condensate export and significant receipts during the year of USD 164 million, the management does not foresee any recovery issue on these receivables.

We discussed the status of these receivables with the Group's management and reviewed the Gas production enhancement agreements. We also obtained an understanding of the local environment in which the entity operates and its impact on the operations. We also considered cash received, including collections subsequent to the year end.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC (continued)

Key audit matters (continued)

(iii) UAE gas project assets and legal arbitration

The UAE Gas Project to process and transport imported gas continues to await the commencement of gas supplies by the National Iranian Oil Company ("NIOC") to Crescent Petroleum. Dana Gas has a 35% interest in Crescent National Gas Corporation Limited (CNGCL) and owns 100% of SajGas and UGTC, all of whose rights to recover their losses have been preserved and whose claims are being pursued by Crescent Petroleum. Assets of SajGas and UGTC include intangible and tangible assets of USD 289 million and USD 239 million respectively (note 12b). Dana Gas' 35% interest in the marketing entity CNGCL is recorded in the balance sheet at USD 558 million (note 14). The carrying value of these assets is dependent upon the final Tribunal Award on the damages claim against NIOC and the resultant share of Dana Gas.

Crescent Petroleum, which has the gas supply contract with NIOC, commenced international arbitration against NIOC in June 2009 due to the continued delay in receipt of gas to supply the chain via CNGC. In August 2014, Dana Gas was notified by Crescent Petroleum that the Arbitral Tribunal issued a Final Award on the merits, determining that the 25-year contract between Crescent Petroleum 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.

NIOC challenged the 2014 Award in the English High Court, which was finally dismissed in July 2016 and confirmed that the Award is final and binding. The final three week hearing of the remedies phase against NIOC for non-performance of the contract (including claims for damages and indemnities for third party claims) took place in November 2016. Due to a long post-hearing submissions timetable, the tribunal indicated that its award will likely be delivered in 2H of 2018.

We have reviewed legal documents including the decision of the English High Court of July 2016 relating to the dismissal of the NIOC challenge of the Award, and discussed the progress and status with the legal department of Dana Gas. We also reviewed the adequacy of the related disclosures in the consolidated financial statements.

Considering the inherent uncertainty over the ultimate outcome of any arbitration or court process and the inherent uncertainty over the enforceability of the court orders, we have included an emphasis of this matter in this audit report.

(iv) Goodwill and oil and gas interest

As at 31 December 2017, the Group has goodwill of USD 308 million (note 12) relating to Egyptian assets and tangible and intangible assets amounting to USD 403 million (notes 11 & 12) relating to the oil and gas interests of Dana Gas Egypt and USD 180 million (note 11) of development assets relating to the Zora Gas field in UAE. The current low price environment and uncertainty over timing of cash flows from these assets presents an increased risk of impairment.

The management undertook an impairment review of these assets as at 31 December 2017 using a discounted cash flow model supported by an independent expert's reserve report. This impairment test was significant because of the materiality of the balances and also as it requires significant management judgments and assumptions that are affected by future market conditions, particularly future oil/gas prices, expected reserves additions from the development activities currently in progress as part of Gas Production Enhancement Agreement, commercial recoverability of resources from prospects considered for goodwill valuation, macro-economic conditions in Egypt and the flow rates from the Zora Gas Field.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC (continued)

Key audit matters (continued)

(iv) Goodwill and oil and gas interest (continued)

We evaluated the assumptions and methodologies used by the Group and the independent external expert, in particular those relating to discount rates, oil/gas prices, capital/ operating expenditures and production profile. We evaluated the discount rate used by comparing key inputs, where relevant, to the externally derived data and market rates. We agreed the forward looking data used in the impairment models to the business plan. We corroborated the short and long-term oil/gas prices assumptions used by management in the business plan to the contractual arrangement and third party forecasts. We compared future capital and operating expenditure to current sanctioned budgets, historical expenditure and ensured variations were in accordance with our expectations based upon other information obtained throughout the audit. We also reviewed the reasonableness of the production profile in light of reserves volumes certified by independent external experts and historical operations.

In addition to the above, we performed audit procedures on the mathematical integrity of the impairment models and performed sensitivity analysis over inputs to the cash flow models. We have evaluated the objectivity, independence and expertise of the independent external expert. We also focused on the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of oil and gas assets and goodwill which are disclosed in note 12 to the consolidated financial statements.

(v) Sukuk refinancing

As at 31 December 2017, the Group had USD 700 million of issued Sukuk, disclosed as capital received on issuance of Sukuk. The Sukuk which matured on 30 October 2017 is secured against the shares of Dana LNG Ventures Limited (BVI), Sajaa Gas Company Limited (Sharjah) and United Gas Transmission Company Limited (Sharjah), certain receivables of the Group's Egyptian assets, the Group's interest in Danagaz W.L.L. and Sajaa Gas industrial land.

The Company's independent legal advisers have advised that the terms of the Sukuk are not compliant with UAE law and Shari'a principles and therefore are void and unenforceable. Accordingly, the Company instituted legal action in the UAE courts for a declaration to that effect and seeking liquidation of the Mudarabah and a reconciliation of the amounts paid. Certain Sukukholders have in turn initiated legal action against the Company to enforce the contractual terms of the Sukuk.

We have reviewed the independent external legal opinions, and court rulings and judgements received by the Company relating to the ongoing Sukuk litigation. We have discussed with the management and evaluated the implication of the ongoing litigation may have on the consolidated financial statements. We also assessed the adequacy of the Group's disclosure regarding the ongoing litigation relating to the Sukuk made in note 26 of the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC (continued)

Key audit matters (continued)

Considering the inherent uncertainty over the ultimate outcome of any court process, we have included an emphasis of this matter in this audit report.

(vi) Arbitration with a Joint Venture Partner

As disclosed in note 15 to the consolidated financial statement, the Company, together with Crescent Petroleum International Limited ("Crescent Petroleum"), commenced arbitration proceedings against MOL Group ("MOL") on 20 September 2017 arising out of MOL's conduct as a 10% shareholder in Pearl Petroleum Company Limited ("Pearl") relating to the settlement of the arbitration with the KRG as discussed in point (i) above. MOL have asserted that the Company is in default of its obligations under the Pearl Shareholders Agreement.

Dana Gas and Crescent Petroleum reject the allegations and the default notice, and have been forced to initiate arbitration in The London Court of International Arbitration in order to obtain a formal declarations to resolve these matters.

We have discussed the status of the ongoing arbitration with the Group's management including the legal department, in addition to review of independent external legal confirmations. We have reviewed the correspondence between Pearl and its joint venture partners, and the related arbitration documents. We have also evaluated management's rationale for concluding on the validity of the settlement agreement.

Considering the inherent uncertainty over the ultimate outcome of any arbitration or court process, we have included an emphasis of this matter in this audit report.

Other information

Management is responsible for the other information. Other information consists of the information included in the Group's 2017 Annual Report, other than the consolidated financial statements and our auditors' report thereon. We obtained the Report of the Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Group's 2017 Annual Report after the date of our auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC (continued)

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the article of association of the Company and the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 and the Articles of Association of the Company;
- iii) the Group has maintained proper books of account;
- iv) the financial information included in the Report of the Directors is consistent with the books of account of the Group;
- v) investments in shares and stocks during the year ended 31 December 2017, if any, are disclosed in note 18 to the consolidated financial statements;
- vi) note 31 reflects material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2017 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2017; and
- viii) note 35 reflects the social contributions made during the year.

For Ernst & Young



Signed by:
Anthony O'Sullivan
Partner
Registration No. 687

14 March 2018

Sharjah, United Arab Emirates

Dana Gas PJSC and Subsidiaries

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

	<i>Notes</i>	<i>2017</i>		<i>2016</i>	
		<i>USD mm</i>	<i>AED mm</i>	<i>USD mm</i>	<i>AED mm</i>
Revenue	5	450	1,649	392	1,437
Royalties	5	(169)	(619)	(137)	(502)
Net revenue	5	281	1,030	255	935
Operating costs		(52)	(191)	(52)	(191)
Depreciation and depletion	11	(111)	(407)	(100)	(366)
Gross profit		118	432	103	378
General and administration expenses		(15)	(55)	(13)	(48)
Investment and finance income / (cost)	6	24	88	(55)	(202)
Other income	7	26	95	-	-
Reversal of surplus over entitlement	29	114	418	39	143
Other expenses		(20)	(73)	(19)	(69)
Provision for impairment		(36)	(132)	(7)	(26)
Change in fair value of investment property	13	-	-	(1)	(4)
Share of loss of a joint venture	14	-	-	(3)	(11)
Exploration expenses / write-off		(19)	(69)	(4)	(15)
Finance cost	8	(71)	(260)	(97)	(355)
PROFIT / (LOSS) BEFORE INCOME TAX		121	444	(57)	(209)
Income tax expense	9	(38)	(139)	(31)	(114)
PROFIT / (LOSS) FOR THE YEAR		83	305	(88)	(323)
PROFIT / (LOSS) ATTRIBUTABLE TO:					
- Equity holders of the parent		83	305	(88)	(323)
- Non-controlling interest		-	-	-	-
		83	305	(88)	(323)
EARNINGS PER SHARE:					
- Basic earnings / (loss) per share (USD/AED per share)	10	0.012	0.044	(0.013)	(0.046)
- Diluted earnings / (loss) per share (USD/AED per share)	10	0.012	0.044	(0.013)	(0.046)

The attached notes 1 to 35 form part of these consolidated financial statements.

Dana Gas PJSC and Subsidiaries

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017		2016	
	USD mm	AED mm	USD mm	AED mm
Profit / (loss) for the year	83	305	(88)	(323)
Other comprehensive income	-	-	-	-
Other comprehensive income for the year	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	83	305	(88)	(323)
ATTRIBUTABLE TO:				
- Equity holders of the parent	83	305	(88)	(323)
- Non-controlling interest	-	-	-	-
	83	305	(88)	(323)

The attached notes 1 to 35 form part of these consolidated financial statements.

Dana Gas PJSC and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

		2017		2016	
	Notes	USD mm	AED mm	USD mm	AED mm
ASSETS					
Non-current assets					
Property, plant and equipment	11	1,462	5,360	1,105	4,050
Intangible assets	12	644	2,361	690	2,529
Investment property	13	24	87	24	87
Interest in joint ventures	14	560	2,053	560	2,053
		<u>2,690</u>	<u>9,861</u>	<u>2,379</u>	<u>8,719</u>
Current assets					
Inventories	16	50	183	49	180
Trade and other receivables	17	285	1,045	1,026	3,761
Financial assets at fair value through profit or loss	18	9	33	9	33
Funds held for development	19	140	513	-	-
Cash and bank balance	20	608	2,229	302	1,107
		<u>1,092</u>	<u>4,003</u>	<u>1,386</u>	<u>5,081</u>
TOTAL ASSETS		<u>3,782</u>	<u>13,864</u>	<u>3,765</u>	<u>13,800</u>
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Parent					
Share capital	21	1,903	6,977	1,901	6,969
Statutory reserve	22	116	424	108	395
Legal reserve	22	116	424	108	395
Retained earnings		669	2,453	603	2,210
Other reserves	23	4	15	3	11
Convertible bonds- equity component		58	212	58	212
		<u>2,866</u>	<u>10,505</u>	<u>2,781</u>	<u>10,192</u>
Attributable to equity holders of the Parent		<u>2,866</u>	<u>10,505</u>	<u>2,781</u>	<u>10,192</u>
Non-controlling interest		1	4	1	4
Total equity		<u>2,867</u>	<u>10,509</u>	<u>2,782</u>	<u>10,196</u>
Non-current liabilities					
Borrowings	25	19	70	62	227
Provisions	27	14	51	11	40
		<u>33</u>	<u>121</u>	<u>73</u>	<u>267</u>
Current liabilities					
Capital received on issuance of Sukuk	26	700	2,566	700	2,566
Borrowings	25	4	15	41	150
Trade payables and accruals	28	178	653	128	470
Provision for surplus over entitlement (net)	29	-	-	41	151
		<u>882</u>	<u>3,234</u>	<u>910</u>	<u>3,337</u>
Total liabilities		<u>915</u>	<u>3,355</u>	<u>983</u>	<u>3,604</u>
TOTAL EQUITY AND LIABILITIES		<u>3,782</u>	<u>13,864</u>	<u>3,765</u>	<u>13,800</u>


 Director
 14 March 2018


 Director
 14 March 2018

The attached notes 1 to 35 form part of these consolidated financial statements.

Dana Gas PJSC and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

		2017		2016	
	Notes	USD mm	AED mm	USD mm	AED mm
OPERATING ACTIVITIES					
Profit / (loss) before income tax		121	444	(57)	(209)
Adjustments for:					
Depreciation and depletion	11	111	407	100	366
Other income		(26)	(95)	-	-
Investment and finance income / (cost)	6	(24)	(88)	55	202
(Reversal of) / provision for surplus over entitlement		(114)	(418)	(39)	(143)
Provision for impairments		36	132	7	26
Change in fair value of investment property	13	-	-	1	4
Share of loss of a joint venture	14	-	-	3	11
Exploration expenses		19	69	-	-
Finance cost		71	260	77	282
Directors' fee		-	-	(2)	(7)
		194	711	145	532
Changes in working capital:					
Trade and other receivables		405	1,485	(12)	(44)
Funds held for development		(140)	(513)		
Inventories		(1)	(3)	4	14
Trade payables and accruals		45	164	(24)	(88)
Net cash generated from operating activities		503	1,844	113	414
Income tax paid		(38)	(139)	(31)	(114)
Net cash flows generated from operating activities		465	1,705	82	300
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(40)	(146)	(86)	(315)
Expenditure on intangible assets		(12)	(44)	(26)	(95)
Investment and finance income received		6	22	4	14
Investment in joint venture		-	-	(3)	(11)
Net cash flows used in investing activities		(46)	(168)	(111)	(407)
FINANCING ACTIVITIES					
Proceeds from borrowings		-	-	9	33
Repayment of loans		(81)	(298)	(39)	(143)
Repurchase of Sukuk		-	-	(45)	(164)
Finance costs paid		(32)	(117)	(64)	(234)
Deposit – Murabaha facility	20	10	37	19	70
Net cash flow used in financing activities		(103)	(378)	(120)	(438)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS					
		316	1,159	(149)	(545)
Cash and cash equivalents at the beginning of the year	20	292	1,070	441	1,615
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20	608	2,229	292	1,070

The attached notes 1 to 35 form part of these consolidated financial statements.

Dana Gas PJSC and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2017

	Attributable to the equity holders of the parent															
	Share capital		Statutory reserve		Legal reserve		Retained earnings		Other reserves		Convertible bonds-equity component		Non-controlling interest		Total	
	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm
As at 1 January 2016	1,901	6,969	108	395	108	395	693	2,540	2	7	58	212	1	4	2,871	10,522
Loss for the year	-	-	-	-	-	-	(88)	(323)	-	-	-	-	-	-	(88)	(323)
Total comprehensive income for the year	-	-	-	-	-	-	(88)	(323)	-	-	-	-	-	-	(88)	(323)
Share based payment	-	-	-	-	-	-	-	-	1	4	-	-	-	-	1	4
Board compensation	-	-	-	-	-	-	(2)	(7)	-	-	-	-	-	-	(2)	(7)
As at 31 December 2016	1,901	6,969	108	395	108	395	603	2,210	3	11	58	212	1	4	2,782	10,196
Profit for the year	-	-	-	-	-	-	83	305	-	-	-	-	-	-	83	305
Total comprehensive income for the year	-	-	-	-	-	-	83	305	-	-	-	-	-	-	83	305
Transfer to reserves	-	-	8	29	8	29	(16)	(58)	-	-	-	-	-	-	-	-
Share based payment	-	-	-	-	-	-	-	-	2	8	-	-	-	-	2	8
Transfer	-	-	-	-	-	-	(1)	(4)	1	4	-	-	-	-	-	-
Issuance of shares to employees	2	8	-	-	-	-	-	-	(2)	(8)	-	-	-	-	-	-
As at 31 December 2017	1,903	6,977	116	424	116	424	669	2,453	4	15	58	212	1	4	2,867	10,509

The attached notes 1 to 35 form part of these consolidated financial statements.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

1 CORPORATE INFORMATION

Dana Gas PJSC ("Dana Gas" or the "Company") was incorporated in the Emirate of 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 shares are listed on the Abu Dhabi Securities Exchange (ADX).

The Company, its subsidiaries, joint operations and joint ventures constitute the Group (the "Group"). The Group is engaged in the business of exploration, production, ownership, transportation, processing, distribution, marketing and sale of natural gas and petroleum related products, including the development of gas related projects and services.

The Company's registered head office is at P. O. Box 2011, Sharjah, United Arab Emirates with presence in Cairo (Egypt) and Kurdistan Region of Iraq.

Principal subsidiaries and joint arrangements of the Group at 31 December 2017 and 2016 and the Company (direct and indirect) percentage of ordinary share capital or interest are set out below:

<i>Subsidiaries</i>	<i>%</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Dana LNG Ventures Limited	100	British Virgin Islands	Intermediate holding company of Dana Gas Egypt
Dana Gas Red Sea Corporation	100	Barbados	Holding company of Dana Gas Egypt
Dana Gas Egypt Ltd. ("Dana Gas Egypt")	100	Barbados	Oil and Gas exploration & production
Dana Gas Explorations FZE	100	UAE	Oil and Gas exploration & production
Sajaa Gas Private Limited Company ("SajGas")	100	UAE	Gas Sweetening
United Gas Transmissions Company Limited ("UGTC")	100	UAE	Gas Transmission
Danagaz (Bahrain) WLL	66	Bahrain	Gas Processing
<i>Joint Operations</i>	<i>%</i>	<i>Area of operation</i>	<i>Principal activities</i>
Pearl Petroleum Company Limited ("Pearl Petroleum")*	35	Kurdistan Region of Iraq	Oil and Gas exploration & production
UGTC/ Emarat JV	50	Emirate of Sharjah	Gas Transmission
<i>Joint Ventures</i>	<i>%</i>	<i>Country/Area of operation</i>	<i>Principal activities</i>
Egyptian Bahraini Gas Derivative Company ("EBGDCO")	26.4	Egypt	Gas Processing
Crescent National Gas Corporation Limited ("CNGCL")	35	Emirate of Sharjah	Gas Marketing
GASCITIES Ltd	50	MENASA	Gas Cities

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment property and financial assets at fair value through profit or loss account that have been measured at fair value. The consolidated financial statements are presented in United States Dollars (USD), which is the Company's functional currency, and all the values are rounded to the nearest million (USD mm) except where otherwise indicated. The United Arab Emirates Dirhams (AED) amounts have been presented solely for the convenience to readers of the consolidated financial statements. AED amounts have been translated at the rate of AED 3.6655 to USD 1.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

New and amended standards adopted by the Group

The following standards and amendments have been adopted by the Group for the first time effective for the financial year beginning on or after 1 January 2017. The Group has not early adopted any standard, interpretation or amendment that has been issued but are not yet effective. The nature and the impact of these changes are disclosed below.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The amendment does not have any effect on the Group's financial positions and performance.

Annual improvements 2012-2014 Cycle

IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirement in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The amendment does not have any effect on the Group's financial positions and performance.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. The standards are not expected to have any material impact on the consolidated financial statements of the Group.

IFRS 9 Financial Instruments

During July 2014, the IASB issued IFRS 9 "Financial Instruments" with all the three phases. IFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 as issued in July 2014 will be implemented at the mandatory date on 1 January 2018. The standard is not expected to have any material impact on the Group other than disclosure in the consolidated financial statements.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 “Leases” which sets out the principle for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or financial leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted. The Company is currently assessing the impact of IFRS 16 “Leases” on the consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue-Barter Transactions Involving Advertising Services. The standard is effective for annual period beginning on or after 1 January 2018, and early adoption is permitted. This standard is not expected to have any material impact on the Group’s revenue recognition policies and consolidated financial statements of the Group.

IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligation; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted. These amendments will not have any impact on the consolidated financial statements of the Group because it does not have any cash settled share-based payment transaction.

Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management’s intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early adoption of the amendments is permitted and must be disclosed. These amendments will not have any impact on the consolidated financial statements of the Group since Group’s current practice is in line with classification issued.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. However, since the Group’s current practice is in line with the Interpretation, the Group does not expect any effect on its consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2017.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

Where the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement(s) with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gain or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

(a) *Subsidiaries* (continued)

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Inter-company transactions, balances and unrealised gains on transaction between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss.

(d) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

(e) Joint arrangements

The Group has applied IFRS 11 to all joint arrangements as of 1 January 2013. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interest in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from sale of its share of the output arising from the joint operations
- Share of the revenue from the sale of the output by the joint operations
- Expenses, including its share of any expenses incurred jointly.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating decision-maker. The Chief Operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD which is the Company's functional currency and AED is presented as the Group's presentation currency for the convenience of the users of the consolidated financial statements.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each items of financial position presented are translated at the closing rate at the date of statement of financial position;
- b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- c) all resulting exchange differences are recognised in other comprehensive income.

Property, plant and equipment

Property, plant and equipment is stated at cost net of accumulated depreciation and/or accumulated impairment losses, if any. Land is not depreciated.

Depreciation is computed on a straight line basis over the estimated useful lives of the assets as follows:

Oil and gas properties	unit-of-production
Buildings	25 years
Gas plant	15 – 25 years/unit-of-production
Pipelines & related facilities	25 years/unit-of-production

Other assets:

Computers	2-3 years
Furniture and fixtures	3 years – 5 years
Vehicles	3 years – 5 years
Leasehold improvements	over the expected period of lease

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively if appropriate.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Capital work-in-progress is stated at cost. On commissioning, capital work-in-progress is transferred to property, plant and equipment and depreciated or depleted in accordance with Group policies.

Oil and gas assets

Oil and natural gas exploration and evaluation expenditures are accounted for using the 'successful efforts' method of accounting. Pre-license costs are expensed in the period in which they are incurred. License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Exploration license and leasehold property acquisition costs are capitalised in intangible assets. Geological and geophysical costs are recognised in the income statement, as incurred.

Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. If hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity which may include the drilling of further wells (exploration or exploratory-type stratigraphic test wells), are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to a technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proven reserves of oil and natural gas are determined and development is sanctioned, capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure. Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

(a) Depletion

Oil and gas properties are depleted using the unit-of-production method. Unit-of-production rates are based on proved reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods.

(b) Impairment – exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less cost to sell and their value in use. For the purpose of assessing impairment, the exploration and evaluation assets subject to testing are grouped with existing cash-generating units of production fields that are located in the same geographical region.

Intangible assets

Intangible assets acquired as part of a business combination relating to oil and gas properties are recognised separately from goodwill if the asset is separable or arises from contractual or legal rights and its fair value can be measured reliably.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually either individually or at the cash-generating unit level. When development in respect of the oil and gas properties is internally approved, the related amount is transferred from intangible assets to property, plant and equipment and depleted in accordance with the Group's policy. If no future activity is planned, the remaining balance is written off.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire and the fair value of the non-controlling interest in the acquire.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset or a cash generating unit (CGU) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's or CGU's recoverable amount. An asset's or CGU's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets in which case, the asset is tested as part of a large CGU to which it belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assumptions of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset or CGU is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables'.

Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting period. After initial measurement, AFS investments are subsequently measured at fair value with unrealised gains or losses recognised as "other comprehensive income" in the AFS reserve (fair value reserve) until the investment is derecognised. At that time cumulative gain is recognised in other income and cumulative loss is recognised as finance costs and removed from AFS reserve.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gain or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'investment and finance income' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payment is established.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These includes the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

The Group assesses, at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent expenditure is added to the carrying value of investment properties when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance expenses and is charged to the consolidated income statement in the period in which it is accrued.

Subsequently investment properties are stated at fair value, which reflects market conditions at the reporting date. Any gains or loss arising from changes in fair values of investment properties are included in the income statement. Fair values are determined based on an annual evaluation performed by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase price, cost of production, transportation and other directly allocable expenses. Costs of spares and consumables are determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Trade and other receivables

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Trade payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Decommissioning liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of that particular asset. The cash flows are discounted at a current pre tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. The abandonment and site restoration costs initially recorded are depleted using the unit-of-production method based on proven oil and gas reserves. Subsequent revisions to abandonment and site restoration costs are considered as a change in estimates and are accounted for on a prospective basis.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions (continued)

Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. With respect to its UAE national employees, the Group makes contributions to a pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Income Taxes

In Egypt, the government receives production in lieu of income tax. The Group records this production as a current income tax expense.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of respective assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as finance cost in the income statement in the period in which they are incurred.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term.

Profit-bearing loans and borrowings

All profit-bearing loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs directly attributable to the borrowing. The effective profit rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument.

After initial recognition, profit-bearing loans and borrowings are subsequently measured at amortised cost using the effective profit rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Convertible bonds

Convertible bonds that can be converted into share capital at the option of the holder and are accounted for as compound financial instruments. The equity component of the convertible bonds is calculated as the excess of issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option.

Share based payment transactions

Certain employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for either equity instruments ("equity settled transactions") or restricted shares.

Restricted shares

Service-based restricted shares are granted at no cost to key employees and generally vest one third each year over a three year period from the date of grant. Restricted shares vest in accordance with the terms and conditions established by the Board of Directors and are based on continued service.

The fair value of service-based restricted shares is determined based on the numbers of shares granted and the closing price of the Company's common stock on the date of grant. The cost is being amortised on a straight line method, based on the vesting period.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the consolidated statement of comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement. Amounts previously recognised in the consolidated statement of comprehensive income and accumulated in equity are reclassified to the consolidated income statement in the periods when the hedged item is recognised in the consolidated income statement, in the same line of the consolidated statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the consolidated income statement.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Net revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment, excluding royalties, discounts, rebates, and other sales taxes or duties. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sale of hydrocarbons

Revenue from sale of hydrocarbons is recognised when the significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably, which is considered to occur when title passes to the customer.

Finance income

Income from surplus funds invested with financial institutions and interest charged to debtors for overdue receivables is recognised as the profit/interest accrues.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and accompanying disclosures, and the disclosure of contingent asset and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates if different assumptions were used and different conditions existed. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Estimates and assumptions

The Group has identified the following areas where significant estimates and assumptions are required, and where if actual results were to differ, may materially affect the financial position or financial results reported in future periods. Changes in estimates are accounted for prospectively. Further information on each of these and how they impact the various accounting policies are described in the relevant notes to the consolidated financial statements. The Group based its assumptions and estimates on parameter available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- **Impairment of goodwill:** The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each cash-generating unit and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2017 was USD 308 million (2016: USD 308 million).
- **Recoverability of intangible oil and gas assets:** The Group assesses at each statement of financial position date whether there is any evidence of impairment in the carrying value of its intangible oil and gas assets. This requires management to estimate the recoverable value of its intangible oil and gas assets using estimates and assumptions such as long term oil prices, discount rates, operating costs, future capital requirements, decommissioning costs, explorations potentials, reserves and operating performance uncertainty. These estimates and assumptions are subject to risk and uncertainty. The carrying amount of such intangibles at 31 December 2017 was USD 47 million (2016: USD 93 million).
- The Group is entitled to further contingent compensation and payments under the terms of the RWE settlement agreement, however as of the reporting date these cannot be reasonably ascertained.
- The Group carries its investment property at fair value, with changes in fair values being recognised in the consolidated income statement. The Group engaged a firm of qualified independent property consultant to determine fair value reflecting market conditions at 31 December 2017.
- **Decommissioning costs:** Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

- Units of production depreciation of oil and gas properties: Oil and gas properties are depreciated using the units of production (UOP) method over total proved reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates changes. Changes to prove reserves could arise due to changes in the factors or assumptions used in estimating reserves and are accounted for prospectively.
- Exploration and evaluation expenditures: The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment to determine whether it is likely that future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.
- Hydrocarbon reserve and resource estimates: Oil and gas properties are depreciated on a units UOP basis at a rate calculated by reference to total proved reserves determined in accordance with the Society of Petroleum Engineers' rules and incorporating the estimated future cost of developing those reserves. The Group estimates its commercial reserves based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the relevant commercial arrangements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs. The carrying amount of oil and gas properties at 31 December 2017 is shown in Note 11.
- As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:
 - The carrying value of oil and gas properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows.
 - Depreciation and amortisation charges in profit or loss may change where such charges are determined using the UOP method, or where the useful life of the related assets change.
 - Provisions for decommissioning may change as the changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.

Dana Gas PJSC and Subsidiaries

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At 31 December 2017

4 SEGMENTAL INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions. The CEO considers the business from a geographic perspective which is divided into three geographical units. The Group's financing and investments are managed on a Group basis and not allocated to segment.

Year ended 31 December 2017

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Revenue net of royalties	18	165	98	281
Gross profit	-	-	-	118
General and administration expenses	-	-	-	(15)
Investment and finance income	-	-	-	24
Other income	-	-	-	26
Reversal of surplus over entitlement	-	-	-	114
Other expenses	-	-	-	(20)
Provision for impairments	-	-	-	(36)
Exploration expenses	-	-	-	(19)
Finance cost	-	-	-	(71)
Profit before income tax	-	-	-	121
Income tax expense	-	-	-	(38)
PROFIT FOR THE YEAR	-	-	-	83
Segment assets as at 31 December 2017	1,912	1,023	847	3,782
Segment liabilities as at 31 December 2017	770	108	37	915

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

4 SEGMENTAL INFORMATION (continued)

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Other segment information				
Capital expenditure:				
Property, plant and equipment	-	35	-	35
Intangible assets	-	12	-	12
Total	-	47	-	47
Operating cost	9	23	20	52
Depreciation and depletion	20	67	24	111
Provision for impairments	36	-	-	36
Exploration expenses	-	19	-	19
Year ended 31 December 2016				
	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Revenue net of royalties	23	154	78	255
Gross profit	-	-	-	103
General and administration expenses	-	-	-	(13)
Investment and finance loss	-	-	-	(55)
Reversal of surplus over entitlement	-	-	-	39
Provision for impairments	-	-	-	(7)
Other expenses	-	-	-	(19)
Change in fair value of investment property	-	-	-	(1)
Share of loss of a joint venture	-	-	-	(3)
Exploration expenses	-	-	-	(4)
Finance cost	-	-	-	(97)
Loss before income tax	-	-	-	(57)
Income tax expense	-	-	-	(31)
LOSS FOR THE YEAR	-	-	-	(88)

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

4 SEGMENTAL INFORMATION (continued)

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Segment assets as at 31 December 2016	1,659	1,111	995	3,765
Segment liabilities as at 31 December 2016	784	131	68	983
Other segment information				
Capital expenditure:				
Intangible assets	-	29	-	29
Property, plant and equipment	6	87	-	93
Total	6	116	-	122
Operating cost	11	23	18	52
Depreciation and depletion	15	68	17	100
Change in fair value of investment property	1	-	-	1
Provision for impairments	6	1	-	7
Exploration expenses	-	4	-	4

5 REVENUE

	<i>2017 USD mm</i>	<i>2016 USD mm</i>
Gross revenue	446	388
Tariff fee	4	4
	450	392
Less: royalties	(169)	(137)
Net revenue	281	255

Royalties relate to Government share of production in Egypt and the United Arab Emirates.

Tariff fees relates to fixed pipeline capacity fees earned by UGTC.

6 INVESTMENT AND FINANCE INCOME / (COST)

	<i>2017 USD mm</i>	<i>2016 USD mm</i>
Interest on overdue receivable / (reversed) (note 29)	17	(66)
Gain on buyback of Sukuk	-	6
Profit from bank deposits	6	4
Fair value gain on financial assets at fair value through profit or loss (note 18)	-	1
Exchange gain	1	-
	24	(55)

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

7 OTHER INCOME

As part of the RWE settlement agreement, the Company is entitled to further confined payments from RWE only in case and in the amount dividends are distributed to RWE by Pearl (based on RWE's 10% equity in Pearl). During 2017, the Company has received an amount of USD 26 million towards such confined payments.

8 FINANCE COST

	2017 USD mm	2016 USD mm
Profit on Sukuk (note 26)	66	69
Zora gas field project finance (note 25a)	3	5
Egypt equipment and building loan (note 25b & c)	2	2
Murabaha facility	-	1
Exchange loss	-	20
	<u>71</u>	<u>97</u>

9 INCOME TAX EXPENSE

a) UAE

The Company is not liable to corporate income tax in its primary jurisdiction (UAE). Dana Gas Exploration FZE is however liable to income tax at a rate of 50%.

b) Egypt

The income tax expense in the statement of income relates to Dana Gas Egypt operations which is taxed at an average tax rate of 40.55% (2016: 40.55%). This tax is paid by Egyptian General Petroleum Corporation (EGPC)/Egyptian Natural Gas Holding Company (EGAS) on behalf of the Company from their share of production. Dana Gas Egypt does not have any deferred tax asset/liability at year end.

c) Kurdistan Region of Iraq

The Authorisation provides that corporate income tax in the Kurdistan Region of Iraq will be paid directly by the KRG to the relevant tax authorities on behalf of the Company.

10 EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	2017	2016
Earnings:		
Net profit / (loss) for the year - USD mm	<u>83</u>	<u>(88)</u>
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	<u>6,977</u>	<u>6,969</u>
EPS (Basic) – USD per share:	<u>0.012</u>	<u>(0.013)</u>

EPS (Diluted)

Employee restricted shares are anti-dilutive and have no impact on the EPS for the years ended 31 December 2017 and 31 December 2016

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

11 PROPERTY, PLANT AND EQUIPMENT

	Freehold land USD mm	Building USD mm	Oil and gas interests USD mm	Plant and equipment USD mm	Other assets USD mm	Pipeline & related facilities USD mm	Capital work-in- progress USD mm	Total USD mm
Cost:								
At 1 January 2017	14	12	1,128	451	38	170	208	2,021
Additions	-	-	32	2	1	-	-	35
Adjustment*	-	-	439	(3)	-	(8)	-	428
Impairment	-	-	(34)	-	-	-	-	(34)
Transfer from intangible assets (note 12)	-	-	39	-	-	-	-	39
At 31 December 2017	14	12	1,604	450	39	162	208	2,489
Depreciation/ depletion:								
At 1 January 2017	-	4	742	115	18	37	-	916
Depreciation/ depletion charge for the year	-	-	76	25	1	9	-	111
At 31 December 2017	-	4	818	140	19	46	-	1,027
Net carrying amount:								
At 31 December 2017	14	8	786	310	20	116	208	1,462
Capital Work in Progress comprises:	USD mm							
SajGas plant and facilities	99							
UGTC pipeline & related facilities	89							
Kurdistan Region of Iraq project	11							
Sharjah Western Offshore (including Zora field)	9							
	208							

*Oil and Gas Interest addition includes residual amount receivable from KRG of USD 1.25 billion (DG Share: USD 439 million), post cash settlement of USD 1 billion, which was converted to Petroleum Cost pursuant to the Settlement Agreement. This is depleted using the unit of production method.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

11 PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land USD mm	Building USD mm	Oil and gas interests USD mm	Plant and equipment USD mm	Other assets USD mm	Pipeline & related facilities USD mm	Capital work-in- progress USD mm	Total USD mm
Cost:								
At 1 January 2016	14	12	889	340	36	107	450	1,848
Additions/adjustment	-	-	89	(4)	2	-	6	93
Transfer from capital work-in-progress	-	-	70	115	-	63	(248)	-
Transfer from intangible assets (note 12)	-	-	84	-	-	-	-	84
Impairment	-	-	(4)	-	-	-	-	(4)
At 31 December 2016	14	12	1,128	451	38	170	208	2,021
Depreciation/ depletion:								
At 1 January 2016	-	3	675	92	17	29	-	816
Depreciation/ depletion charge for the year	-	1	67	23	1	8	-	100
At 31 December 2016	-	4	742	115	18	37	-	916
Net carrying amount:								
At 31 December 2016	14	8	386	336	20	133	208	1,105
Capital Work in Progress comprises:	USD mm							
SajGas plant and facilities	99							
UGTC pipeline & related facilities	89							
Kurdistan Region of Iraq project	11							
Sharjah Western Offshore (including Zora field)	9							
	208							

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

12 INTANGIBLE ASSETS

	<i>Oil and gas interests USD mm</i>	<i>Transmission & sweetening rights USD mm</i>	<i>Gas processing rights USD mm</i>	<i>Development cost USD mm</i>	<i>Goodwill USD mm</i>	<i>Total USD mm</i>
Cost at 1 January 2017	195	289	7	2	308	801
Less: impairment	(102)	-	(7)	(2)	-	(111)
At 1 January 2017	93	289	-	-	308	690
Additions	12	-	-	-	-	12
Transfer to property, plant and equipment (note 11)	(39)	-	-	-	-	(39)
Exploration expenses	(19)	-	-	-	-	(19)
At 31 December 2017	47	289	-	-	308	644

	<i>Oil and gas interests USD mm</i>	<i>Transmission & sweetening rights USD mm</i>	<i>Gas processing rights USD mm</i>	<i>Development cost USD mm</i>	<i>Goodwill USD mm</i>	<i>Total USD mm</i>
Cost at 1 January 2016	253	289	7	2	308	859
Less: impairment	(102)	-	(7)	(2)	-	(111)
At 1 January 2016	151	289	-	-	308	748
Additions (net)	26	-	-	-	-	26
Transfer to property, plant and equipment (note 11)	(84)	-	-	-	-	(84)
At 31 December 2016	93	289	-	-	308	690

(a) Oil and Gas Interests

Oil and gas interests of USD 47 million relates to Dana Gas Egypt which has a number of concessions and development leases in Egypt as described below in more detail:

- El Wastani Development Lease – This development lease is held with a 100% working interest and represents approximately 6% of current production in Dana Gas Egypt. El Wastani production includes both gas and associated gas liquids. This lease has 13,017 acres of land included within its boundary and is located in the Nile Delta of Egypt.
- South El Manzala Development Leases – These development leases are held with a 100% working interest and are not currently producing. These development leases have 16,055 acres of land included within their boundaries and are located in the Nile Delta of Egypt.
- West El Manzala Development Leases (West El Manzala Concession) – These development leases are held with a 100% working interest. These development leases have 146,039 acres of land included within their boundaries and are located in the Nile Delta of Egypt. To date, eleven development leases are producing both natural gas and associated liquids representing approximately 86% of Dana Gas Egypt current production.
- West El Qantara Development Leases (West El Qantara Concession) – These development leases are held with a 100% working interest. These development leases have 4,324 acres of land included within their boundaries and are located in the Nile Delta of Egypt. To date, two development leases are producing both natural gas and associated liquids representing approximately 8% of Dana Gas Egypt current production.
- North Al Arish Offshore (Block-6) - In April 2013, Dana Gas Egypt was awarded a 100% working interest in the North El Arish Offshore (Block 6) concession area. The area is located offshore Nile Delta, in the eastern part of the Mediterranean Sea. A 3D seismic acquisition was recently carried out in the Block, covering 1,830 full fold sq. Km.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

12 INTANGIBLE ASSETS (continued)

(a) Oil and Gas Interests (continued)

- North Al Salhiya Onshore (Block-1) - In September 2014, Dana Gas Egypt was awarded a 100% working interest in the North El Salhiya Onshore (Block 1) concession area. The area is located onshore Nile Delta.
- El Matariya Onshore (Block-3) - In September 2014, Dana Gas Egypt was awarded a 50% working interest in the Block 3 concession area. The area is located onshore Nile Delta. As per the concession agreement, Dana Gas Egypt as a partner and BP as an operator will participate on a 50:50 basis. The first deep target exploration well in the concession was spud in May 2016. During the year, the BP operated Mocha-1 exploration well in Block 3 has been completed. It reached total depth at 5,940 metres, making it the deepest onshore Nile Delta well drilled to date. Whilst the Messinian objective encountered wet gas, the primary Oligocene target did not encounter gas in commercial quantities and the well has been P&A'ed. Under the terms of the agreement signed in June 2015, BP agreed to carry Dana Gas for its 50% share of the cost of the well. Consequently, Dana Gas has achieved its objective of drilling this important calibration well at no cost to itself.

(b) Transmission and sweetening rights

Intangible assets include USD 289 million which represent the fair value of the rights for the transmission and sweetening gas and related products acquired by the Company through its shareholdings in SajGas and UGTC. The fair value of the rights acquired in 2005 was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships. The intangible assets will be amortised over 25 years from the date of commencement of commercial activity in accordance with the terms of the contracts to which they relate. Commercial activity has not yet commenced. In July 2010, National Iranian Oil Company (NIOC) introduced gas into its completed transmission network and Dana Gas' UGTC pipeline and SajGas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system which needs rectification. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC.

The Company was notified by Crescent Petroleum on 10 August 2014 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 National Iranian Oil Company ('NIOC's) remaining grounds of appeal against the 2014 arbitration award. The 2014 arbitration award found in favour of Dana Gas' partner Crescent Petroleum Company International Limited 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 previously 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) took place in November 2016. Due to a long post-hearing submissions timetable, the tribunal indicated that its award will likely be delivered in 2H of 2018.

In accordance with IAS 36 requirement relating to intangible assets not yet available for use, management had undertaken an impairment review of the intangible assets as at 31 December 2017. Management has reviewed the various inputs into the original valuation model and believes that the inputs into the original valuation model have not materially changed.

(c) Goodwill

Goodwill of USD 308 million relates to the acquisition of Dana Gas Egypt (previously known as Centurion) in January 2007 which enabled Dana Gas to acquire the upstream business qualification and therefore the rights to development. The recoverable amount of the above cash generating unit has been determined based on value in use calculation using cash flow projections approved by senior management up to a 20 year period or the economic limit of the producing field. The pre-tax discount rate applied to cash flow projections is 10% (2016: 10%). Cash flows are generated using forecasted production, capital and operating cost data over the expected life of each accumulation. Management believes that currently there is no reasonable change in assumptions used which would impact Goodwill.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

12 INTANGIBLE ASSETS (continued)

Key assumptions used in value in use calculations

The calculation of value in use for the oil and gas interest is most sensitive to the following assumptions:

- Financial returns;
- Discount rates;
- Oil prices; and
- Production profiles.

Financial returns: estimates are based on the unit achieving returns on existing investments (comprising both those that are currently cash flowing and those which are in exploration and development stage and which may therefore be consuming cash) at least in line with current forecast income and cost budgets during the planning period.

Discount rates: discount rates reflect management's estimate of the risks specific to the above unit. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

Oil prices: management has used an oil price assumption based internal estimates and available market data for the impairment testing of its individual oil & gas investments.

Production profiles: management has used its internally developed economic models of reserves and production as a basis of calculating value in use.

Sensitivity to changes in assumptions

The calculation for value in use for the oil and gas interest is most sensitive to the following assumptions:

- Discount rate

The Group generally estimates values in use for CGU using a discounted cash flow model. The future cash flows are discounted to their present value using a pre-tax discount rate of 10% (2016: 10%) that reflects current market assessments of the time value of money and the risks specific to the asset.

- Crude oil price

The future cash flows are sensitive to oil price. If the oil price forecast were to decrease by 20%, the impairment charge would have been higher by USD 9 million for the year ended 31 December 2017.

Further any material change in financial returns, discount rates and productions profiles will also have an impact on the impairment charge.

13 INVESTMENT PROPERTY

The movement in investment property during the year is as follows:

	2017 USD mm	2016 USD mm
Balance at 1 January	24	25
Change in fair value	-	(1)
Balance at 31 December	24	24

Investment property consists of industrial land owned by SajGas, a subsidiary, in the Sajaa area of the Emirate of Sharjah, United Arab Emirates. The Group considers a portion of land to be surplus to their operational requirements and will be used for earning rentals or held for capital appreciation.

Investment property is stated at fair value which has been determined based on a valuation performed by an independent firm of qualified property consultants, with reference to comparable market transactions. The latest valuation exercise was carried out by the consultants as at 31 December 2017 and resulted in a valuation of USD 24 million.

Dana Gas PJSC and Subsidiaries

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14 INTEREST IN JOINT VENTURES

The following table summarises the statement of financial position of the joint ventures as at 31 December 2017:

	<i>EBGDCO</i> <i>USD mm</i>	<i>Gas Cities</i> <i>USD mm</i>	<i>CNGCL</i> <i>USD mm</i>	<i>Total</i> <i>USD mm</i>
Current assets	13	-	-	13
Non-current assets	85	-	1	86
Current liabilities	(30)	(8)	(41)	(79)
Non-current liabilities	(52)	-	-	(52)
Equity	16	(8)	(40)	(32)
Group's share of net assets	6	(4)	(14)	(12)

The following table summarises the income statement of the joint ventures for the year ended 31 December 2017:

	<i>EBGDCO</i> <i>USD mm</i>	<i>Gas Cities</i> <i>USD mm</i>	<i>CNGCL</i> <i>USD mm</i>	<i>Total</i> <i>USD mm</i>
Revenue	26	-	-	26
Profit / (loss) before income tax	2	-	(3)	(1)
Profit / (loss) for the year	2	-	(3)	(1)
Other comprehensive income	-	-	-	-
Total comprehensive profit / (loss) for the year	2	-	(3)	(1)
Group's share of profit / (loss) for the year	1	-	(1)	-

The Joint ventures had no other contingent liabilities or capital commitments as at 31 December 2017 and 2016 except as disclosed in note 30.

The following table summarises the statement of financial position of the joint ventures as at 31 December 2016:

	<i>EBGDCO</i> <i>USD mm</i>	<i>Gas Cities</i> <i>USD mm</i>	<i>CNGCL</i> <i>USD mm</i>	<i>Total</i> <i>USD mm</i>
Current assets	23	-	-	23
Non-current assets	86	-	1	87
Current liabilities	(38)	(8)	(38)	(84)
Non-current liabilities	(58)	-	-	(58)
Equity	13	(8)	(37)	(32)
Group's share of net assets	5	(4)	(13)	(12)

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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14 INTEREST IN JOINT VENTURES (continued)

The following table summarises the income statement of the joint ventures for the year ended 31 December 2016:

	<i>EBGDCO</i> <i>USD mm</i>	<i>Gas Cities</i> <i>USD mm</i>	<i>CNGCL</i> <i>USD mm</i>	<i>Total</i> <i>USD mm</i>
Revenue	16	-	-	16
Loss before income tax	(3)	(1)	(3)	(7)
Loss for the year	(3)	(1)	(3)	(7)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	(3)	(1)	(3)	(7)
Group's share of loss for the year	(1)	(1)	(1)	(3)
Reconciliation of summarised financial information				
Opening net investment as of 1 January 2016	2	(3)	560	559
Investment during the year	4	-	-	4
Loss for the year	(1)	(1)	(1)	(3)
Net investment as of 31 December 2016	5	(4)	559	560
Profit / (loss) for the year	1	-	(1)	-
Net investment as of 31 December 2017	6	(4)	558	560

Out of the total investment of USD 560 million, investment of USD 558 million relates to an interest in CNGCL which represents the fair value of the rights for the purchase and sale of gas and related products acquired by the Company through its 35% interest in CNGCL. The fair value of the rights acquired in 2005 was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships.

Commercial activity in CNGCL has not yet commenced. In July 2010, National Iranian Oil Company (NIOC) introduced gas into its completed transmission network and Dana Gas' UGTC pipeline and SajGas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system which needs rectification. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC.

The Company was notified by Crescent Petroleum on 10 August 2014 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 National Iranian Oil Company ('NIOC's) remaining grounds of appeal against the 2014 arbitration award. The 2014 arbitration award found in favour of Dana Gas' partner Crescent Petroleum Company International Limited 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 previously 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) took place in November 2016. Due to a long post-hearing submissions timetable, the tribunal indicated that its award will likely be delivered in 2H of 2018.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15 INTEREST IN JOINT OPERATIONS

(a) Kurdistan Region of Iraq Project

On 30 August 2017, the Company announced the settlement of the International arbitration commenced on 21 October 2013 in the London Court of International Arbitration ('LCIA') in relation to the Heads of Agreement on Khor Mor and Chemchemal fields on 4 April 2007 ('HOA') between Dana Gas, Crescent Petroleum, Pearl Petroleum (the 'Consortium') and the Kurdistan Regional Government ('KRG'), (together the 'Parties').

The Parties have mutually agreed to fully and finally settle all their differences amicably by terminating the Arbitration and related court proceedings, and releasing all remaining claims between them, including the substantial damages asserted by the Consortium against the KRG; implementing a mechanism for settlement of USD 2,239 million awarded by the Tribunal to date; and proceeding with immediate further development of the HoA's world class resources for mutual benefit as well as the benefit of the people of the Kurdistan Region and all of Iraq.

The agreed settlement highlights was as follows:

- The KRG to immediately pay Pearl a sum of USD 600 million.
- The KRG to immediately pay Pearl a further of USD 400 million to be dedicated for investment exclusively for the aforesaid further development to substantially increase production.
- Pearl will increase gas production at Khor Mor by 500 MMscf/day, a 160% increase on the current level of production (the "Additional Gas"). The Additional Gas, together with significant additional amounts of condensate, is expected to begin production in approximately two years.
- The balance of sums awarded by the Tribunal (USD 1,239 million) was no longer a debt owed by the KRG and was reclassified as outstanding recoverable by Pearl from future revenues generated from the HoA areas.
- The profit share allocated to Pearl from future revenues generated from the HoA areas were adjusted upwards to a level similar to the overall profit levels normally offered to IOCs under the KRG's Production Sharing Contracts. This adjustment reflected the larger investment risk and costs involved in the development of natural gas resources compared to oil developments.
- The Parties have clarified the Khor Mor block boundary coordinates and the KRG has awarded the Consortium investment opportunities in the adjacent blocks 19 and 20, and added these to the HoA areas, with commitments by the Consortium to make appraisal investments on these blocks, and developments if commercial oil and gas resources are found.
- The KRG will purchase 50% of the Additional Gas on agreed terms to boost the gas supply to power generation plants in the Kurdistan Region. The other 50% of the Additional Gas (250 mmscf/d) will be marketed and sold by Pearl to customers within Iraq or by export, or can be sold to the KRG as well to further boost power generation within Iraq.
- Pearl will also expand its local training and employment programs towards achieving maximum localization and content, as well as supporting local communities through its active Corporate Social Responsibility (CSR) programmes.
- The Parties have exchanged mutual releases, waivers, and discharges in relation to all the claims in relation to the Arbitration and related court proceedings.
- The Parties have also amended and clarified the HoA language and terms, including extension of the term of the Contract until 2049.

The Settlement Agreement with the KRG was welcomed and endorsed by Dana Gas, Crescent Petroleum, OMV and RWE, together holding 90% of the shares of Pearl Petroleum. MOL (a 10% shareholder of Pearl) unreasonably sought to link its endorsement of the settlement to a renegotiation of the terms by which it first secured its participation in Pearl back in May 2009 (namely its commitment to certain contingent payments) and now complains about Dana Gas and Crescent Petroleum for their handling of the settlement alongside Pearl, expressing dissatisfaction with the outcome as compared to the alternative of pursuing a final litigation and enforcement outcome against the KRG. MOL has issued a default notice under the terms of the Pearl Petroleum shareholders agreement alleging that the actions of Dana Gas and Crescent Petroleum in concluding the Settlement Agreement amounts to a breach of the Pearl Petroleum shareholders agreement.

Dana Gas PJSC and Subsidiaries

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At 31 December 2017

15 INTEREST IN JOINT OPERATIONS (continued)

(a) Kurdistan Region of Iraq Project (continued)

Dana Gas and Crescent Petroleum reject the allegations and the default notice, and have been forced to initiate arbitration in The London Court of International Arbitration in order to obtain a formal declarations to resolve these matters. The hearing of these matters is scheduled for up to three weeks commencing in London on 26 November 2018.

The following amounts represent the Group's 35% share of the assets and liabilities of the joint operation:

	2017 USD mm	2016 USD mm
Assets:		
Non-current assets	670	254
Current assets	177	741
Total Assets	847	995
Liabilities:		
Current liabilities	37	68
Net Assets	810	927
Income	98	78
Operating cost	(20)	(18)
Depreciation	(24)	(17)
Gross profit	54	43

(b) UGTC/ Emarat Joint Venture

The Group has a 50% interest in the UGTC/ Emarat jointly controlled operations which own one of the largest gas pipelines in the UAE (48 inch diameter) with an installed capacity of 1,000 MMscfd, to transport gas in the Emirates of Sharjah from Sajaa to Hamriyah. The following amounts represent the Group's 50% share of the assets and liabilities of the Joint Operations:

	2017 USD mm	2016 USD mm
Assets:		
Non-current assets	17	18
Current assets	32	29
Total Assets	49	47
Liabilities:		
Current liabilities	-	-
Net Assets	49	47
Income	4	4
Operating cost	(1)	(1)
Depreciation	(1)	(1)
Gross profit	2	2

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16 INVENTORIES

	2017 USD mm	2016 USD mm
Spares and consumables	58	57
Less: provision for impairment of inventory	(8)	(8)
	<u>50</u>	<u>49</u>

17 TRADE AND OTHER RECEIVABLES

	2017 USD mm	2016 USD mm
Trade receivables (net)	239	982
Prepaid expenses	2	3
Due from joint ventures	20	22
Other receivables	31	26
Less: provision for impairment of other receivables	(7)	(7)
	<u>285</u>	<u>1,026</u>

- a) Trade receivables are interest bearing and are generally on 30-60 days credit period.
- b) The Group's share of trade receivables in Pearl Petroleum is in respect of condensate and LPG deliveries amounting to USD 7 million (31 December 2016: USD 713 million).

As at 30 August 2017, the Group share of trade receivable from KRG amounted to USD 695 million. Pursuant to the Settlement Agreement with the KRG dated 30 August 2017, KRG settled the receivable by payment of USD 1 billion (DG Share: USD 350 million) in cash with the residual receivable being converted to petroleum cost and reclassified to Oil and Gas interest under "property, plant and equipment".

- c) The ageing analysis of trade receivables is as follows:

	Total USD mm	Neither past due nor impaired USD mm	Past due but not impaired				
			<30 days USD mm	30-60 days USD mm	61-90 days USD mm	91-120 days USD mm	>120 days USD mm
2017	239	92	8	-	2	16	121
2016	982	46	36	3	26	74	797

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 USD mm	2016 USD mm
Balance at 1 January	9	8
Change in fair value	-	1
Balance at 31 December	<u>9</u>	<u>9</u>

This represents an investment in the Abraaj Infrastructure fund. The valuation is based on the latest indicative fair value of the fund as of 31 December 2017.

The Group has not made any investments in shares and stock during the year ended 31 December 2017 and 31 December 2016.

Dana Gas PJSC and Subsidiaries

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19 FUNDS HELD FOR DEVELOPMENT

As part of the Settlement Agreement with the KRG (refer note 15), out of the USD 1 billion received from KRG (DG Share: USD 350 million), an amount of USD 400 million (DG Share: USD 140 million) is dedicated for investment exclusively for further development to substantially increase production in Kurdistan Region of Iraq. Pearl is entitled to use any funds remaining in that account after the said development is complete or 29 February 2020, whichever occurs first. If to the reasonable satisfaction of the KRG, Pearl secures financing for all or part of the development specified in the agreement, Pearl shall be entitled to use funds from this USD 400 million (DG Share: USD 140 million) in the same amount as such financing without restriction.

20 CASH AND BANK BALANCE

	<i>2017</i> <i>USD mm</i>	<i>2016</i> <i>USD mm</i>
Cash at bank and on hand		
- Local Banks within UAE	42	37
- Foreign Banks outside UAE	6	7
Short term deposits		
- Local Banks within UAE	560	248
- Foreign Banks outside UAE	-	-
Cash and cash equivalent	<u>608</u>	<u>292</u>
Deposit (Murabaha facility)	-	10
Cash and Bank Balance	<u><u>608</u></u>	<u><u>302</u></u>

Cash at bank earns profit at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one week and three months, depending on the immediate cash requirements of the Group, and earn profit at the respective short-term deposit rates. The fair value of cash and bank balance including short-term deposits is USD 608 million (2016: USD 302 million). The effective profit rate earned on short term deposits ranged 0.95% to 2.5% (2016: 0.3% to 9.0%) per annum. As at 31 December 2017, 99 % (31 December 2016: 94%) of cash and bank balance were held with UAE banks and the balance held outside UAE. Out of the total cash and bank balance of USD 608 million, 0.5% of the amount was held in Egyptian pounds (31 December 2016: 5%).

Deposit (Murabaha facility) was EGP pledged with Mashreq Bank PSC, Egypt branch against fully secured facility of USD 25 million. On 9 April 2017, the loan amount was fully settled and the pledged EGP deposit was released.

21 SHARE CAPITAL

	<i>2017</i> <i>USD mm</i>	<i>2016</i> <i>USD mm</i>
<i>Authorised:</i>		
9,000,000,000 common shares of AED 1 each (USD 0.2728 each)		
<i>Issued and fully paid up:</i>		
6,976,623,422 (2016: 6,968,616,114) common shares of AED 1 each (USD 0.2728 each)	<u><u>1,903</u></u>	<u><u>1,901</u></u>

Dana Gas PJSC and Subsidiaries

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22 STATUTORY AND LEGAL RESERVE

	<i>Statutory reserve USD mm</i>	<i>Legal reserve USD mm</i>
At 1 January 2016	108	108
Transfer from net profit for the year	-	-
At 31 December 2016	108	108
Transfer from net profit for the year	8	8
At 31 December 2017	116	116

a) Statutory Reserve

In accordance with the U.A.E. Federal Law No. (2) of 2015, the Group has established a statutory reserve by appropriation of 10% of the Group's net profit for each year. The allocation will cease by the decision of the Ordinary General Assembly as recommended by the Board of Directors or when the reserve equals 50% of the Company's paid up capital. This reserve is not available for distribution, except as stipulated by law.

b) Legal Reserve

As per the Article of Association of the Company, 10% of the Group's net profit for each year will be allocated to Legal reserve. Such allocation will cease when the total reserve equals 50% of the Company's paid up capital.

23 OTHER RESERVES

	<i>Share based reserve USD mm</i>	<i>Fair value reserve USD mm</i>	<i>Total USD mm</i>
At 1 January 2016	2	-	2
Share based reserve (note 24)	1	-	1
At 31 December 2016	3	-	3
Share based reserve (note 24)	2	-	2
Transfer from retained earnings	1	-	1
Shares issued to employees	(2)	-	(2)
At 31 December 2017	4	-	4

Dana Gas PJSC and Subsidiaries

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24 SHARE BASED PAYMENT

The Company operates a restricted shares plan details of which are as follows:

Restricted Shares

Awards under this plan are generally subject to vesting over time, contingent upon continued employment and to restriction on sale, transfer or assignment until the end of a specified period, generally over one to three years from date of grant. All awards may be cancelled if employment is terminated before the end of the relevant restriction period. The Group determines fair value of restricted shares unit based on the numbers of unit granted and the grant date fair value.

The charge recognised in the consolidated income statement under share based payment plans is shown in the following table:

	2017 USD mm	2016 USD mm
Expense arising from equity settled share-based payment transactions	2	1

25 BORROWINGS

	2017 USD mm	2016 USD mm
Non-current		
Bank Borrowings – Zora Gas Field Project Finance (a)	-	39
Equipment loan (b)	10	12
Egypt Building loan (c)	9	11
	19	62
Current		
Bank Borrowings – Zora Gas Field Project Finance (a)	-	27
Bank Borrowings – Murabaha facility	-	12
Equipment loan (b)	2	1
Egypt Building loan (c)	2	1
	4	41
Total Borrowings	23	103

a) BANK BORROWINGS – ZORA GAS FIELD PROJECT FINANCE

	2017 USD mm	2016 USD mm
Loan facility	66	91
Less: Repayment during the year	(67)	(26)
Add: Amortisation of loan arrangement fees	1	1
Net loan facility	-	66

On 25 June 2014, Dana Gas Explorations FZE (100% subsidiary of Dana Gas PJSC) entered into a Common Terms Agreement with Emirates NBD Bank, Commercial Bank International, Commercial Bank of Dubai and Barwa Bank (Lenders) for a USD 100 million Term Facility for the Zora Field Development Project.

The loan was settled in full on 2 May 2017 in accordance with the terms and condition of the facility agreement.

Dana Gas PJSC and Subsidiaries

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25 BORROWINGS (continued)

b) EQUIPMENT LOAN

Dana Gas Egypt ("DGE") entered into a "Sale and Lease back" finance lease arrangement with Corporate Leasing Company Egypt SAE on 29 January 2015, for certain inventory equipment (casings, wellheads, piping etc.) that belong to DGE that have not been used to date. The total facility consisting of three contracts amounts to USD 12.6 million and have been fully drawn down up to 30 June 2015. After the full draw down, an additional contract of USD 1.1 million (note 25c) was added to the facility thereby increasing the facility to USD 13.7 million. The payments are over a period of 29 quarters commencing from Quarter 3 2015 including grace period of 2 quarters for interest and principal. As of the reporting date, the amount outstanding toward principal is USD 12 million.

c) EGYPT BUILDING LOAN

Pearl Properties Egypt ("PPE") has entered into a "Sale and Lease back" finance lease arrangement for Egypt Building with Corporate Leasing Company Egypt SAE on 9 June 2015. The total facility originally consisted of three contracts amounting to USD 13.8 million which was reduced by USD 1.1 million to USD 12.7 million. The facility was fully drawn down up to 30 April 2016. The payments are over a period of 29 quarters including grace period of 2 quarters for lease payments. As of the reporting date, the amount outstanding toward principal is USD 11 million.

26 CAPITAL RECEIVED ON ISSUANCE OF SUKUK

As at 30 June 2017, Capital Received on Issuance of Sukuk amounting to USD 700 million was reclassified from Borrowings. Legal advice received from independent legal advisers states that the terms of the Company's Sukuk Al Mudarabah are unlawful under UAE law and are not compliant with Shari'a principles and therefore are void and unenforceable. Accordingly, the Company instituted legal action in UAE court for declaration to that effect seeking liquidation of the Mudarabah and a reconciliation of the amounts paid.

Initially, the Company offered to roll over the Sukuk in accordance with a new instrument fully compliant with UAE law and on commercial terms that take into consideration current market conditions and the considerable improvement in the Company's assets value and financial position, which was declined by a Sukukholders' Ad Hoc Committee consisting of Blackrock and Goldman Sachs.

On 15 February 2018, the UK High Court ordered that the outstanding UAE law issues relating to the validity of the Mudarabah Agreement, and any consequent reconciliation are matters that should be heard and determined in the UK. Additionally, that the Company should take steps from 29 March 2018 to discontinue the legal proceedings currently pending in the Sharjah Court. The Company has filed applications for permission to appeal against these orders to the UK Court of Appeal.

External legal counsel have advised the Company that the outcome of the ongoing litigation finally in UAE court could result in a significant liability for the Sukukholders to repay the Company excess 'on account profit payments' based on a lawful reconciliation of the transaction. The Company up to 30 April 2017 has made total on account profit payments of USD 635 million to the Sukukholders since January 2008.

The Company, in line with detailed public disclosures that it has made to the Securities and Commodities Authority (SCA) and through ADX, is pursuing the litigation route to resolve the matter and is confident pursuant to independent legal advice of prevailing in its interpretation of the outcome.

The unlawful nature of the current Sukuk and the ongoing litigation process raise a number of accounting issues which may have a material impact on the carrying value of certain assets and liabilities on the statement of financial position. Management and the Directors will carefully review these with the external auditors on an ongoing basis.

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26 CAPITAL RECEIVED ON ISSUANCE OF SUKUK (continued)

Background

In October 2007, the Group arranged to issue convertible Sukuk-al-Mudarabah (the "Sukuk") for a total value of USD 1 billion in the form of Trust Certificates through a special purpose company (the "Issuer"). The Sukuk, which were intended to conform to the principles of Islamic Shari'a, were approved by the Company's shareholders at an Extraordinary General Meeting held in July 2007. Pursuant to the terms of the Sukuk, the proceeds were applied to the acquisition and development of assets (the "Mudarabah Assets") owned by Dana LNG Ventures Limited. The Sukuk had a profit rate of 7.5% per annum to be paid quarterly from profits generated by the Mudarabah Assets. In 2008, Dana Gas purchased Sukuk from the market with an aggregate value of USD 80 million.

The Sukuk matured on 31 October 2012. On 23 April 2013, the Sukuk holders (by Extraordinary Resolution passed at a meeting of Holders) and the Company's shareholders (by EGM) approved the Sukuk refinancing Transaction. The salient features of the agreement were a reduction in the capital received on issuance of Sukuk from USD 1 billion to USD 850 million via USD 70 million of cash pay-down and cancellation of another USD 80 million of the existing Sukuk already owned by the Company. The remaining USD 850 million was split into two tranches being a USD 425 million Ordinary Sukuk and USD 425 million Exchangeable Sukuk (together the "New Sukuk"), each with 5-year maturity. The Ordinary Sukuk and Exchangeable Sukuk have a profit rate of 9% and 7% per annum, respectively, to be paid quarterly from profits generated by the Mudarabah Assets. The initial effective exchange price for the exchangeable Sukuk was determined on 13 February 2013 and was fixed at AED 0.75 per share (floor price).

The New Sukuk are secured against the shares of Dana LNG Ventures Limited (BVI), Sajaa Gas Company Limited (Sharjah) and United Gas Transmission Company Limited (Sharjah). In addition to the above, the security package available to holders of the New Sukuk was enhanced by USD 300 million of value comprising security over certain receivables of the Company's Egyptian assets, Company's interest in Danagaz W.L.L. and Sajaa Gas industrial land.

During the previous years the Company bought back Sukuk amounting to USD 77.4 million and a further USD 72.9 million worth of Sukuk was converted into shares of Dana Gas PJSC. The outstanding Sukuk is USD 700 million.

27 PROVISIONS

	<i>2017</i> <i>USD mm</i>	<i>2016</i> <i>USD mm</i>
Asset decommissioning obligation	12	9
Employee's end of service benefits	2	2
	<u>14</u>	<u>11</u>

The movement in asset decommissioning obligation during the year relates to unwinding of discount, change in discount and exchange rate and payment related to decommissioning liability.

28 TRADE PAYABLES AND ACCRUALS

	<i>2017</i> <i>USD mm</i>	<i>2016</i> <i>USD mm</i>
Trade payables	38	43
Accruals and other payables	124	76
Advance against local sales in KRI	16	9
	<u>178</u>	<u>128</u>

Dana Gas PJSC and Subsidiaries

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29 PROVISION FOR SURPLUS OVER ENTITLEMENT (NET)

	2017 USD mm	2016 USD mm
Surplus over Entitlements (note 29a)	-	114
Less: Interest receivable on overdue invoices (note 29b)	-	(67)
Less: Other receivables	-	(6)
	<u>-</u>	<u>41</u>
	<u>-</u>	<u>41</u>

a) Surplus over Entitlements

As per the terms of the Petroleum Development Agreement, Pearl takes title to all petroleum produced and accordingly recognises 100% revenue from the sale of condensate and LPG. From such revenue received in cash, Pearl is entitled to retain the petroleum costs and remuneration fee as per the Petroleum Development Agreement ("Entitlements") and any residual amount is to be paid to the KRG ("Surplus"). The right under the Petroleum Development Agreement to receive such revenue in full was upheld by the Arbitration Tribunal in its second Partial Final Award dated 27 November 2015.

On an accruals basis, the cumulative revenue recognised by Pearl as at 31 December 2016 exceeded its net Entitlements under the Petroleum Development Agreement, if all invoices and outstanding receivables were to be paid by the KRG in an amount of USD 326 million (DG Share 35%: USD 114 million). This notional Surplus was only due on the assumption that all the outstanding liquid petroleum invoices as at 31 December 2016 had been paid in full by the KRG as of that date, which they had not.

Furthermore, Pearl has a right under the terms of the Authorisation to offset this Surplus, when payable, against any other outstanding payments due from the KRG. Accordingly, as at 31 December 2016, the aforementioned Surplus has been reduced by other outstanding amounts due from KRG, the net result being that a net amount of USD 117 million (DG Share 35%: USD 41 million) would be repayable to the KRG, even if the entire amount of USD 2.04 billion (DG Share 35%: USD 713 million) in outstanding receivables to Pearl by 31 December 2016 were to be settled in full.

Pursuant to the Settlement Agreement dated 30 August 2017, an amount of USD 1 billion was paid in cash by the KRG and the residual debt of USD 1.24 billion (including interest and transportation costs receivable) was converted to petroleum cost under the Petroleum Development Agreement (see note 15). Post this conversion of the residual debt to petroleum costs, Pearl is again in a cost recovery mode wherein Pearl is yet to recover its full Entitlement under the Petroleum Development Agreement. Accordingly, the provision for Surplus over Entitlement of USD 260 million (DG Share 35%: USD 91 million) as of 30 August 2017 is no longer required and has been fully reversed to the income statement.

b) Interest and other receivable from KRG (net)

Pearl Petroleum ("Pearl") is contractually entitled to charge interest cost on overdue receivables due from KRG. Previously, without giving up its contractual entitlement to actual interest costs, Pearl invoiced interest on overdue KRG invoices at the rate of LIBOR plus 2%. In the absence of settlement of overdue invoices, Pearl decided to invoice by applying 9% interest (quarterly compounded) on 50% of the total overdue receivables, while the remaining 50% overdue receivables were subject to an interest rate of LIBOR plus 2% which is the minimum specified under the Authorisation.

As part of the Third Award received on 13 February 2017 the Tribunal ruled that Pearl is entitled to interest on overdue receivable at Libor plus 2% compounded monthly. Based on the above, Dana Gas share (35%) of the total interest on overdue receivables (for condensate and LPG sales and transportation costs paid on behalf of KRG) from KRG as at 31 December 2016 stood at USD 67 million.

Pursuant to Settlement Agreement with the KRG dated 30 August 2017, total interest at LIBOR plus 2% compounded monthly on overdue receivables from KRG (towards liquids sales and transportation costs paid on behalf of KRG) amounting to USD 237 million (DG Share 35%: USD 83 million) as on 30 August 2017 has been converted to petroleum cost. For the purposes of these financial statements, this amount has been recorded as Oil & Gas Properties and included under Property, plant & equipment. At 31 December 2017, no interest is receivable from KRG.

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30 CONTINGENCIES AND COMMITMENTS

Dana Gas Egypt

In March 2006, Dana Gas Egypt entered into an agreement with CTIP Oil and Gas Limited ("CTIP") to acquire a 25% percent working interest in the West El Manzala and West El Qantara Concessions. Following the closing of this acquisition, the Company held a 100% participating interest in each of these Concessions. As agreed under the terms of the said acquisition agreement Dana Gas Egypt has paid USD 13 million as a result of the first Government approved plan of Development in the West El Manzala Concession. In addition, Dana Gas Egypt has agreed to pay additional payments that could total up to a further USD 12.5 million as and when total Proved Reserves for both El Manzala and West El Qantara concessions collectively and in the aggregate exceeds 1 Trillion cubic feet of natural gas. Dana Gas Egypt has also granted a three percent net profits interest to CTIP on future profit from the Concessions.

In April 2013, Dana Gas Egypt was awarded a 100% working interest in the North El Arish Offshore (Block 6) concession area. The area is located offshore Nile Delta, in the eastern part of the Mediterranean Sea. As per the concession agreement, Dana Gas Egypt has committed to spend USD 25.5 million on the block during the first phase of exploration which is 4 years and expired on 11 February 2018. Dana Gas Egypt is granted a one year extension for the first phase of exploration till 10 February 2019. To-date Dana Gas Egypt has spent circa. USD 14.7 million out of the total commitment.

In October 2014, Dana Gas Egypt was awarded a 100% working interest North El Salhiya (Block 1) concession area. The area is located in Nile delta next to DGE existing development leases. As per the concession agreement, Dana Gas Egypt has committed to spend USD 20 million on the block during the first phase of exploration which is 3 years and expired on 14 January 2018. Dana Gas Egypt is granted a six month extension for the first phase of exploration till 14 July 2018. To-date Dana Gas Egypt has spent circa. USD 7.5 million out of the total commitment.

In October 2014, Dana Gas Egypt was also awarded El Matariya (Block 3) onshore concession area in the Nile Delta. Dana Gas Egypt with BP Exploration (Delta) Limited "BP" as partner and operator will participate in the concession on a 50:50 basis. Dana Gas Egypt and BP have committed to spend USD 60 million on the block during the first phase of exploration which is 3 years. As per the terms of the agreement with BP, BP will fund all of the cost (including Dana Gas's share) of the first exploration well up to an agreed maximum limit. BP also has the option to acquire 50% in the deep potential of some of Dana Gas' adjacent Development leases. The Mocha-1 and West Ward Delta-2 exploration wells were drilled during the first exploration phase. Dana Gas Egypt and BP elected to carry on with the block for the second phase of exploration with commitment to spend USD 15 million during 3 years. The Mocha-1 and West Ward Delta-2 wells drilling costs have fulfilled the spend commitment of first and second phases of exploration.

31 RELATED PARTY DISCLOSURES

Transactions with related parties which are conducted at arm's length included in the consolidated income statement are as follows:

	2017		2016	
	<i>Revenues</i>	<i>Fees for management services</i>	<i>Revenues</i>	<i>Fees for management services</i>
	<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>	<i>USD mm</i>
Joint arrangement	1	2	1	2
Major shareholder	-	1	-	-
	<u>1</u>	<u>3</u>	<u>1</u>	<u>2</u>

During 2017, an amount of USD 1.5 million was paid to the Directors as compensation for Committee work and special assignment undertaken during the year. The remuneration to the Board of Directors for the year 2016 has been disclosed in the consolidated statement of changes in equity.

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31 RELATED PARTY DISCLOSURES (continued)

Compensation of key management personnel

The remuneration of members of key management during the year was as follows:

	2017 USD mm	2016 USD mm
Short-term benefits	5	5
Restricted Shares	1	1
	<u>6</u>	<u>6</u>

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

The Group's principal financial liabilities comprise borrowings, decommissioning obligations (provisions), trade payables, other payables and due to related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

(a) Foreign currency risk

The Group is exposed to material foreign currency risks in relation to its cash balance in Egyptian pounds held in Egypt with local banks.

At 31 December 2017, if the Egyptian pounds had strengthened/weakened by 10% against the USD with all other variables held constant, total comprehensive profit for the year would have been USD 0.3 million higher/ lower (2016: USD 2 million), as a result of foreign exchange gains/losses on translation of Egyptian pounds denominated cash and bank balance.

(b) Profit rate risk

The Group has minimal exposure to Profit rate risk on bank deposits.

(c) Commodity price risk

The Group is also exposed to commodity price risk (crude oil price), however this has been partially mitigated due to fixed pricing agreement in Egypt & U.A.E. for sale of natural gas which constitute approximately 45% (2016: 49%) of the Groups gross revenue. At 31 December 2017, if the average price of crude oil for the year had increased/decreased by 10% with all other variable held constant the Group's total comprehensive profit for the year would have been USD 15 million higher/lower (2016: USD 13 million).

(d) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from trade receivables and bank balances.

(i) Trade receivables

The trade receivables arise from its operations in UAE, Egypt and Kurdistan Region of Iraq. The requirement for impairment is analysed at each reporting date on an individual basis for major customers. As majority of the Group's trade receivable are from Government related entities no impairment was necessitated at this point. The maximum exposure to credit risk at the reporting date is the carrying amount as illustrated in note 17.

(ii) Bank balances

Credit risk from balances with banks and financial institutions is managed by Group's Treasury in accordance with the Group policy. Investment of surplus funds is made only with counterparties approved by the Group's Board of Directors. The Group's maximum exposure to credit risk in respect of bank balances as at 31 December 2017 is the carrying amount as illustrated in note 20.

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32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings, trade payables and other payables. The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments:

Year ended 31 December 2017

	<i>Less than 1 month USD mm</i>	<i>Less than 1 year USD mm</i>	<i>1 to 5 years USD mm</i>	<i>>5 years USD mm</i>	<i>Total USD mm</i>
Capital received on issuance of Sukuk*	-	700	-	-	700
Borrowings (including profit)	-	5	21	1	27
Trade payables and accruals	-	178	-	-	178
Provisions	-	-	6	8	14
	-	883	27	9	919

Year ended 31 December 2016

	<i>Less than 1 month USD mm</i>	<i>Less than 1 year USD mm</i>	<i>1 to 5 years USD mm</i>	<i>>5 years USD mm</i>	<i>Total USD mm</i>
Capital received on issuance of Sukuk	-	756	-	-	756
Borrowings (including profit)	-	46	68	1	115
Trade payables and accruals	-	128	-	-	128
Provisions	3	-	6	8	17
	3	930	74	9	1,016

* please refer note 26

Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 31 December 2016. Capital comprises share capital, retained earnings, other reserves and equity component of convertible bonds, and is measured at USD 2,634 million as at 31 December 2017 (2016: USD 2,565 million).

33 FAIR VALUE ESTIMATION

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements:

	<i>Carrying amount 2017 USD mm</i>	<i>Fair value 2017 USD mm</i>	<i>Carrying amount 2016 USD mm</i>	<i>Fair value 2016 USD mm</i>
Financial assets				
Trade and other receivables	285	285	1,026	1,026
Cash and short term deposits	608	608	302	302
Financial liabilities				
Capital received on issuance of Sukuk	700	700	700	700
Borrowings	23	23	103	103
Trade payables and accruals	178	178	128	128

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

33 FAIR VALUE ESTIMATION (continued)

The fair value of borrowings is the amortised cost determined as the present value of discounted future cash flows using the effective interest rate.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The following table presents the Group' assets that are measured at fair value on 31 December 2017:

	<i>Level 1 USD mm</i>	<i>Level 2 USD mm</i>	<i>Level 3 USD mm</i>	<i>Total USD mm</i>
Assets				
Financial assets at fair value through profit or loss	-	9	-	9
Investment property	-	-	24	24
Total	<u>-</u>	<u>9</u>	<u>24</u>	<u>33</u>

The following table presents the Group' assets that are measured at fair value on 31 December 2016:

	<i>Level 1 USD mm</i>	<i>Level 2 USD mm</i>	<i>Level 3 USD mm</i>	<i>Total USD mm</i>
Assets				
Financial assets at fair value through profit or loss	-	9	-	9
Investment property	-	-	24	24
Total	<u>-</u>	<u>9</u>	<u>24</u>	<u>33</u>

There have been no transfers between Level 1 and Level 2 during the years 2017 and 2016.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

34 FINANCIAL INSTRUMENTS BY CATEGORY

	<i>Loans & receivables USD mm</i>	<i>Assets at fair value through the profit and loss USD mm</i>	<i>Available- for-sale financial asset USD mm</i>	<i>Total USD mm</i>
31 December 2017				
Assets as per Statement of Financial Position				
Trade and other receivables excluding pre-payments	283	-	-	283
Financial assets at fair value through profit or loss	-	9	-	9
Cash and bank balance	608	-	-	608
Total	891	9	-	900
	<i>Liabilities at fair value through the profit and loss USD mm</i>	<i>Derivatives used for hedging USD mm</i>	<i>Other financial liabilities at amortised cost USD mm</i>	<i>Total Total USD mm</i>
31 December 2017				
Liabilities as per Statement of Financial Position				
Capital received on issuance of Sukuk	-	-	700	700
Borrowings	-	-	23	23
Provisions	-	-	14	14
Trade payable and accruals excluding statutory liabilities	-	-	178	178
Total	-	-	915	915
	<i>Loans & receivables USD mm</i>	<i>Assets at fair value through the profit and loss USD mm</i>	<i>Available- for-sale financial asset USD mm</i>	<i>Total USD mm</i>
31 December 2016				
Assets as per Statement of Financial Position				
Trade and other receivables excluding pre-payments	1,023	-	-	1,023
Financial assets at fair value through profit or loss	-	9	-	9
Cash and bank balance	302	-	-	302
Total	1,325	9	-	1,334

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

34 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

	<i>Liabilities at fair value through the profit and loss USD mm</i>	<i>Derivatives used for hedging USD mm</i>	<i>Other financial liabilities at amortised cost USD mm</i>	<i>Total USD mm</i>
31 December 2016				
Liabilities as per Statement of Financial Position				
Capital received on issuance of Sukuk	-	-	700	700
Borrowings	-	-	103	103
Provisions	-	-	11	11
Trade payable and accruals excluding statutory liabilities	-	-	128	128
Total	-	-	942	942

35 SOCIAL CONTRIBUTIONS

As part of the Corporate Social Responsibility Initiatives, the Group spent USD 337,900 (2016: USD 68,250) during the year.

Dana Gas PJSC and Subsidiaries
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2016

DANA GAS PJSC

Report of the Directors

The Board of Directors of Dana Gas (“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 2016.

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 a regional natural gas Company with presence in the United Arab Emirates, Egypt, Bahrain, and the Kurdistan Region of Iraq (KRI) and headquartered in Sharjah, United Arab Emirates.

Results for the year ended 31 December 2016

During the year, the Company earned gross revenues of USD 392 million (AED 1.4 billion) as compared to USD 417 million (AED 1.5 billion) in 2015, a decrease of 6% reflecting decline in realised hydrocarbon prices in 2016 as compared to 2015. Realised prices were down by 26% in 2016 and impacted the topline by USD 72 million (AED 264 million). The decline was partly offset by increase in production from Egypt and new production from Zora field which added USD 47 million (AED 172 million). Realised price averaged USD 36/bbl for condensate and USD 28/boe for LPG compared to USD 50/bbl and USD 37/boe respectively in 2015.

The Group reported a net loss of USD 88 million (AED 323 million) as compared to a net profit of USD 144 million (AED 528 million) in 2015. Whilst optimisation of operating cost & G&A together with increase in entitlements in KRI has contributed positively towards operating profit, the following one off items explain the significant variance in net profitability:

- i. a one off income recognised in 2015 of USD 208 million (AED 762 million) on settlement of RWE Supply & Trading GmbH (RWEST) arbitration including the sale of a 5% interest in Pearl Petroleum Company Limited (PPCL) to RWEST Middle East Holding BV; and
- ii. a one-time interest reversal of USD 121 million (AED 443 million) (USD 86 million booked in 2015 and USD 35 million recorded during the year) on overdue receivables due from KRG following the Third Partial Final Award in which the Tribunal determined that the Claimants are entitled to interest on all overdue liquids receivables for each day that such sums are overdue at the rate of LIBOR + 2% compounded monthly. The interest previously reflected in the financial results of 2015 was based on PPCL (in which Dana Gas is a 35% shareholder) financial statements which reflected Dana Gas actual cost incurred on its ordinary Sukuk of 9% profit share as per the interpretation of the terms of the HoA agreement between PPCL and the KRG by the Company and its adviser.

The Company ended the year with an average production of 67,050 barrels of oil equivalent per day (boepd), an increase of 5% compared to last year’s production of 63,900 boepd. This increase was mainly due to higher production in Egypt and production coming from the Zora field in U.A.E. In Kurdistan the Company’s share of production reduced by 11% due to sale of 5% interest in PPCL as mentioned above.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) decreased to USD 207 million (AED 759 million) compared to USD 232 million (AED 851 million) in 2015.

DANA GAS PJSC

Report of the Directors

Liquidity and Financial Resources

Cash and bank balance at year end stood at USD 302 million (AED 1,107 million), a decline of 36% compared to the USD 470 million (AED 1,723 million) at the end of December 2015. The reduction in cash balance was due to capital investments in the Zora project, in the U.A.E. and Egypt, loan and profit payments, Sukuk buyback and other overheads. The Group collected a total of USD 200 million (AED 733 million) in 2016 with Egypt, Kurdistan Region of Iraq (KRI) and U.A.E. contributing USD 79 million (AED 290 million), USD 101 million (AED 370 million) and USD 20 million (AED 73 million), respectively.

The Company continues to monitor its capital requirements on an ongoing basis to ensure optimal structure. At the current time the Company has not yet determined the total size of such buybacks, however, going forward it may consider a further buy back, through open market purchases or otherwise in accordance with law, the scale of which will depend on market conditions and the Company's liquidity requirements. During the year the Company bought back Ordinary sukuk amounting to USD 50.3 million (par value).

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) 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 2016. Following this review, the Group's gross proved reserves (1P) as at 31 December 2016 were assessed at 89 MMboe (31 December 2015: 83 MMboe); an increase of 7 %. The gross proved and probable reserves (2P) as at 31 December 2016 were estimated at 132 MMboe (31 December 2015: 130 MMboe); an increase of 2 % and the gross proved, probable and possible reserves (3P) as at 31 December 2016 were estimated to be 184 MMboe (31 December 2015: 185 MMboe); a decrease of 1%. The 2P reserve replacement ratio for the year was 115%.

(b) 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 risked¹ 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 31st December 2015 based on a comprehensive data set comprising ca. 1200 km 2D seismic, the 11 wells drilled in the two fields to date plus field production data over a period of seven years.

In their report dated April 2016, GCA provide the following reserves estimates for both fields²:

- a) Proved plus Probable (2P) gas and condensate reserves for Khor Mor are 8.5 Tscf and 191 MMbbl respectively of which Dana Gas' 35% share equates to 3 Tscf of dry gas and 67 MMbbl of condensate.
- b) For Chemchemical, Proved plus Probable (2P) gas and condensate reserves are 6.6 Tscf and 119 MMbbl respectively, with Dana Gas' 35% share being 2.3 Tscf of dry gas and 42 MMbbl of condensate.

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 The reported hydrocarbon volumes are estimates based on professional judgment and are subject to future revisions, upwards or downwards, as a result of future operations or as additional information becomes available.

DANA GAS PJSC

Report of the Directors

Reserves & Resources (continued)

(b) Pearl Petroleum Company Limited (continued)

The above figures are based on data from 2 of the 12 defined compartments in the Khor Mor Field and 1 of the 3 compartments in the Chemchemal Field. Total Dana Gas share of the Khor Mor and Chemchemal 2P reserves is therefore 5.3 Tcf gas and 109 MMbbls condensate, equivalent to 990 MMboe.

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 Resources³ and Prospective Resources⁴.

GCA's report confirms Dana Gas' and Crescent Petroleum's belief that Khor Mor and Chemchemal have the potential to be the largest gas fields in the KRI and indeed in the whole of Iraq and thus makes them world class assets.

(c) Sharjah Western Offshore – Zora Field

Following signing of concession agreement with Ajman in January 2014, Dana Gas has a 100% working interest in the Zora field which spans the territorial waters of Sharjah and Ajman. Gaffney, Cline & Associates carried out an independent evaluation of Sharjah Western Offshore – Zora Field's hydrocarbon reserves as on 31 December 2016. Following this review, the Group's gross proved reserves (1P) as at 31 December 2016 were assessed at 17 MMboe (31 December 2015: 16 MMboe). The gross proved and probable reserves (2P) as at 31 December 2016 were estimated to be 33 MMboe (31 December 2015: 31 MMboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2016 were estimated to be 65 MMboe (31 December 2015: 64 MMboe).

E&P Operations

a) Egypt E&P operations

Dana Gas Egypt ended 2016 with production for the full year of operations of 13.7 MMboe i.e. averaging 37,600 boepd (2015: 12.4 MMboe, i.e. averaging 33,900 boepd) an increase of 11% over the corresponding year. The higher production is a result of increased drilling activities which led to additional reserves for the Nile Delta fields and reflects Dana Gas commitment made under the Gas Production Enhancement Agreement ("GPEA").

In Egypt the Company collected USD 79 million (AED 290 million), and hence realised 64% of its year's revenue. During the year the Company received cash of USD 77 million (AED 283 million) (2015: USD 109 million / AED 400 million) and EGAS/EGPC offset payables to government owned contractors of USD 2 million (AED 7 million) against the amounts due to the Group. At the year end the trade receivable balance increased to USD 265 million (AED 971 million) compared to USD 221 million (AED 810 million) at end of 2015.

The BP operated Mocha-1 exploration well in Block 3 has been completed. It reached total depth at 5,940 metres, making it the deepest onshore Nile Delta well drilled to date. Whilst the Messinian objective encountered wet gas, the primary Oligocene target did not encounter gas in commercial quantities and the well has been P&A'ed. Under the terms of the agreement signed in June 2015, BP agreed to carry Dana Gas for its 50% share of the cost of the well. Consequently, Dana Gas has achieved its objective of drilling this important calibration well at no cost to itself.

³ Those quantities of petroleum estimated to be potentially recoverable but not yet considered mature enough for commercial development due to one or more contingencies.

⁴ Those quantities of petroleum estimated to be potentially recoverable from undiscovered accumulations by future development projects.

DANA GAS PJSC

Report of the Directors

E&P Operations (continued)

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

In April 2007, the Group entered into agreements with the Kurdistan Regional Government of Iraq for developing the significant petroleum (including gas) resources in the Khor Mor and Chemchemal fields. Since then, the focus has been on developing, processing and transporting natural gas from the Khor Mor Field including processing and extracting LPG and condensate and providing natural gas supplies to domestic power generation plants near Erbil and Sulaimaniya. Further development of both fields is planned following resolution of the ongoing legal dispute. As envisaged under the agreements, such further development is expected to provide significant natural gas supplies for future expansion of power generation and local industries as well as for export and sale abroad as and when the political circumstances permit.

On 27 November 2015, Dana Gas and Crescent sold an equity interest of 5% each in Pearl Petroleum to RWE Middle East Holding BV ("RWE"). The shareholding interest in Pearl Petroleum is now as follows: Dana Gas: 35%, Crescent: 35%, OMV: 10%, MOL: 10% and RWE: 10%.

Dana Gas's share (35%) of gross production in the KRI for 2016 was 9.5 MMboe, i.e. averaging 26.0 thousand BOE per day (2015 – DG Share 40% upto 26 November 2015: 10.7 MMboe, averaging 29.3 thousand BOE per day). The decrease in production is mainly due to change in Group's interest in PPCL from 40% to 35% in 2016 i.e. after disposal of 5% interest in PPCL on 27 November 2015 to RWEST Middle East Holding BV.

Dana Gas share of collections for the year stood at USD 101 million (AED 370 million). At year end, Dana Gas' 35% share of trade receivable balance stood at USD 713 million (AED 2,613 million) – (2015: USD 727 million / AED 2,665 million).

c) Zora Gas Field

The Zora gas field lies partly in the Sharjah Western Offshore Concession area and extends into the adjacent Ajman Concession area with approximately 50% of the volume on each side as agreed under the initial unitization agreement. The field produces slightly sour gas via an unmanned platform in approximately 24 meters of water depth located about 33km offshore. The platform is connected by means of 12" subsea and onshore pipeline system to a gas processing plant located within Sharjah Hamriyah Free Zone.

The gas plant has been in continuous production since 28 February 2016, currently delivering approximately 12 mmscfd sales gas to Sharjah power station and producing 135 bbl/day of condensate. Production from the Zora field during the year was 842,323 boe or 2,744 boepd (2015: Nil). As current production rate of Sharjah-2 well has continued to decline, feasibility studies are being carried out based on well operating data and reservoir performance, to determine optimum options for well intervention to enhance production.

The gas plant operations is limited by the ability to handle the increased water production (>500 bbl/d), which requires modification to inlet separation system and expansion of the water treatment package to improve the economic handling and safe disposal of the increased volumes of produced water. Design modifications for the plant have been agreed, but commitment for further investment is dependent on evaluation of well & reservoir performance and feasibility to enhance production.

During the year, collection stood at USD 20 million (AED 73 million). At year end, the trade receivable balance stood at USD 2 million (AED 7 million) (31 December 2015: Nil).

DANA GAS PJSC

Report of the Directors

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.

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 mmcf/d of gas and has produced 2,670 boepd of propane (DG Share 26.4%: 705 boepd) and 128 boepd of butane (DG Share 26.4%: 34 boepd) during 2016.

Arbitration Cases

On 21 October 2013, Dana Gas, along with Crescent Petroleum and Pearl Petroleum (the Consortium which holds petroleum rights in the KRI), together “the Claimants”, commenced international arbitration proceedings at the London Court of International Arbitration (LCIA), in accordance with the dispute resolution mechanism of the agreement signed with the Kurdistan Regional Government (KRG) on 04 April 2007 and governed by English Law.

With effect from July 2013, the date upon which the Claimants initiated mediation proceedings with the LCIA, the KRG ceased making any payments for the liquid products that it continued to lift and sell from the Khor Mor plant. On 21 March 2014, the Consortium filed an interim measures application with the Tribunal, which was successful on 10 July 2014 when the Tribunal ordered for the KRG to restore the previous regular payments to the Consortium as of 21 March 2014, the date of the application, and until the case is concluded.

The KRG failed to comply with and challenged the Tribunal’s order, although from September 2014, the Company was permitted to commence local sales of condensate and LPG to third parties. On 17 October 2014, the Tribunal dismissed the KRG’s challenge and re-affirmed its order for interim measures of 10 July 2014. In addition, the Tribunal ordered the KRG to pay the Consortium USD 100 million within a timeframe of 30 days (by 17 November 2014.) in the form of a Peremptory Order. In default of its legal obligations, the KRG failed to make payment by the stipulated deadline. Consequently, the Tribunal’s order became peremptory in nature, enabling its enforcement by the English High Court. On 12 December 2014, and with the Tribunal’s permission, an application to the High Court was made for the enforcement of the order, with the prospect of sanctions being imposed on the KRG for non-compliance. The Court heard the Claimants’ application for the enforcement of the order during a hearing on 28 and 29 October 2015.

On 20 November 2015, the Court handed down its decision, in which it enforced the Peremptory Order and ordered the KRG to pay the Peremptory Order within 14 days. Following receipt of the judgment, the KRG applied to challenge the Court’s order, by way of seeking (1) a discharge of the Peremptory Order; (2) an appeal; and (3) alternatively, an extension of time to pay the Peremptory Order. At the same time as the KRG made its application it also applied to the Tribunal to discharge the Peremptory Order.

At the hearing before the Court on 17 December 2015, the Court decided to (1) adjourn the discharge application to allow the Tribunal to decide whether or not the Peremptory Order should be discharged; (2) refused permission for the KRG to appeal; and (3) extended the time for the KRG to pay the Peremptory Order to 26 February 2016. However, as a condition of this extension, the Court ordered the KRG to pay in the meantime 3 installments of USD 8 million each by 31 December 2015, 15 January 2016 and 19 February 2016 to the Consortium. All three instalments were paid.

DANA GAS PJSC

Report of the Directors

Arbitration Cases (continued)

The KRG also applied to the Tribunal to discharge the Peremptory Order, which was the subject of a short hearing before the Tribunal on 8 January 2016. The parties then went back before the English High Court on 5 February 2016, in which the Court dismissed the KRG's discharge application and upheld the Peremptory Order. The KRG then applied to the English Court of Appeal for permission to appeal the High Court's judgment. The hearing for permission took place on 12 May 2016, with the Court of Appeal refusing the KRG's application and upholding the Peremptory Order.

Separately, in March 2016 the Claimants and the KRG independently reached an agreement whereby the Peremptory Order will be paid down by the KRG in monthly instalments. As at 31 December 2016, the KRG has paid the Claimants an amount of USD 53.84 million.

In relation to the arbitration proceedings on merits a one-week hearing took place in London commencing 20 April 2015 at which selected issues in the arbitration were considered.

On 3 July 2015, the Arbitral Tribunal issued a Partial Final Award dated 30 June 2015 ("First PFA") confirming the Consortium's contractual rights including a number of important issues addressed at the 20 April 2015 hearing. Among other things, the First Partial Final Award confirmed:

- The Consortium's exclusive long-term rights to develop and produce gas and petroleum from both the Khor Mor and Chemchemal fields for the duration of the Contract, being not less than 25 years.
- The KRG's contractual obligation to pay the Consortium for the produced condensate and LPG at international prices, including the pricing methodology for each.
- That Dana Gas and Crescent Petroleum were entitled to farm out part of their own interests to MOL and OMV, and that the KRG was not entitled to a share of the farm-out proceeds.

On 21 September 2015, a one-day hearing was held during which the Consortium made an application to the Tribunal for monetary award of USD 1.963 billion against the KRG, being the outstanding unpaid invoices (as of 30 June 2015) for the produced condensate and LPG calculated as per the pricing methodology determined by the Tribunal in the First Partial Final Award. The Tribunal considered the parties' claims and their submissions. On 27 November 2015, the Tribunal handed down its Second Partial Final Award (dated 27 November 2015 and updated by Memorandum of Correction dated 20 January 2016) ("Second PFA") in which it ordered the KRG to pay the Consortium within 28 days (i.e. by 26 December 2015) the sum of USD 1.963 billion for outstanding unpaid invoices for the produced condensate and LPG up to 30 June 2015, as per the pricing methodology already determined by the Tribunal in the First PFA.

The Second PFA is final, binding and internationally enforceable, and does not depend upon any further hearings or the parties' outstanding claims and counter-claims that are yet to be determined in the arbitration.

The KRG has not yet paid the USD 1.963 billion⁵, and on 22 December 2015, launched a challenge to the Second PFA in the English High Court on the limited procedural grounds allowed for in arbitration. The hearing for the KRG's challenge was set for 28-30 November 2016. However, on 20 October 2016 the KRG filed a notice of discontinuance in the High Court, formally withdrawing the challenge.

The Claimants' remaining claims, including the Consortium's substantial damage claim (currently quantified at no less than USD 17.5 billion, excluding interest) for wrongful interference with the Consortium's long term rights over the Khor Mor and Chemchemal fields (as affirmed by the First PFA) initially fell to be determined (along with KRG's various counterclaims against the Claimants) between 5-16 September 2016.

⁵ Save that, as the Peremptory Order is included in the USD 1.96 billion awarded pursuant to the Second PFA, the amount of the Second PFA now outstanding has been reduced by USD 53.84 million.

DANA GAS PJSC

Report of the Directors

Arbitration Cases (continued)

In July 2016, the hearing become bifurcated, with the result that the September 2016 hearing addressed the remainder of the Claimant's claims but not the quantification of its claim for the wrongful late development of the Khor Mor and Chemchemal fields, along with the various counterclaims alleged by the KRG against the Claimants (save for its mirror counterclaim against the Consortium for wrongful late development).

On 13 February 2017, the Tribunal handed down its Third Partial Final Award dated 30 January 2017 ("Third PFA").

Importantly, the Tribunal held in the Third PFA the following:

- a. **Delayed Development Claim:** The Tribunal found in the Claimants' favor that the KRG wrongfully prevented the Claimants from carrying out appraisals and such other activities as are necessary to enable the Consortium to put forward a proposal for field development in respect of Khor Mor and Chemchemal and thereby delayed the Claimants opportunity to develop those areas. The Tribunal further declared that the KRG is not entitled to reject a proposal from the Consortium for a field development plan otherwise than on reasonable grounds in accordance with good petroleum industry practice.
- b. **Update on Liquid Receivables:** The Tribunal ordered the KRG to pay to the Claimants USD 121,095,282 in respect of condensate and LPG lifted by or on behalf of the KRG between 30 June 2015 and 31 March 2016.
- c. **Entitlement to Interest:** The Tribunal determined that the Claimants are entitled to interest on all overdue liquids receivables for each day that such sums are overdue at the rate of LIBOR + 2% compounded monthly.
- d. **Dismissal of KRG Counter Claims:** The Tribunal dismissed in totality all of the KRG's counterclaims against the Claimants and found that the project was delivered within a reasonable time.

The quantification of the Claimants' damages for the delayed development claim will be determined by the Tribunal at a further hearing scheduled for 12-20 September 2017.

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 National Iranian Oil Company ('NIOC's) remaining grounds of appeal against the 2014 arbitration award. The 2014 arbitration award found in favour of Dana Gas' partner Crescent Petroleum Company International Limited 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 previously 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) took place in November 2016. Due to a long post-hearing submissions timetable, the final damages Award is expected in the second half of 2017.

DANA GAS PJSC
Report of the Directors

Directors

The Directors who served during the year were:

1. H.H. Sheikh Ahmed Bin Sultan Al-Qasimi, Honorary Chairman
2. Mr. Hamid Dhiya Jafar, Chairman
3. Mr. Rashid Saif Al-Jarwan, Deputy Chairman
4. Dr. Patrick Allman-Ward, Chief Executive Officer
5. H.E. Sheikh Sultan Bin Ahmed Bin Sultan Al-Qasimi
6. Mr. Abdullah Ali Al Majdouie
7. Mr. Majid Hamid Jafar
8. Mr. Nasser Al Nowais
9. Mr. Said Arrata
10. Mr. Varoujan Nerguizian
11. Mr. Ziad Abdulla Ibrahim Galadari
12. Mr. Hani Abdulaziz Hussein
13. Ms. Fatima Obaid Al-Jaber

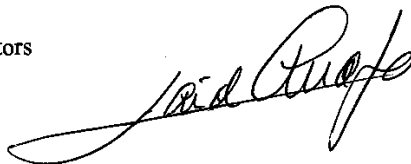
Auditors

The financial statements have been audited by Ernst & Young who retire and, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors



Director



8 March 2017

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Dana Gas PJSC (the "Company" or "Dana Gas") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

- (i) We draw attention to notes 12 (b) and 14 to the consolidated financial statements which disclose that the continued delay in commencement of gas supplies has prompted a key supplier of the Group to initiate arbitration proceedings against the ultimate supplier; and
- (ii) We also draw attention to notes 15 and 17 to the consolidated financial statements which discloses arbitration proceedings entered into with the Kurdistan Regional Government of Iraq.

Our opinion is not modified in respect of the above matters.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC (continued)

Key audit matters (continued)

(i) Recoverability of trade receivables from the Kurdistan Regional Government of Iraq (KRG)

Total trade receivables as at 31 December 2016 include USD 713 million (note 17) (Group share of 35% of Pearl Petroleum Company Limited "PPCL", a joint operation) due from The Kurdistan Regional Government of Iraq ("KRG"). The recoverability of receivables from KRG is linked to the outcome of the ongoing arbitration and related legal proceedings. There have been rulings issued by the Arbitral Tribunal in favor of the Consortium (which includes Dana Gas) and the same has been disclosed in more detail in note 15 (a) to the consolidated financial statements.

On 3 July 2015, the Tribunal issued a Partial Final Award dated 30 June 2015 ("First PFA") confirming the Consortium's contractual rights including a number of important issues addressed at the 20 April 2015 hearing. Among other things, the First Partial Final Award confirmed the Consortium's exclusive long-term rights to develop and produce gas and petroleum from both the Khor Mor and Chemchemal fields for the duration of the Contract, being not less than 25 years. It also confirmed the KRG's contractual obligation to pay the Consortium for the produced condensate and LPG at international prices, including the pricing methodology for each and that Dana Gas and Crescent Petroleum were entitled to farm out part of their own interests in the Contract to MOL and OMV, and that the KRG was not entitled to a share of the farm-out proceeds.

On 27 November 2015, the Tribunal handed down its Second Partial Final Award (dated 27 November 2015 and updated by Memorandum of Correction dated 20 January 2016) ("Second PFA") in which it ordered the KRG to pay the Consortium within 28 days (i.e. by 26 December 2015) the sum of USD 1.963 billion for outstanding unpaid invoices for the produced condensate and LPG up to 30 June 2015, as per the pricing methodology already determined by the Tribunal in the First PFA.

The KRG has not yet paid the USD 1.963 billion, and on 22 December 2015, launched a challenge to the Second PFA in the English High Court on the limited procedural grounds allowed for in arbitration. The hearing for the KRG's challenge was set for 28-30 November 2016. However, on 20 October 2016 the KRG formally withdrew the challenge and offered to pay the Consortium's costs associated with it. The KRG also undertook not to argue the same grounds as it raised in the challenge in any other proceedings related to the Second PFA, including in relation to enforcement of the Second PFA. The Second PFA is final, binding and internationally enforceable in courts around the world, and does not depend upon any further hearings.

On 13 February 2017, the Company received the Third Partial Final Award ("Third PFA") dated 30 January 2017 as disclosed in note 15.

We have discussed the status of the ongoing legal proceedings with the Group's legal department. We reviewed the First, Second and Third PFAs and related arbitration documents and evaluated management's rationale and assessment of the recoverability of the receivables. We also obtained external legal confirmations. In addition, we obtained an understanding of the local environment in which the Consortium operates and its impact on the operations. We also considered cash, including collections subsequent to the year end.

Considering the uncertainty around recoverability of trade receivables from KRG, we have included an emphasis of this matter in this audit report.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC
(continued)**

Key audit matters (continued)

(ii) Recoverability of trade receivables from the Government of Egypt

The receivables from state owned companies of Government of Egypt, EGPC and EGAS amounted to USD 265 million (note 17) as at 31 December 2016. Given the economic uncertainty in Egypt we continue to focus on the recoverability of this overdue amount. Although contractually, the Group is entitled to be paid in USD it does accept payments in Egyptian Pounds (EGP) to the extent of its local currency requirements. At every quarter end it remains exposed to the currency fluctuations though the balances are not material except for the EGP kept as a collateral against a USD facility. The management is hopeful that the recovery will not be further delayed as the economic situation in Egypt is stabilizing. The management is confident of further progress in the collection of receivables in the near future due to its strong relationships with Egyptian Government. There is no dispute on the outstanding receivable balance and based on the progress made on the Gas Production Enhancement Agreement including the commencement of shipments to allow for direct condensate export and other positive economic developments in Egypt, the management does not foresee any recovery issue on these receivables.

We discussed the status of these receivables with the Group's management and reviewed the Gas production enhancement agreements. We also obtained an understanding of the local environment in which the entity operates and its impact on the operations. We also considered cash received, including collections subsequent to the year end.

(iii) UAE gas project assets and legal arbitration

The UAE Gas Project to process and transport imported gas continues to await the commencement of gas supplies by the National Iranian Oil Company ("NIOC") to Crescent Petroleum. Dana Gas has a 35% interest in Crescent National Gas Corporation Limited (CNGCL) and owns 100% of SajGas and UGTC, all of whose rights to recover their losses have been preserved and whose claims are being pursued by Crescent Petroleum. Assets of SajGas and UGTC include intangible and tangible assets of USD 289 million and USD 242 million respectively (note 12b). Dana Gas' 35% interest in the marketing entity CNGCL is recorded in the balance sheet at USD 559 million (note 14). The carrying value of these assets is dependent upon the final Tribunal Award on the damages claim against NIOC and the resultant share of Dana Gas.

Crescent Petroleum, which has the gas supply contract with NIOC, commenced international arbitration against NIOC in June 2009 due to the continued delay in receipt of gas to supply the chain via CNGC. In August 2014, Dana Gas was notified by Crescent Petroleum that the Arbitral Tribunal issued a Final Award on the merits, determining that the 25-year contract between Crescent Petroleum 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.

NIOC challenged the 2014 Award in the English High Court, which was finally dismissed in July 2016 and confirmed that the Award is final and binding. The final 3 week hearing of the remedies phase against NIOC for non-performance of the contract (including claims for damages and indemnities for third party claims) took place in November 2016. Due to a long post-hearing submissions timetable, the final damages Award is expected in the second half of 2017.

We have reviewed legal documents including the decision of the English High Court of July 2016 relating to dismissal of the NIOC challenge of the Award, and discussed the progress and status with the client's legal department. We also reviewed the adequacy of the related disclosures in the consolidated financial statements.

Considering the inherent uncertainty over the ultimate outcome of any arbitration or court process and the inherent uncertainty over the enforceability of the court orders, we have included an emphasis of this matter in this audit report.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC
(continued)**

Key audit matters (continued)

(iv) Goodwill and oil and gas interest

As at 31 December 2016, the Group has goodwill of USD 308 million (note 12) relating to Egyptian assets and tangible and intangible assets amounting to USD 442 million (notes 11 & 12) relating to the oil and gas interests of Dana Gas Egypt and USD 234 million (note 11) of development assets relating to the Zora Gas field in UAE. The current low price environment and uncertainty over timing of cash flows from these assets presents an increased risk of impairment.

The management undertook an impairment review of these assets as at 31 December 2016 using a discounted cash flow model supported by an independent expert's reserve report. This impairment test was significant because of the materiality of the balances and also as it requires significant management judgments and assumptions that are affected by future market conditions, particularly future oil/gas prices, expected reserves additions from the development activities currently in progress as part of Gas Production Enhancement Agreement, commercial recoverability of resources from prospects considered for goodwill valuation, macro-economic conditions in Egypt and the flow rates from the Zora Gas Field.

We evaluated the assumptions and methodologies used by the Group and the independent external expert, in particular those relating to discount rates, capital/ operating expenditures, production profile and oil/ gas prices. We agreed the forward looking data used in the impairment models to the business plan. We compared the forecasts and budgets to the assumptions used by management relating to short- and long-term oil/ gas prices to third party forecasts, discount rates by comparing key inputs, where relevant to the externally derived data and market rates, production/ reserves volumes during the period of the lease and capital/ operating expenditures. We also performed audit procedures on the mathematical accuracy of the impairment models and performed sensitivity analysis over inputs to the cash flow models. We evaluated the objectivity, independence and expertise of the independent external expert. We also focused on the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of oil and gas assets and goodwill which are disclosed in note 12 to the consolidated financial statements.

(v) Sukuk refinancing

Cash and bank balances at 31 December 2016 stood at USD 302 million, a decrease of USD 168 million (36 %) as compared to balances as at 31 December 2015. The liquidity position of the Group may deteriorate in future given the low international oil/ gas prices, any change in the receipts from the arrangement of direct local sales in KRG, and the payment commitments that the Group has with regards to Sukuk profits, repayment of borrowings obtained for Egypt and Zora operations and repayment of Sukuk due for maturity on 31 October 2017. As disclosed in note 25 to the consolidated financial statements, the Group has USD 350 million exchangeable Sukuk and USD 350 million ordinary Sukuk (at nominal value) as at 31 December 2016. The Sukuk will be maturing on 31 October 2017. The refinancing of Sukuk is a key audit matter as it is the main part of the Group's working capital structure and is also subject to several securities.

The Ordinary and Exchangeable Sukuk are secured against the shares of Dana LNG Ventures Limited (BVI), Sajaa Gas Company Limited (Sharjah) and United Gas Transmission Company Limited (Sharjah). In addition to the above, the security package available to holders of the New Sukuks was enhanced by USD 300 million of value comprising security over certain receivables of the Group's Egyptian assets, Group's interest in Danagaz W.L.L. and Sajaa Gas industrial land.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC
(continued)**

Key audit matters (continued)

(v) Sukuk refinancing (continued)

The management has assessed the going concern of the Group based on the internal cash flow forecast for the next 3 years and concluded that it is appropriate to prepare the consolidated financial statements on a going concern basis. The management has not identified a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and accordingly none is disclosed in the consolidated financial statements of the Group.

The Board of Directors has considered the future operating and capital cash flow requirements of the Group, and is fully confident of meeting the Group's license obligations despite the challenges and uncertainties in the markets in which the Group operates. Meanwhile, with regard to the Sukuk and its maturity in the fourth quarter of 2017, the Board considers that, after taking into account various uncertainties that are general and specific to the Group, a number of retirement options are available to it which are currently under evaluation.

We have discussed the various retirement options, which are currently under evaluation, with the Board and management of the Group. We have also reviewed the supporting documents relating to various retirement options.

We also assessed the adequacy of the Group's disclosure regarding the Sukuk refinancing and going concern, which are included in note 25 of the consolidated financial statements.

Other information

Management is responsible for the other information. Other information consists of the information included in the Group's 2016 Annual Report, other than the consolidated financial statements and our auditors' report thereon. We obtained the Report of the Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Group's 2016 Annual Report after the date of our auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC
(continued)**

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC
(continued)**

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 and the Articles of Association of the Company;
- iii) the Group has maintained proper books of account;
- iv) the financial information included in the Report of the Directors is consistent with the books of account of the Group;
- v) investments in shares and stocks during the year ended 31 December 2016, if any, are disclosed in note 19 to the consolidated financial statements;
- vi) note 31 reflects material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2016 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2016; and
- viii) note 35 reflects the social contributions made during the year.

For Ernst & Young



Thodla Hari Gopal
Partner
Registration No. 689

08 March 2017

Sharjah, United Arab Emirates

Dana Gas PJSC and Subsidiaries

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

		2016		2015	
	<i>Notes</i>	<i>USD mm</i>	<i>AED mm</i>	<i>USD mm</i>	<i>AED mm</i>
Revenue	5	392	1,437	417	1,529
Royalties	5	(137)	(502)	(146)	(535)
Net revenue	5	255	935	271	994
Operating costs		(52)	(191)	(56)	(205)
Depreciation and depletion	11	(100)	(366)	(89)	(326)
Gross profit		103	378	126	463
General and administration expenses		(13)	(48)	(23)	(84)
Other income	6	-	-	208	762
Investment and finance (cost) / income	7	(55)	(202)	130	476
Reversal of / (provision for) surplus over entitlement	28	39	143	(153)	(561)
Provision for impairments		(7)	(26)	(24)	(88)
Other expenses		(19)	(69)	(8)	(29)
Change in fair value of investment property	13	(1)	(4)	(1)	(4)
Share of loss of a joint venture	14	(3)	(11)	(7)	(26)
Exploration expenses		(4)	(15)	(14)	(51)
Finance cost	8	(97)	(355)	(77)	(282)
(LOSS) / PROFIT BEFORE INCOME TAX		(57)	(209)	157	576
Income tax expense	9	(31)	(114)	(13)	(48)
(LOSS) / PROFIT FOR THE YEAR		(88)	(323)	144	528
(LOSS) / PROFIT ATTRIBUTABLE TO:					
- Equity holders of the parent		(88)	(323)	146	535
- Non-controlling interest		-	-	(2)	(7)
		(88)	(323)	144	528
EARNINGS PER SHARE:					
- Basic (loss) / earnings per share (USD/AED per share)	10	(0.013)	(0.046)	0.021	0.077
- Diluted (loss) / earnings per share (USD/AED per share)	10	(0.013)	(0.046)	0.019	0.072

The attached notes 1 to 35 form part of these consolidated financial statements.

Dana Gas PJSC and Subsidiaries

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016		2015	
	USD mm	AED mm	USD mm	AED mm
(Loss) / profit for the year	(88)	(323)	144	528
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to income statement in subsequent periods:</i>				
Gain/ (loss) on available-for-sale financial asset (note 18)	-	-	3	11
Net amount transferred from other reserve (available-for-sale financial asset)	-	-	12	44
Other comprehensive income for the year	-	-	15	55
Total comprehensive (loss) / income for the year	(88)	(323)	159	583
ATTRIBUTABLE TO:				
- Equity holders of the parent	(88)	(323)	161	590
- Non-controlling interest	-	-	(2)	(7)
	(88)	(323)	159	583

The attached notes 1 to 35 form part of these consolidated financial statements.

Dana Gas PJSC and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

		2016		2015	
	Notes	USD mm	AED mm	USD mm	AED mm
ASSETS					
Non-current assets					
Property, plant and equipment	11	1,105	4,050	1,032	3,784
Intangible assets	12	690	2,529	748	2,741
Investment property	13	24	87	25	91
Interest in joint ventures	14	560	2,053	559	2,048
		<u>2,379</u>	<u>8,719</u>	<u>2,364</u>	<u>8,664</u>
Current assets					
Inventories	16	49	180	53	194
Trade and other receivables	17	1,026	3,761	1,017	3,728
Available for sale financial asset	18	-	-	-	-
Financial assets at fair value through profit or loss	19	9	33	8	29
Cash and bank balance	20	302	1,107	470	1,723
		<u>1,386</u>	<u>5,081</u>	<u>1,548</u>	<u>5,674</u>
TOTAL ASSETS		<u>3,765</u>	<u>13,800</u>	<u>3,912</u>	<u>14,338</u>
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Parent					
Share capital	21	1,901	6,969	1,901	6,969
Statutory reserve	22	108	395	108	395
Legal reserve	22	108	395	108	395
Retained earnings		603	2,210	693	2,540
Other reserves	23	3	11	2	7
Convertible bonds- equity component	25	58	212	58	212
		<u>2,781</u>	<u>10,192</u>	<u>2,870</u>	<u>10,518</u>
Attributable to equity holders of the Parent		<u>2,781</u>	<u>10,192</u>	<u>2,870</u>	<u>10,518</u>
Non-controlling interest		1	4	1	4
Total equity		<u>2,782</u>	<u>10,196</u>	<u>2,871</u>	<u>10,522</u>
Non-current liabilities					
Borrowings	25	62	227	810	2,969
Provisions	26	11	40	16	59
		<u>73</u>	<u>267</u>	<u>826</u>	<u>3,028</u>
Current liabilities					
Borrowings	25	731	2,680	51	187
Trade payables and accruals	27	138	506	150	550
Provision for surplus over entitlements (net)	28	41	151	14	51
		<u>910</u>	<u>3,337</u>	<u>215</u>	<u>788</u>
Total liabilities		<u>983</u>	<u>3,604</u>	<u>1,041</u>	<u>3,816</u>
TOTAL EQUITY AND LIABILITIES		<u>3,765</u>	<u>13,800</u>	<u>3,912</u>	<u>14,338</u>

Director
8 March 2017

Director
8 March 2017

The attached notes 1 to 35 form part of these consolidated financial statements.

Dana Gas PJSC and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

		2016		2015	
	Notes	USD mm	AED mm	USD mm	AED mm
OPERATING ACTIVITIES					
(Loss) / Profit before income tax		(57)	(209)	157	576
Adjustments for:					
Depreciation and depletion	11	100	366	89	326
Other income		-	-	(33)	(121)
Investment and finance (cost)/income	7	55	202	(130)	(476)
(Reversal of)/provision for surplus over entitlement		(39)	(143)	153	561
Provision for impairments		7	26	24	88
Change in fair value of investment property	13	1	4	1	4
Share of loss of a joint venture	14	3	11	7	26
Finance cost		77	282	77	282
Directors' compensation		(2)	(7)	-	-
		145	532	345	1,266
Changes in working capital:					
Trade and other receivables		(12)	(44)	(107)	(393)
Inventories		4	14	(9)	(33)
Trade payables and accruals		(24)	(88)	(13)	(48)
Net cash generated from operating activities		113	414	216	792
Income tax paid		(31)	(114)	(13)	(48)
Net cash flows generated from operating activities		82	300	203	744
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(86)	(315)	(156)	(571)
Expenditure on intangible assets		(26)	(95)	(25)	(92)
Proceeds from disposal of interest in joint operation		-	-	162	593
Proceeds from disposal of available-for-sale financial asset		-	-	54	198
Investment and finance income received		4	14	5	18
Investment in joint venture		(3)	(11)	-	-
Investment redeemed		-	-	1	4
Net cash flows (used in)/from investing activities		(111)	(407)	41	150
FINANCING ACTIVITIES					
Proceeds from borrowings		9	33	143	524
Repayment of loans		(39)	(143)	(8)	(29)
Repurchase of Sukuk		(45)	(164)	(24)	(88)
Finance costs paid		(64)	(234)	(69)	(254)
Deposit – Murabaha facility	20	19	70	(29)	(106)
Net cash flow (used in)/from financing activities		(120)	(438)	13	47
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(149)	(545)	257	941
Cash and cash equivalents at the beginning of the year	20	441	1,615	184	674
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20	292	1,070	441	1,615

The attached notes 1 to 35 form part of these consolidated financial statements.

Dana Gas PJSC and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2016

Attributable to the equity holders of the parent																		
	Share capital		Statutory reserve		Legal reserve		Retained earnings		Other reserves		Convertible bonds-equity component				Non-controlling interest		Total	
	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm	USD mm	AED mm
As at 1 January 2015	1,899	6,961	93	340	93	340	578	2,119	(14)	(51)	58	212	3	11	2,710	9,932		
Profit for the year	-	-	-	-	-	-	146	535	-	-	-	-	(2)	(7)	144	528		
Other comprehensive income	-	-	-	-	-	-	-	-	15	55	-	-	-	-	15	55		
Total comprehensive income for the year	-	-	-	-	-	-	146	535	15	55	-	-	(2)	(7)	159	583		
Transfer to reserves (note 22)	-	-	15	55	15	55	(30)	(110)	-	-	-	-	-	-	-	-		
Transfer	-	-	-	-	-	-	(1)	(4)	1	4	-	-	-	-	-	-		
Share based payment	-	-	-	-	-	-	-	-	2	7	-	-	-	-	2	7		
Issuance of shares to employees	2	8	-	-	-	-	-	-	(2)	(8)	-	-	-	-	-	-		
As at 31 December 2015	1,901	6,969	108	395	108	395	693	2,540	2	7	58	212	1	4	2,871	10,522		
Loss for the year	-	-	-	-	-	-	(88)	(323)	-	-	-	-	-	-	(88)	(323)		
Total comprehensive income for the year	-	-	-	-	-	-	(88)	(323)	-	-	-	-	-	-	(88)	(323)		
Share based payment	-	-	-	-	-	-	-	-	1	4	-	-	-	-	1	4		
Board compensation	-	-	-	-	-	-	(2)	(7)	-	-	-	-	-	-	(2)	(7)		
As at 31 December 2016	1,901	6,969	108	395	108	395	603	2,210	3	11	58	212	1	4	2,782	10,196		

The attached notes 1 to 35 form part of these consolidated financial statements.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

1 CORPORATE INFORMATION

Dana Gas PJSC ("Dana Gas" or the "Company") was incorporated in the Emirate of 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 shares are listed on the Abu Dhabi Securities Exchange (ADX).

The Company, its subsidiaries, joint operations and joint ventures constitute the Group (the "Group"). The Group is engaged in the business of exploration, production, ownership, transportation, processing, distribution, marketing and sale of natural gas and petroleum related products, including the development of gas related projects and services.

The Company's registered head office is at P. O. Box 2011, Sharjah, United Arab Emirates with presence in Bahrain, Cairo, Kurdistan Region of Iraq and London.

The UAE Federal Law No. 2 of 2015 ("Companies Law") has come into effect from 28 June 2015 replacing the Federal Law No. 8 of 1984.

Principal subsidiaries and joint arrangements of the Group at 31 December 2016 and the Company percentage of ordinary share capital or interest are set out below:

<i>Subsidiaries</i>	<i>%</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Dana Gas LNG Ventures Limited	100	British Virgin Islands	Oil and Gas exploration & production
Dana Gas Egypt	100	Barbados	Oil and Gas exploration & production
Dana Gas Exploration FZE	100	UAE	Oil and Gas exploration & production
Sajaa Gas Private Limited Company ("SajGas")	100	UAE	Gas Sweetening
United Gas Transmissions Company Limited ("UGTC")	100	UAE	Gas Transmission
Danagaz (Bahrain) WLL	66	Bahrain	Gas Processing
<i>Joint Operations</i>	<i>%</i>	<i>Area of operation</i>	<i>Principal activities</i>
Pearl Petroleum Company Limited ("Pearl Petroleum")	35	Kurdistan Region of Iraq	Oil and Gas exploration & production
UGTC/ Emirat JV	50	Emirate of Sharjah	Gas Transmission
<i>Joint Ventures</i>	<i>%</i>	<i>Country/Area of operation</i>	<i>Principal activities</i>
Egyptian Bahraini Gas Derivative Company ("EBGDCO")	26.4	Egypt	Gas Processing
Crescent National Gas Corporation Limited ("CNGCL")	35	Emirate of Sharjah	Gas Marketing
GASCITIES Ltd	50	MENASA	Gas Cities

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment property, available-for-sale financial asset and financial assets at fair value through profit or loss account that have been measured at fair value. The consolidated financial statements are presented in United States Dollars (USD), which is the Company's functional currency, and all the values are rounded to the nearest million (USD mm) except where otherwise indicated. The United Arab Emirates Dirhams (AED) amounts have been presented solely for the convenience to readers of the consolidated financial statements. AED amounts have been translated at the rate of AED 3.6655 to USD 1.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

New and amended standards adopted by the Group

The following standards and amendments have been adopted by the Group for the first time effective for the financial year beginning on or after 1 January 2016. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effect. The nature and the impact of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 *Business Combinations* principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the year.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements have to apply that change retrospectively. These amendments do not have any impact on the Group's consolidated financial statements.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Annual improvements 2012-2014 Cycle

These improvements includes:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and OCI. These amendments do not have any impact on the Group.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. The standards are not expected to have any material impact on the consolidated financial statements of the Group.

IFRS 9 Financial Instruments

During July 2014, the IASB issued IFRS 9 "Financial Instruments" with all the three phases. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 as issued in July 2014 will be implemented at the mandatory date on 1 January 2018. The standard is not expected to have any impact on the Group.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principle for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or financial leases, and to account for those two types of leases differently.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue-Barter Transactions Involving Advertising Services. The standard is effective for annual period beginning on or after 1 January 2018, and early adoption is permitted.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The amendments will be effective for annual periods beginning on or after 1 January 2017, with early application permitted. The application of amendments will result in adding limited amount of disclosure information.

IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligation; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively and effective for annual periods beginning on or after 1 January 2018. Early adoption of the amendments is permitted and must be disclosed.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

Where the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement(s) with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gain or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

(a) Subsidiaries (continued)

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Inter-company transactions, balances and unrealised gains on transaction between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

(e) Joint arrangements

The Group has applied IFRS 11 to all joint arrangements as of 1 January 2013. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interest in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from sale of its share of the output arising from the joint operations
- Share of the revenue from the sale of the output by the joint operations
- Expenses, including its share of any expenses incurred jointly.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating decision-maker. The Chief Operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD which is the Company's functional currency and AED is presented as the Group's presentation currency for the convenience of the users of the consolidated financial statements.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each items of financial position presented are translated at the closing rate at the date of statement of financial position;
- b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- c) all resulting exchange differences are recognised in other comprehensive income.

Property, plant and equipment

Property, plant and equipment is stated at cost net of accumulated depreciation and/or accumulated impairment losses, if any. Land is not depreciated.

Depreciation is computed on a straight line basis over the estimated useful lives of the assets as follows:

Oil and gas properties	unit-of-production
Buildings	25 years
Gas plant	15 – 25 years/unit-of-production
Pipelines & related facilities	25 years/unit-of-production

Other assets:

Computers	2-3 years
Furniture and fixtures	3 years – 5 years
Vehicles	3 years – 5 years
Leasehold improvements	over the expected period of lease

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively if appropriate.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Capital work-in-progress is stated at cost. On commissioning, capital work-in-progress is transferred to property, plant and equipment and depreciated or depleted in accordance with Group policies.

Oil and gas assets

Oil and natural gas exploration and evaluation expenditures are accounted for using the 'successful efforts' method of accounting. Pre-license costs are expensed in the period in which they are incurred. License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Exploration license and leasehold property acquisition costs are capitalised in intangible assets. Geological and geophysical costs are recognised in the income statement, as incurred.

Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. If hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity which may include the drilling of further wells (exploration or exploratory-type stratigraphic test wells), are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to a technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proven reserves of oil and natural gas are determined and development is sanctioned, capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure. Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

(a) Depletion

Oil and gas properties are depleted using the unit-of-production method. Unit-of-production rates are based on proved reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods.

(b) Impairment – exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less cost to sell and their value in use. For the purpose of assessing impairment, the exploration and evaluation assets subject to testing are grouped with existing cash-generating units of production fields that are located in the same geographical region.

Intangible assets

Intangible assets acquired as part of a business combination relating to oil and gas properties are recognised separately from goodwill if the asset is separable or arises from contractual or legal rights and its fair value can be measured reliably.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually either individually or at the cash-generating unit level. When development in respect of the oil and gas properties is internally approved, the related amount is transferred from intangible assets to property, plant and equipment and depleted in accordance with the Group's policy. If no future activity is planned, the remaining balance is written off.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire and the fair value of the non-controlling interest in the acquire.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset or a cash generating unit (CGU) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's or CGU's recoverable amount. An asset's or CGU's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets in which case, the asset is tested as part of a large CGU to which it belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assumptions of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset or CGU is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables'.

Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting period. After initial measurement, AFS investments are subsequently measured at fair value with unrealised gains or losses recognised as "other comprehensive income" in the AFS reserve (fair value reserve) until the investment is derecognised. At that time cumulative gain is recognised in other income and cumulative loss is recognised as finance costs and removed from AFS reserve.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gain or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'investment and finance income' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payment is established.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

The Group assesses, at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent expenditure is added to the carrying value of investment properties when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance expenses and is charged to the consolidated income statement in the period in which it is accrued.

Subsequently investment properties are stated at fair value, which reflects market conditions at the reporting date. Any gains or loss arising from changes in fair values of investment properties are included in the income statement. Fair values are determined based on an annual evaluation performed by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase price, cost of production, transportation and other directly allocable expenses. Costs of spares and consumables are determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Trade and other receivables

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Trade payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Decommissioning liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of that particular asset. The cash flows are discounted at a current pre tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. The abandonment and site restoration costs initially recorded are depleted using the unit-of-production method based on proven oil and gas reserves. Subsequent revisions to abandonment and site restoration costs are considered as a change in estimates and are accounted for on a prospective basis.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions (continued)

Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. With respect to its UAE national employees, the Group makes contributions to a pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Income Taxes

In Egypt, the government receives production in lieu of income tax. The Group records this production as a current income tax expense.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of respective assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as finance cost in the income statement in the period in which they are incurred.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term.

Profit-bearing loans and borrowings

All profit-bearing loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs directly attributable to the borrowing. The effective profit rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument.

After initial recognition, profit-bearing loans and borrowings are subsequently measured at amortised cost using the effective profit rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Convertible bonds

Convertible bonds that can be converted into share capital at the option of the holder and are accounted for as compound financial instruments. The equity component of the convertible bonds is calculated as the excess of issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option.

Share based payment transactions

Certain employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for either equity instruments ("equity settled transactions") or restricted shares.

Restricted shares

Service-based restricted shares are granted at no cost to key employees and generally vest one third each year over a three year period from the date of grant. Restricted shares vest in accordance with the terms and conditions established by the Board of Directors and are based on continued service.

The fair value of service-based restricted shares is determined based on the numbers of shares granted and the closing price of the Company's common stock on the date of grant. The cost is being amortised on a straight line method, based on the vesting period.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the consolidated statement of comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement. Amounts previously recognised in the consolidated statement of comprehensive income and accumulated in equity are reclassified to the consolidated income statement in the periods when the hedged item is recognised in the consolidated income statement, in the same line of the consolidated statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the consolidated income statement.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Net revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment, excluding royalties, discounts, rebates, and other sales taxes or duties. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sale of hydrocarbons

Revenue from sale of hydrocarbons is recognised when the significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably, which is considered to occur when title passes to the customer.

Finance income

Income from surplus funds invested with financial institutions and interest charged to debtors for overdue receivables is recognised as the profit/interest accrues.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and accompanying disclosures, and the disclosure of contingent asset and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates if different assumptions were used and different conditions existed. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Estimates and assumptions

The Group has identified the following areas where significant estimates and assumptions are required, and where if actual results were to differ, may materially affect the financial position or financial results reported in future periods. Changes in estimates are accounted for prospectively. Further information on each of these and how they impact the various accounting policies are described in the relevant notes to the consolidated financial statements. The Group based its assumptions and estimates on parameter available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- **Impairment of goodwill:** The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each cash-generating unit and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2016 was USD 308 million (2015: USD 308 million).
- **Recoverability of intangible oil and gas assets:** The Group assesses at each statement of financial position date whether there is any evidence of impairment in the carrying value of its intangible oil and gas assets. This requires management to estimate the recoverable value of its intangible oil and gas assets using estimates and assumptions such as long term oil prices, discount rates, operating costs, future capital requirements, decommissioning costs, explorations potentials, reserves and operating performance uncertainty. These estimates and assumptions are subject to risk and uncertainty. The carrying amount of such intangibles at 31 December 2016 was USD 93 million (2015: USD 151 million).
- The Group is entitled to further compensation and payments, however as of the reporting date these cannot be reasonably ascertained.
- The Group carries its investment property at fair value, with changes in fair values being recognised in the consolidated income statement. The Group engaged a firm of qualified independent property consultant to determine fair value reflecting market conditions at 31 December 2016.
- **Decommissioning costs:** Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

- Units of production depreciation of oil and gas properties: Oil and gas properties are depreciated using the units of production (UOP) method over total proved reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates changes. Changes to prove reserves could arise due to changes in the factors or assumptions used in estimating reserves and are accounted for prospectively.
- Exploration and evaluation expenditures: The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment to determine whether it is likely that future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.
- Hydrocarbon reserve and resource estimates: Oil and gas properties are depreciated on a units UOP basis at a rate calculated by reference to total proved reserves determined in accordance with the Society of Petroleum Engineers' rules and incorporating the estimated future cost of developing those reserves. The Group estimates its commercial reserves based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the relevant commercial arrangements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs. The carrying amount of oil and gas properties at 31 December 2016 is shown in Note 12.

As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:

- The carrying value of oil and gas properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in profit or loss may change where such charges are determined using the UOP method, or where the useful life of the related assets change.
- Provisions for decommissioning may change as the changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

4 SEGMENTAL INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions. The CEO considers the business from a geographic perspective which is divided into three geographical units. The Group's financing and investments are managed on a Group basis and not allocated to segment.

Year ended 31 December 2016

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Revenue net of royalties	<u>23</u>	<u>154</u>	<u>78</u>	<u>255</u>
Gross profit				103
General and administration expenses				(13)
Investment and finance loss				(55)
Reversal of surplus over entitlement				39
Provision for impairments				(7)
Other expenses				(19)
Change in fair value of investment property				(1)
Share of loss of a joint venture				(3)
Exploration expenses				(4)
Finance cost				(97)
Loss before income tax				(57)
Income tax expense				(31)
LOSS FOR THE YEAR				<u>(88)</u>
Segment assets as at 31 December 2016	<u>1,659</u>	<u>1,111</u>	<u>995</u>	<u>3,765</u>
Segment liabilities as at 31 December 2016	<u>784</u>	<u>131</u>	<u>68</u>	<u>983</u>

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

4 SEGMENTAL INFORMATION (continued)

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Other segment information				
Capital expenditure:				
Intangible assets	-	29	-	29
Property, plant and equipment	6	87	-	93
Total	6	116	-	122
Operating cost	11	23	18	52
Depreciation and depletion	15	68	17	100
Change in fair value of investment property	1	-	-	1
Provision for impairments	6	1	-	7
Exploration expenses	-	4	-	4
Year ended 31 December 2015				
	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Revenue net of royalties	4	125	142	271
Gross profit				126
General and administration expenses				(23)
Other income				208
Investment and finance income				130
Provision for surplus over entitlement				(153)
Provision for impairments				(24)
Other expenses				(8)
Change in fair value of investment property				(1)
Share of loss of a joint venture				(7)
Exploration expenses				(14)
Finance cost				(77)
Profit before income tax				157
Income tax expense				(13)
PROFIT FOR THE YEAR				144

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

4 SEGMENTAL INFORMATION (continued)

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Segment assets as at 31 December 2015	1,792	1,105	1,015	3,912
Segment liabilities as at 31 December 2015	877	133	31	1,041
Other segment information				
Capital expenditure:				
Intangible assets	-	38	-	38
Property, plant and equipment	150	46	-	196
Total	150	84	-	234
Operating costs	-	34	22	56
Depreciation and depletion	2	75	12	89
Change in fair value of investment property	1	-	-	1
Provision for Impairments	14	10	-	24
Exploration expenses	-	14	-	14

5 REVENUE

	<i>2016 USD mm</i>	<i>2015 USD mm</i>
Gross revenue	388	413
Tariff fee	4	4
	392	417
Less: royalties	(137)	(146)
Net revenue	255	271

Royalties relate to Government share of production in Egypt and U.A.E.

Tariff fees relates to fixed pipeline capacity fees earned by UGTC.

6 OTHER INCOME

On 27 November 2015, in relation to the arbitration dispute between Dana Gas, Crescent Petroleum (CPCIL) and RWE SUPPLY & TRADING GmbH (RWE), in the London Court of International Arbitration, the parties reached an amicable and mutually beneficial settlement agreement with RWE to address all claims and bring the arbitration to a close. The settlement of arbitration including the sale of a 5% interest in Pearl by Dana Gas (refer Note 30) resulted in other income of USD 208 million. The Company is entitled to further confined payments from RWE only in case and in the amount dividends are distributed to RWE by Pearl (based on RWE's 10% equity share in Pearl). However, as of the reporting date a contingent payment (if any) cannot be reasonably ascertained.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

7 INVESTMENT AND FINANCE (COST) / INCOME

	2016 USD mm	2015 USD mm
Interest on overdue receivable (reversed) / accrued (note 28)	(66)	133
Gain on buyback of Sukuk (note 25a)	6	3
Profit from bank deposits	4	4
Fair value gain on financial assets at fair value through profit or loss (note 19)	1	-
Loss on disposal of available for sale financial asset	-	(12)
Dividend income	-	2
	<u>(55)</u>	<u>130</u>

8 FINANCE COST

	2016 USD mm	2015 USD mm
Profit on Sukuk (note 25a)	69	70
Zora gas field project finance (note 25b)	5	4
Egypt equipment and building loan (note 25c & d)	2	1
Murabaha facility (note 25e)	1	1
Exchange loss	20	10
Less: Finance cost capitalised	-	(9)
	<u>97</u>	<u>77</u>

9 INCOME TAX EXPENSE

a) UAE

The Company is not liable to corporate income tax in its primary jurisdiction (UAE). Dana Gas Exploration FZE is however liable to income tax at a rate of 50%.

b) Egypt

The income tax expense in the statement of income relates to Dana Gas Egypt operations which is taxed at an average tax rate of 40.55% (2015: 40.55%). This tax is paid by Egyptian General Petroleum Corporation (EGPC)/Egyptian Natural Gas Holding Company (EGAS) on behalf of the Company from their share of production. Dana Gas Egypt does not have any deferred tax asset/liability at year end.

c) Kurdistan Region of Iraq

The Authorisation provides that corporate income tax in the Kurdistan Region of Iraq will be paid directly by the KRG to the relevant tax authorities on behalf of the company.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

10 EARNINGS PER SHARE

- (a) Basic earnings per share (EPS) is calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	2016	2015
Earnings:		
Net (loss) / profit for the year - USD mm	(88)	146
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	6,969	6,964
EPS (Basic) – USD per share:	(0.013)	0.021

- (b) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible sukuk and restricted shares. The convertible sukuk is assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the finance cost effect. For the restricted shares the total numbers of shares which will vest over the period are considered to calculate dilution.

	2016 USD mm	2015 USD mm
Earnings:		
Net (loss) / profit for the year	(88)	146
Finance cost on exchangeable Sukuk	24	24
	(64)	170
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	6,969	6,964
Adjustments for:		
Restricted shares (million)	30	19
Assumed conversion of exchangeable Sukuk (million)*	1,713	1,713
Weighted average number of ordinary shares for diluted earnings per share (million)	8,712	8,696
EPS (Diluted) – USD per share:	(0.013)	0.019

* As per the agreement, the conversion rate for the Convertible sukuk was set at a 50% premium to the 75 calendar day volume-weighted average price, measured over a period commencing on 1 December 2012 (with a floor of AED 0.75 and cap of AED 1.00). The initial effective exchange price for the convertible sukuk was determined on 13 February 2013 and has been fixed at AED 0.75 per share (floor price).

Note: The conversion of exchangeable Sukuk is anti-dilutive and has no impact on the EPS for the year ended 31 December 2016.

Dana Gas PJSC and Subsidiaries

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At 31 December 2016

11 PROPERTY, PLANT AND EQUIPMENT

	Freehold land USD mm	Building USD mm	Oil and gas interests USD mm	Plant and equipment USD mm	Other assets USD mm	Pipeline & related facilities USD mm	Capital work-in- progress USD mm	Total USD mm
Cost:								
At 1 January 2016	14	12	889	340	36	107	450	1,848
Additions/adjustment	-	-	89	(4)	2	-	6	93
Transfer from capital work-in-progress	-	-	70	115	-	63	(248)	-
Transfer from intangible assets (note 12)	-	-	84	-	-	-	-	84
Impairment	-	-	(4)	-	-	-	-	(4)
At 31 December 2016	14	12	1,128	451	38	170	208	2,021
Depreciation/ depletion:								
At 1 January 2016	-	3	675	92	17	29	-	816
Depreciation/ depletion charge for the year	-	1	67	23	1	8	-	100
At 31 December 2016	-	4	742	115	18	37	-	916
Net carrying amount:								
At 31 December 2016	14	8	386	336	20	133	208	1,105
Capital Work in Progress comprises:	USD mm							
SajGas plant and facilities	99							
UGTC pipeline & related facilities	89							
Kurdistan Region of Iraq project	11							
Sharjah Western Offshore (including Zora field)	9							
	208							

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2016

11 PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land USD mm	Building USD mm	Oil and gas interests USD mm	Plant and equipment USD mm	Other assets USD mm	Pipeline & related facilities USD mm	Capital work-in- progress USD mm	Total USD mm
Cost:								
At 1 January 2015	14	12	847	366	34	119	292	1,684
Additions (net)	-	-	46	-	2	-	148	196
Transfer from intangible assets (note 12)	-	-	8	-	-	-	-	8
Disposal of interest in joint operations (note 30)	-	-	(8)	(26)	-	(12)	(2)	(48)
Impairment	-	-	(4)	-	-	-	-	(4)
Reclassification from inventory (note 16)	-	-	-	-	-	-	12	12
At 31 December 2015	14	12	889	340	36	107	450	1,848
Depreciation/ Depletion:								
At 1 January 2015	-	2	603	89	16	26	-	736
Depreciation/ depletion charge for the year	-	1	73	9	1	5	-	89
Disposal of Interest in joint operations (note 30)	-	-	(1)	(6)	-	(2)	-	(9)
At 31 December 2015	-	3	675	92	17	29	-	816
Net carrying amount:								
At 31 December 2015	14	9	214	248	19	78	450	1,032
Capital Work in Progress comprises:	USD mm							
SajGas plant and facilities	99							
UGTC pipeline & related facilities	89							
Kurdistan Region of Iraq project	11							
Sharjah Western Offshore (including Zora field)	251							
	450							

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

12 INTANGIBLE ASSETS

	<i>Oil and gas interests USD mm</i>	<i>Transmission & sweetening rights USD mm</i>	<i>Gas processing rights USD mm</i>	<i>Development cost USD mm</i>	<i>Goodwill USD mm</i>	<i>Total USD mm</i>
Cost at 1 January 2016	253	289	7	2	308	859
Less: impairment	(102)	-	(7)	(2)	-	(111)
At 1 January 2016	151	289	-	-	308	748
Additions (net)	26	-	-	-	-	26
Transfer to property, plant and equipment (note 11)	(84)	-	-	-	-	(84)
At 31 December 2016	93	289	-	-	308	690

	<i>Oil and gas interests USD mm</i>	<i>Transmission & sweetening rights USD mm</i>	<i>Gas processing rights USD mm</i>	<i>Development cost USD mm</i>	<i>Goodwill USD mm</i>	<i>Total USD mm</i>
Cost at 1 January 2015	223	289	7	2	308	829
Less: impairment	(99)	-	-	(2)	-	(101)
At 1 January 2015	124	289	7	-	308	728
Additions	38	-	-	-	-	38
Transfer to property, plant and equipment (note 11)	(8)	-	-	-	-	(8)
Provision for impairment	(3)	-	(7)	-	-	(10)
At 31 December 2015	151	289	-	-	308	748

(a) Oil and Gas Interests

Oil and gas interests of USD 93 million relates to Dana Gas Egypt which has a number of concessions and development leases in Egypt as described below in more detail:

- El Wastani Development Lease – This development lease is held with a 100% working interest and represents approximately 7% of current production in Dana Gas Egypt. El Wastani production includes both gas and associated gas liquids. This lease has 13,017 acres of land included within its boundary and is located in the Nile Delta of Egypt.
- South El Manzala Development Leases – These development leases are held with a 100% working interest and are not currently producing. These development leases have 16,055 acres of land included within their boundaries and are located in the Nile Delta of Egypt.
- West El Manzala Development Leases (West El Manzala Concession) – These development leases are held with a 100% working interest. These development leases have 146,039 acres of land included within their boundaries and are located in the Nile Delta of Egypt. To date, eleven development leases are producing both natural gas and associated liquids representing approximately 82% of Dana Gas Egypt current production.
- West El Qantara Development Leases (West El Qantara Concession) – These development leases are held with a 100% working interest. These development leases have 4,324 acres of land included within their boundaries and are located in the Nile Delta of Egypt. To date, two development leases are producing both natural gas and associated liquids representing approximately 11% of Dana Gas Egypt current production.
- North Al Arish Offshore (Block-6) - In April 2013, Dana Gas Egypt was awarded a 100% working interest in the North El Arish Offshore (Block 6) concession area. The area is located offshore Nile Delta, in the eastern part of the Mediterranean Sea. A 3D seismic acquisition was recently carried out in the Block, covering 1,830 full fold sq. Km.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

12 INTANGIBLE ASSETS (continued)

(a) Oil and Gas Interests (continued)

- North Al Salhiya Onshore (Block-1) - In September 2014, Dana Gas Egypt was awarded a 100% working interest in the North El Salhiya Onshore (Block 1) concession area. The area is located onshore Nile Delta.
- El Matariya Onshore (Block-3) - In September 2014, Dana Gas Egypt was awarded a 50% working interest in the Block 3 concession area. The area is located onshore Nile Delta. As per the concession agreement, Dana Gas Egypt will with BP as partner and operator will participate on a 50:50 basis. The first deep target exploration well in the concession was spud in May 2016. Subsequent to the year end, the BP operated Mocha-1 exploration well in Block 3 has been completed. It reached total depth at 5,940 metres, making it the deepest onshore Nile Delta well drilled to date. Whilst the Messinian objective encountered wet gas, the primary Oligocene target did not encounter gas in commercial quantities and the well has been P&A'ed. Under the terms of the agreement signed in June 2015, BP agreed to carry Dana Gas for its 50% share of the cost of the well. Consequently, Dana Gas has achieved its objective of drilling this important calibration well at no cost to itself.

(b) Transmission and sweetening rights

Intangible assets include USD 289 million which represent the fair value of the rights for the transmission and sweetening gas and related products acquired by the Company through its shareholdings in SajGas and UGTC. The fair value of the rights acquired in 2005 was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships. The intangible assets will be amortised over 25 years from the date of commencement of commercial activity in accordance with the terms of the contracts to which they relate. Commercial activity has not yet commenced. In July 2010, National Iranian Oil Company (NIOC) introduced gas into its completed transmission network and Dana Gas' UGTC pipeline and SajGas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system which needs rectification. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC.

The Company was notified by Crescent Petroleum on 10 August 2014 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 National Iranian Oil Company ('NIOC's) remaining grounds of appeal against the 2014 arbitration award. The 2014 arbitration award found in favour of Dana Gas' partner Crescent Petroleum Company International Limited 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 previously 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) took place in November 2016. Due to a long post-hearing submissions timetable, the final damages Award is expected in the second half of 2017.

In accordance with IAS 36 requirement relating to intangible assets not yet available for use, management had undertaken an impairment review of the intangible assets as at 31 December 2016. Management has reviewed the various inputs into the original valuation model and believes that the inputs into the original valuation model have not materially changed.

(c) Goodwill

Goodwill of USD 308 million relates to the acquisition of Dana Gas Egypt (previously known as Centurion) in January 2007 which enabled Dana Gas to acquire the upstream business qualification and therefore the rights to development. The recoverable amount of the above cash generating unit has been determined based on value in use calculation using cash flow projections approved by senior management up to a 20 year period or the economic limit of the producing field. The pre-tax discount rate applied to cash flow projections is 10% (2015: 10%). Cash flows are generated using forecasted production, capital and operating cost data over the expected life of each accumulation. Management believes that currently there is no reasonable change in assumptions used which would impact Goodwill.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

12 INTANGIBLE ASSETS (continued)

Key assumptions used in value in use calculations

The calculation of value in use for the oil and gas interest is most sensitive to the following assumptions:

- Financial returns;
- Discount rates;
- Oil prices; and
- Production profiles.

Financial returns: estimates are based on the unit achieving returns on existing investments (comprising both those that are currently cash flowing and those which are in exploration and development stage and which may therefore be consuming cash) at least in line with current forecast income and cost budgets during the planning period.

Discount rates: discount rates reflect management's estimate of the risks specific to the above unit. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

Oil prices: management has used an oil price assumption based internal estimates and available market data for the impairment testing of its individual oil & gas investments.

Production profiles: management has used its internally developed economic models of reserves and production as a basis of calculating value in use.

Sensitivity to changes in assumptions

The calculation for value in use for the oil and gas interest is most sensitive to the following assumptions:

- Discount rate

The Group generally estimates values in use for CGU using a discounted cash flow model. The future cash flows are discounted to their present value using a pre-tax discount rate of 10% (2015: 10%) that reflects current market assessments of the time value of money and the risks specific to the asset.

- Crude oil price

The future cash flows are sensitive to oil price. If the oil price forecast were to decrease by 20%, the impairment charge would have been higher by USD 11 million.

Further any change in financial returns and productions profiles will also have an impact on the impairment charge.

13 INVESTMENT PROPERTY

The movement in investment property during the year is as follows:

	2016 USD mm	2015 USD mm
Balance at 1 January	25	26
Change in fair value	(1)	(1)
Balance at 31 December	24	25

Investment property consists of industrial land owned by SajGas, a subsidiary, in the Sajaa area of the Emirate of Sharjah, United Arab Emirates. The Group considers a portion of land to be surplus to their operational requirements and will be used for earning rentals or held for capital appreciation.

Investment property is stated at fair value which has been determined based on a valuation performed by an independent firm of qualified property consultants, with reference to comparable market transactions. This valuation has resulted in a decrease in the fair value by USD 1 million (31 December 2015: decrease of USD 1 million) which was charged to the consolidated income statement.

Dana Gas PJSC and Subsidiaries

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At 31 December 2016

14 INTEREST IN JOINT VENTURES

The following table summarises the statement of financial position of the joint ventures as at 31 December 2016:

	<i>EBGDCO USD mm</i>	<i>Gas Cities USD mm</i>	<i>CNGCL USD mm</i>	<i>Total USD mm</i>
Current assets	23	-	-	23
Non-current assets	86	-	1	87
Current liabilities	(38)	(8)	(38)	(84)
Non-current liabilities	(58)	-	-	(58)
Equity	13	(8)	(37)	(32)
Group's share of net assets	5	(4)	(13)	(12)

The following table summarises the income statement of the joint ventures for the year ended 31 December 2016:

Revenue	16	-	-	16
Loss before income tax	(3)	(1)	(3)	(7)
Loss for the year	(3)	(1)	(3)	(7)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	(3)	(1)	(3)	(7)
Group's share of loss for the year	(1)	(1)	(1)	(3)

The Joint ventures had no other contingent liabilities or capital commitments as at 31 December 2016 and 2015 except as disclosed in note 29.

The following table summarises the statement of financial position of the joint ventures as at 31 December 2015:

	<i>EBGDCO USD mm</i>	<i>Gas Cities USD mm</i>	<i>CNGCL USD mm</i>	<i>Total USD mm</i>
Current assets	11	-	-	11
Non-current assets	96	-	1	97
Current liabilities	(36)	(8)	(34)	(78)
Non-current liabilities	(64)	-	-	(64)
Equity	7	(8)	(33)	(34)
Group's share of net assets	2	(4)	(11)	(13)

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

14 INTEREST IN JOINT VENTURES (continued)

The following table summarises the income statement of the joint ventures for the year ended 31 December 2015:

	<i>EBGDCO</i> <i>USD mm</i>	<i>Gas Cities</i> <i>USD mm</i>	<i>CNGCL</i> <i>USD mm</i>	<i>Total</i> <i>USD mm</i>
Revenue	16	-	-	16
Loss before income tax	(9)	-	(3)	(12)
Loss for the year	(14)	-	(3)	(17)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	(14)	-	(3)	(17)
Group's share of loss for the year	(6)	-	(1)	(7)

Reconciliation of summarised financial information

Opening net investment as of 1 January 2015	8	(3)	561	566
Loss for the year	(6)	-	(1)	(7)
Net investment as of 31 December 2015	2	(3)	560	559
Investment during the year	4	-	-	4
Loss for the year	(1)	(1)	(1)	(3)
Net investment as of 31 December 2016	5	(4)	559	560

Out of the total investment of USD 560 million, investment of USD 559 million relates to interest in CNGCL which represents the fair value of the rights for the purchase and sale of gas and related products acquired by the Company through its 35% interest in CNGCL. The fair value of the rights acquired in 2005 was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships.

Commercial activity in CNGCL has not yet commenced. In July 2010, National Iranian Oil Company (NIOC) introduced gas into its completed transmission network and Dana Gas' UGTC pipeline and SajGas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system which needs rectification. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC.

The Company was notified by Crescent Petroleum on 10 August 2014 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 National Iranian Oil Company ('NIOC's) remaining grounds of appeal against the 2014 arbitration award. The 2014 arbitration award found in favour of Dana Gas' partner Crescent Petroleum Company International Limited 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 previously 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) took place in November 2016. Due to a long post-hearing submissions timetable, the final damages Award is expected in the second half of 2017.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

15 INTEREST IN JOINT OPERATIONS

(a) Kurdistan Region of Iraq Project

On 15 May 2009, Dana Gas and Crescent signed a Share Sale Agreement with OMV and MOL wherein an equity interest of 5% each was sold by Dana Gas and Crescent to OMV and MOL respectively. On 27 November 2015, Dana Gas and Crescent further transferred an equity interest of 5% each in Pearl Petroleum to RWE Middle East Holdings BV ("RWE"). Consequently, the shareholding interest in Pearl Petroleum is now as follows: 35% to Dana Gas, 35% to Crescent, 10% to OMV, 10% to MOL and 10% to RWE. In accordance with the terms of the Joint Venture Agreement dated May 15, 2009, the shareholders of Pearl Petroleum appointed Crescent and Dana Gas as Subcontract Operator to conduct the business of the Company on a no-profit, no-loss basis.

Pearl Petroleum and its shareholders since 18 May 2009 are engaged in an ongoing dialogue with the Ministry of Natural Resources ("MNR") of the Kurdistan Regional Government ("KRG") as to the interpretation of the agreement with the KRG ("the Authorisation").

Failing satisfactory progress with that dialogue, Dana Gas, along with Crescent Petroleum and Pearl Petroleum (the Consortium that holds petroleum rights in the Kurdistan Region of Iraq), together "the Claimants", commenced international arbitration proceedings on 21 October 2013 at the London Court of International Arbitration (LCIA), in accordance with the dispute resolution mechanism of the agreement signed with the KRG on 04 April 2007 and governed by English Law. The objective of the arbitration is to obtain confirmation of the long-term contractual rights for the development and marketing in respect of the Khor Mor and Chemchemal fields including the outstanding receivables owed by the MNR of KRG.

Following a hearing in London between 20-24 April 2015, on 3 July 2015, the Tribunal issued a Partial Final Award (dated 30 June 2015) confirming Pearl's long-term exclusive rights for the development and marketing in respect of the Khor Mor and Chemchemal fields, and its entitlement to be paid by KRG for condensate and LPG invoices at the contractually specified international prices.

On 21 September 2015, a one-day hearing was held during which the Consortium made an application to the Tribunal for monetary award of USD 1.963 billion against KRG, being the outstanding unpaid invoices (as of 30 June 2015) for the produced condensate and LPG calculated as per the pricing methodology determined by the Tribunal in the Partial Final Award. The Tribunal considered the parties' claims and their submissions made on 21 September 2015.

On 27 November 2015, the Tribunal handed down its Second Partial Final Award (dated 27 November 2015 and updated by Memorandum of Correction dated 20 January 2016) ("Second PFA") in which it ordered the KRG to pay the Consortium within 28 days (i.e. by 26 December 2015) the sum of USD 1.963 billion for outstanding unpaid invoices for the produced condensate and LPG up to 30 June 2015, as per the pricing methodology already determined by the Tribunal in the First PFA.

Following a 2-week hearing from 5-16 September 2016, on 13 February 2017, the Tribunal handed down its Third Partial Final Award dated 30 January 2017 ("Third PFA"). The Third PFA relates to the hearing that took place between 5-16 September 2016, which addressed the balance of the Claimants claims against the KRG (save for the quantification of the Claimants' delayed development claim), along with the counterclaims alleged by the KRG against the Claimants.

Importantly, the Tribunal held in the Third PFA the following:

- a. **Delayed Development Claim:** The Tribunal found in the Claimants' favor that the KRG wrongfully prevented the Claimants from carrying out appraisals and such other activities as are necessary to enable the Consortium to put forward a proposal for field development in respect of Khor Mor and Chemchemal and thereby delayed the Claimants opportunity to develop those areas. The Tribunal further declared that the KRG is not entitled to reject a proposal from the Consortium for a field development plan otherwise than on reasonable grounds in accordance with good petroleum industry practice.
- b. **Update on Liquid Receivables:** The Tribunal ordered the KRG to pay to the Claimants USD 121,095,282 in respect of condensate and LPG lifted by or on behalf of the KRG between 30 June 2015 and 31 March 2016.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15 INTEREST IN JOINT OPERATIONS (continued)

(a) Kurdistan Region of Iraq Project (continued)

- c. Entitlement to Interest: The Tribunal determined that the Claimants are entitled to interest on all overdue liquids receivables for each day that such sums are overdue at the rate of LIBOR + 2% compounded monthly.
- d. Dismissal of KRG Counter Claims: The Tribunal dismissed in totality all of the KRG's counterclaims against the Claimants and found that the project was delivered within a reasonable time.

The quantification of the Claimants' damages for the delayed development claim will be determined by the Tribunal at a further hearing scheduled for 12-20 September 2017.

In the meantime, KRG remains in default of the Tribunal's peremptory order of 17 October 2014 to pay the Claimants USD 100 million on an interim basis ("Peremptory Order"). Accordingly, the Claimants applied to the English High Court for enforcement of this interim order. The Court heard the Claimants' application for the enforcement of the Peremptory Order during a hearing on 28 and 29 October 2015.

On 20 November 2015, the High Court handed down its decision, in which it enforced the Peremptory Order and ordered the KRG to pay the Peremptory Order within 14 days. Following receipt of the judgment, the KRG applied to challenge the Court's order, by way of seeking (1) a discharge of the Peremptory Order; (2) an appeal; and (3) alternatively, an extension of time to pay the Peremptory Order. At the same time as the KRG made its application it also applied to the Tribunal to discharge the Peremptory Order. At the hearing before the Court on 17 December 2015, the Court decided to (1) adjourn the discharge application to allow the Tribunal to decide whether or not the Peremptory Order should be discharged; (2) refused permission for the KRG to appeal; and (3) extended the time for the KRG to pay the Peremptory Order to 26 February 2016. However, as a condition of this extension, the Court ordered the KRG to pay in the meantime 3 installments of USD 8 million each by 31 December 2015, 15 January 2016 and 19 February 2016 to the Consortium. All three instalments were paid.

The KRG also applied to the Tribunal to discharge the Peremptory Order, which was the subject of a short hearing before the Tribunal on 8 January 2016. The parties then went back before the High Court on 5 February 2016, in which the Court dismissed the KRG's discharge application and upheld the Peremptory Order. The KRG then applied to the English Court of Appeal for permission to appeal the High Court's judgment. The hearing for permission took place on 12 May 2016, with the Court of Appeal refusing the KRG's application and upholding the Peremptory Order.

Separately, in March 2016 the Claimants and the KRG independently reached an agreement whereby the Peremptory Order will be paid down by the KRG in monthly instalments. As at 31 December 2016, the KRG has paid the Claimants an amount of USD 53.84 million. As the Peremptory Order is included in the USD 1.96 billion awarded pursuant to the Second PFA, the amount of the Second PFA now outstanding has been reduced by USD 53.84 million.

The KRG has not yet paid the USD 1.963 billion, and on 22 December 2015, launched a challenge to the Second PFA in the English High Court on the limited procedural grounds allowed for in arbitration. The hearing for the KRG's challenge was set for 28-30 November 2016. However, on 20 October 2016 the KRG filed a notice of discontinuance in the High Court, formally withdrawing the challenge. The Claimants are now able to actively consider its options to pursue enforcement of the Second PFA.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

15 INTEREST IN JOINT OPERATIONS (continued)

(a) Kurdistan Region of Iraq Project (continued)

The following amounts represent the Group's 35% share (2015: 40% up to 27 November 2015) of the assets and liabilities of the joint operation:

	<i>2016</i> <i>USD mm</i>	<i>2015</i> <i>USD mm</i>
Assets:		
Non-current assets	254	272
Current assets	741	743
Total Assets	<u>995</u>	<u>1,015</u>
Liabilities:		
Current liabilities	68	31
Net Assets	<u>927</u>	<u>984</u>
Income	78	142
Operating cost	(18)	(22)
Depreciation	(17)	(12)
Gross profit	<u>43</u>	<u>108</u>

(b) UGTC/ Emarat Joint Venture

The Group has a 50% interest in the UGTC/ Emarat jointly controlled operations which own one of the largest gas pipelines in the UAE (48 inch diameter) with an installed capacity of 1,000 MMscfd, to transport gas in the Emirates of Sharjah from Sajaa to Hamriyah. The following amounts represent the Group's 50% share of the assets and liabilities of the Joint Operations:

	<i>2016</i> <i>USD mm</i>	<i>2015</i> <i>USD mm</i>
Assets:		
Non-current assets	18	19
Current assets	29	26
Total Assets	<u>47</u>	<u>45</u>
Liabilities:		
Current liabilities	-	-
Net Assets	<u>47</u>	<u>45</u>
Income	4	4
Operating cost	(1)	(1)
Depreciation	(1)	(1)
Gross profit	<u>2</u>	<u>2</u>

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

16 INVENTORIES

	2016 USD mm	2015 USD mm
Spares and consumables	57	73
Less: provision for impairment of inventory	(8)	(8)
	49	65
Less: reclassification to property, plant and equipment (note 11)	-	(12)
	49	53

17 TRADE AND OTHER RECEIVABLES

	2016 USD mm	2015 USD mm
Trade receivables (net)	982	950
Prepaid expenses	3	2
Due from joint ventures	22	29
Other receivables	26	42
Less: provision for impairment of other receivables	(7)	(6)
	1,026	1,017

- a) Trade receivables are interest bearing and are generally on 30-60 days credit period.
- b) The Group's share of trade receivables in Pearl Petroleum is in respect of condensate and LPG deliveries amounting to USD 713 million (31 December 2015: USD 727 million) – refer note 15.
- c) The ageing analysis of trade receivables is as follows:

	Total USD mm	Neither past due nor impaired USD mm	Past due but not impaired				
			<30 days USD mm	30-60 days USD mm	61-90 days USD mm	91-120 days USD mm	>120 days USD mm
2016	982	46	36	3	26	74	797
2015	950	75	12	24	15	21	803

18 AVAILABLE-FOR-SALE FINANCIAL ASSET

	2016 USD mm	2015 USD mm
At 1 January	-	51
Disposal	-	(54)
Change in fair value for the year (note 23)	-	3
	-	-

During 2015, the Group sold its entire shareholding of 1,136,116 shares in MOL, at an average price of USD 47.7 per share (USD 54 million - net).

Dana Gas PJSC and Subsidiaries

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19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 USD mm	2015 USD mm
Balance at 1 January	8	9
Investment redeemed during the year	-	(1)
Change in fair value	1	-
Balance at 31 December	<u>9</u>	<u>8</u>

This represents an investment in the Abraaj Infrastructure fund. The valuation is based on the latest indicative fair value of the fund as of 31 December 2016.

The Group has not made any investments in shares and stock during the year ended 31 December 2016 and 31 December 2015.

20 CASH AND BANK BALANCE

	2016 USD mm	2015 USD mm
Cash at bank and on hand		
- Local Banks within UAE	37	66
- Foreign Banks outside UAE	7	32
Short term deposits		
- Local Banks within UAE	248	343
- Foreign Banks outside UAE	-	-
Cash and cash equivalent	<u>292</u>	<u>441</u>
Deposit (Murabaha facility)	10	29
Cash and Bank Balance	<u>302</u>	<u>470</u>

Cash at bank earns profit at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one week and three months, depending on the immediate cash requirements of the Group, and earn profit at the respective short-term deposit rates. The fair value of cash and bank balance including short-term deposits is USD 302 million (2015: USD 470 million). The effective profit rate earned on short term deposits ranged 0.3% to 9.0% (2015: 0.3% to 9.0%) per annum. As at 31 December 2016, 94 % (31 December 2015: 87%) of cash and bank balance were held with UAE banks and the balance held outside UAE. Out of the total cash and bank balance of USD 302 million, 5% of the amount was held in Egyptian pounds (31 December 2015: 11%).

Deposit (Murabaha facility) is EGP pledged with Mashreq Bank PSC, Egypt branch against fully secured facility of USD 25 million (note 25 e). As per the arrangement, Dana Gas Egypt will maintain EGP deposit equal in value to 115% of the outstanding principal amount of loan in USD. The tenor of the facility is one year from the date of drawdown which was completed on 9 April 2015. During the year, the facility term has been extended for a further period of one year with a revised facility amount of USD 21.5 million and requires Dana Gas Egypt to maintain EGP deposit equal in value to 120% of the outstanding principal amount of USD. The pledged EGP deposit as of 31 December 2016 stood at USD 10 million in equivalent EGP (31 December 2015: USD 29 million).

Dana Gas PJSC and Subsidiaries

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At 31 December 2016

21 SHARE CAPITAL

	<i>2016</i> <i>USD mm</i>	<i>2015</i> <i>USD mm</i>
<i>Authorised:</i>		
9,000,000,000 common shares of AED 1 each (USD 0.2728 each) – Note 21b		
<i>Issued and fully paid up:</i>		
6,968,616,114 (2015: 6,968,616,114) common shares of AED 1 each (USD 0.2728 each)	<u>1,901</u>	<u>1,901</u>

- a. The conversion period for Exchangeable sukuk issued on 8 May 2013 commenced on 31 October 2013 and will expire 25 trading days prior to the scheduled redemption date of 31 October 2017. During this period sukuk holders have the right to convert all or part of the Exchangeable sukuk into ordinary shares of the Company.
- b. The Annual General Assembly of Shareholders on 28 April 2016, approved the amendments to the Memorandum and Article of Association of the Company in accordance with the New Companies Commercial Law No.2 for the year 2015. This included approval of Authorised share capital of the Company to be AED 9 billion i.e. 9 billion shares of AED 1 each.

22 STATUTORY AND LEGAL RESERVE

	<i>Statutory reserve USD mm</i>	<i>Legal reserve USD mm</i>
At 1 January 2015	93	93
Transfer from net profit for the year	15	15
At 31 December 2015	<u>108</u>	<u>108</u>
Transfer from net profit for the year	-	-
At 31 December 2016	<u>108</u>	<u>108</u>

a) Statutory Reserve

In accordance with the U.A.E. Federal Law No. (2) of 2015, the Group has established a statutory reserve by appropriation of 10% of the Group's net profit for each year. The allocation will cease by the decision of the Ordinary General Assembly as recommended by the Board of Directors or when the reserve equals 50% of the Company's paid up capital. This reserve is not available for distribution, except as stipulated by the law.

b) Legal Reserve

As per the Article of Association of the Company, 10% of the Group's net profit for each year will be allocated to Legal reserve. Such allocation will cease when the total reserve equals 50% of the Company's paid up capital.

Dana Gas PJSC and Subsidiaries

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23 OTHER RESERVES

	<i>Share based reserve USD mm</i>	<i>Fair value reserve USD mm</i>	<i>Total USD mm</i>
At 1 January 2015	1	(15)	(14)
Disposal of available-for-sale financial asset	-	12	12
Change in fair value of available-for-sale financial asset (note 18)	-	3	3
Transfer from Retained earnings	1	-	1
Share based reserve (note 24)	2	-	2
Shares issued to employees	(2)	-	(2)
	<u>2</u>	<u>-</u>	<u>2</u>
At 31 December 2015	2	-	2
Share based reserve (note 24)	1	-	1
	<u>1</u>	<u>-</u>	<u>1</u>
At 31 December 2016	<u>3</u>	<u>-</u>	<u>3</u>

24 SHARE BASED PAYMENT

The Company operates a restricted shares plan details of which are as follows:

Restricted Shares

Awards under this plan are generally subject to vesting over time, contingent upon continued employment and to restriction on sale, transfer or assignment until the end of a specified period, generally over one to three years from date of grant. All awards may be cancelled if employment is terminated before the end of the relevant restriction period. The Group determines fair value of restricted shares unit based on the numbers of unit granted and the grant date fair value.

The charge recognised in the consolidated income statement under share based payment plans is shown in the following table:

	<i>2016 USD mm</i>	<i>2015 USD mm</i>
Expense arising from equity settled share-based payment transactions	<u>1</u>	<u>2</u>

Dana Gas PJSC and Subsidiaries

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25 BORROWINGS

	2016 USD mm	2015 USD mm
Non-current		
Ordinary Sukuk (a)	-	400
Convertible Sukuk (a)	-	329
Bank Borrowings – Zora Gas Field Project Finance (b)	39	64
Equipment loan (c)	12	12
Egypt Building loan (d)	11	5
	62	810
Current		
Ordinary Sukuk (a)	350	-
Convertible Sukuk (a)	340	-
Bank Borrowings – Zora Gas Field Project Finance (b)	27	27
Bank Borrowings – Murabaha facility (e)	12	24
Equipment loan (c)	1	-
Egypt Building loan (d)	1	-
	731	51
Total Borrowings	793	861

a) EXCHANGEABLE SUKUK

In October 2007, the Group arranged to issue convertible Sukuk-al-Mudarabah (the “Sukuk”) for a total value of USD 1 billion in the form of Trust Certificates through a special purpose company (the “Issuer”). The Sukuk, which were drawn up to conform to the principles of Islamic Sharia, were approved by the Company’s shareholders at an Extraordinary General Meeting held in July 2007. Pursuant to the conditions of the Sukuk, the proceeds were used for the acquisition and development of assets (the “Mudarabah Assets”) owned by Dana LNG Ventures Limited. The Sukuk matured on 31 October 2012 and had a profit rate of 7.5% payable quarterly from profits of the Mudarabah Assets. In 2008, Dana Gas purchased some of the Sukuk from the market with a nominal value of USD 80 million.

The Company announced on 10 December 2012 that a standstill and lockup agreement has been reached with an “Ad-Hoc committee” of Sukuk certificate holders for a refinancing transaction (the “Transaction”) in relation to the Sukuk. The standstill and lockup agreement also includes a detailed set of terms, conditions and implementation schedule.

The Company launched the consent solicitation on 26 March 2013 to seek Sukuk holders consent in a meeting of Sukuk Certificate holders (“Sukuk holders EGM”) to be held on 23 April 2013. Also, the Company issued an invitation to its Shareholders to attend the Extra Ordinary General Assembly (“Shareholders EGM”) to consider and approve the Sukuk deal.

On 23 April 2013, both Sukuk holders EGM and Shareholders EGM approved the Sukuk refinancing deal. On 8 May 2013 successful completion was achieved and the Company made the cash pay-down of USD 69.9 million and paid the accrued profit from 31 October 2012 to 7 May 2013 amounting to USD 38.4 million. Following this, the Company also perfected the required securities and issued a compliance certificate dated 10 July 2013.

The salient features of the agreement were a reduction in the Company’s outstanding Sukuk amount from USD 1 billion to USD 850 million via USD 70 million of cash pay-down and cancellation of another USD 80 million of the existing Sukuk already owned by the Company. The remaining USD 850 million will be split into two tranches being a USD 425 million Ordinary sukuk and USD 425 million Exchangeable Sukuk (together the “New Sukuks”), each with 5-year maturity to ensure long term financing. The Ordinary Sukuk and Exchangeable Sukuk have a profit rate of 9% and 7% per annum, respectively.

Dana Gas PJSC and Subsidiaries

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At 31 December 2016

25 BORROWINGS (continued)

a) EXCHANGEABLE SUKUK (continued)

As per the agreement, the conversion rate for the Exchangeable sukuk was set at a 50% premium to the 75 calendar day volume-weighted average price, measured over a period commencing on 1 December 2012 (with a floor of AED 0.75 and cap of AED 1.00). The initial effective exchange price for the exchangeable sukuk was determined on 13 February 2013 and has been fixed at AED 0.75 per share (floor price). The Company has the option to pay down the outstanding principal amount of the New Sukuks prior to the new maturity date of 31 October 2017, subject to the applicable call premium on the Ordinary Sukuk and the soft call provisions on the Exchangeable Sukuk. The Exchangeable sukuk at the option of the certificate holders can be exchanged into ordinary shares of the Company on or after 31 October 2013 until 25 trading days prior to the Scheduled Redemption Date.

The Ordinary and Exchangeable sukuk are secured against the shares of Dana LNG Ventures Limited (BVI), Sajaa Gas Company Limited (Sharjah) and United Gas Transmission Company Limited (Sharjah). In addition to the above, the security package available to holders of the New Sukuks was enhanced by USD 300 million of value comprising security over certain receivables of the Company's Egyptian assets, Company's interest in Danagaz W.L.L. and Sajaa Gas industrial land.

As noted above, the Sukuk is due to mature in October 2017. The Board of Directors has considered the future operating and capital cash flow requirements of the Group, and is fully confident of meeting the Group's license obligation despite the challenges and uncertainties in the markets in which the Group operates. Meanwhile, with regard to the Sukuk and its maturity in the fourth quarter of 2017, the Board considers that, after taking into account various uncertainties that are general and specific to Company, a number of retirement options are available to it which are currently under evaluation.

During the year, the Company has bought back Ordinary Sukuk amounting to USD 50.3 million (par value). During 2015, the Company had bought back Ordinary and Exchangeable Sukuk amounting to USD 24.9 million (par value) and USD 2.2 million (par value), respectively. All the bought back Sukuk were cancelled in accordance with the terms and conditions of the respective Sukuk.

As of 31 December 2016 par value of outstanding Ordinary and Exchangeable sukuk amounted to USD 350 million (2015: USD 400 million) and USD 350 million (2015: USD 350 million), respectively.

The Exchangeable sukuk recognised in the statement of financial position is calculated as follows:

	2016 USD mm	2015 USD mm
Liability component at 1 January	329	323
Finance expense for convertible sukuk	35	32
Sukuk cancelled through buyback	-	(2)
Profit paid	(20)	(20)
	<u>344</u>	<u>333</u>
Current portion of profit classified under trade payables and accruals	(4)	(4)
Liability component at 31 December	<u>340</u>	<u>329</u>

The conversion option embedded in the convertible instrument is valued at the issuance of the Exchangeable sukuk and disclosed separately under Equity – USD 58 million (2015: USD 58 million).

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

25 BORROWINGS (continued)

b) BANK BORROWINGS – ZORA GAS FIELD PROJECT FINANCE

On 25 June 2014, Dana Gas Explorations FZE (100% subsidiary of Dana Gas PJSC) entered into a Common Terms Agreement with Emirates NBD Bank, Commercial Bank International, Commercial Bank of Dubai and Barwa Bank (Lenders) for USD 100 million Term Facility for the Zora Field Development Project. Emirates NBD Bank will also act as the Global Facility Agent, Term Facility Agent, Security Agent and Account Bank while Barwa Bank will act as the Murabaha Investment Agent for the Shariah tranche of this loan.

The repayment for the Term Facility is over a period of 15 quarterly instalments and has already commenced from Q4 2015, subject to a cash sweep mechanism and carries variable rate of LIBOR + Margin during the repayment period. As of the balance sheet date, the loan amount outstanding is at USD 67 million.

Project Security covers, commercial mortgage over mortgage-able Zora gas field project assets (onshore & offshore), assignment of rights under Gas Sales Purchase Agreements, assignment of all Dana Gas Exploration FZE bank accounts, assignment of Zora Project Insurance proceeds, Project performance Guarantees from Contractors & Irrevocable Letter of Credits from Sharjah Petroleum Council. Dana Gas PJSC has pledged the shares of Dana Gas Explorations FZE in favor of security agent. Dana Gas PJSC is also a Guarantor for the entire tenure of the term facility.

	2016 USD mm	2015 USD mm
Loan facility	91	100
Less: Unamortised portion of loan arrangement fees	-	(2)
Less: Repayment during the year	(26)	(7)
Add: Amortisation of loan arrangement fees	1	-
Net Loan facility	66	91

Loan facility is payable as follows:

Within one year	27	27
After one year	39	64
Loan facility	66	91

c) EQUIPMENT LOAN

Dana Gas Egypt ("DGE") has entered into a "Sale and Lease back" finance lease arrangement with Corporate Leasing Company Egypt SAE on 29 January 2015, for certain inventory equipment (casings, wellheads, piping etc.) that belong to DGE that have not been used till date. The total facility consisting of three contracts amounts to USD 12.6 million and have been fully drawn down up to 30 June 2015. After the full draw down an additional contract of USD 1.1 million (note 25d) was added to the facility thereby increasing the facility to USD 13.7 million. The payments are over a period of 29 quarters commencing from Quarter 3 2015 including grace period of 2 quarters for interest and principal. As of the balance sheet date, the amount outstanding toward principal is at USD 13 million.

d) EGYPT BUILDING LOAN

Pearl Properties Egypt ("PPE") has entered into a "Sale and Lease back" finance lease arrangement for Egypt Building with Corporate Leasing Company Egypt SAE on 9 June 2015. The total facility originally consisted of three contracts amounting to USD 13.8 million which was reduced by USD 1.1 million to USD 12.7 million. The facility was fully drawn down up to 30 April 2016. The payments are over a period of 29 quarters including grace period of 2 quarters for lease payments. As of the balance sheet date, the amount outstanding toward principal is at USD 12 million.

Dana Gas PJSC and Subsidiaries

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25 BORROWINGS (continued)

e) MURABAHA FACILITY

Dana Gas Egypt Ltd (Barbados) entered into Commodity Murabaha agreement with facility limit of USD 25 million with Mashreq bank PSC (UAE) on 30 March 2015. This was a fully secured facility wherein Dana Gas Egypt Ltd was required to maintain EGP deposit (pledged) equal in value to 115% of the outstanding principal amount of loan in USD held with Mashreq bank PSC, Egypt branch acting as Security Agent. The profit rate on the facility is LIBOR + Margin & the EGP deposit attracts a deposit rate that closely reflects the profit rate on the loan. The drawdown of the said facility was completed on 9 April 2015. Subsequent to period end, the facility term has been extended for a period of one year with a revised facility amount of USD 21.5 million with a slightly different profit rate (LIBOR + Margin) and a different deposit rate on EGP deposit. This fully secured facility requires Dana Gas Egypt Ltd to maintain EGP deposit (pledged) equal in value to 120% of the outstanding principal amount of USD until December 2016. As of the balance sheet date, the amount outstanding toward principal is USD 12.5 million. The remainder of this facility is repayable in first four months of 2017 or in accordance with any other terms and conditions that may be agreed with the lender.

26 PROVISIONS

	2016 USD mm	2015 USD mm
Asset decommissioning obligation	9	14
Employee's end of service benefits	2	2
	<u>11</u>	<u>16</u>

The movement in asset decommissioning obligation during the year relates to unwinding of discount, change in discount and exchange rate and payment related to decommissioning liability.

27 TRADE PAYABLES AND ACCRUALS

	2016 USD mm	2015 USD mm
Trade payables	43	67
Accrued expenses and other payables	77	73
Profit accrued on Sukuk	9	10
Advance against local sales in KRI	9	-
	<u>138</u>	<u>150</u>

28 PROVISION FOR SURPLUS OVER ENTITLEMENT (NET)

	2016 USD mm	2015 USD mm
Surplus over Entitlements (note 28a)	114	153
Less: Interest receivable on overdue invoices (note 28b)	(67)	(133)
Less: Other receivables	(6)	(6)
	<u>41</u>	<u>14</u>

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28 PROVISION FOR SURPLUS OVER ENTITLEMENT (NET) (continued)

a) Surplus over Entitlements

As per the terms of the Authorisation, Pearl takes title to all petroleum produced and accordingly recognises 100% revenue from the sale of condensate and LPG. From such revenue received in cash, Pearl is entitled to retain the petroleum costs and remuneration fee as per the Authorisation ("Entitlements") and any residual amount is to be paid to the KRG ("Surplus"). The right under the Authorisation to receive such revenue in full was upheld by the Arbitration Tribunal in its second Partial Final Award dated 27 November 2015 (note 15).

On an accruals basis, the cumulative revenue recognised by Pearl to date exceeds its net Entitlements under the Authorisation, if all invoices and outstanding receivables were to be paid by the KRG. Such estimated Surplus amounts to USD 326 million (DG Share 35%: USD 114 million) as at 31 December 2016 (31 December 2015: USD 437.72 million – DG Share 35%: USD 153 million). Reduction in Surplus has been recognised in the Income Statement. This notional Surplus is only due on the assumption that all the outstanding liquid petroleum invoices as at 31 December 2016 had been paid in full by the KRG as of that date, which they have not. Accordingly, Pearl's net Entitlements will need to be recalculated from time to time until Pearl has recovered its full entitlement under the Authorisation.

Such Surplus crystallises and becomes payable to KRG only when Pearl has actually recovered its Entitlements as per the terms of the Authorisation which is very much dependent upon the timing of actual receipt of funds from the KRG in respect of accrued revenue in addition to any future Petroleum Costs incurred by Pearl. It should be noted that as at 31 December 2016, Pearl has not recovered its Petroleum Costs in full.

Furthermore, Pearl has a right under the terms of the Authorisation to offset this Surplus, when payable, against any other outstanding payments due from the KRG. Accordingly, as at 31 December 2016, the aforementioned Surplus has been reduced by other outstanding amounts due from KRG, the net result being that a net amount of USD 117 million (DG Share 35%: USD 41 million) would be repayable to the KRG, even if the entire amount of USD 2.04 billion (DG Share 35%: USD 713 million) in outstanding receivables to Pearl by 31 December 2016 were to be settled in full. Furthermore due to the terms of the Authorisation, further delay in payment by the KRG will further increase Pearl's Entitlements and reduce the net amount re-payable to the KRG.

b) Interest and other receivable from KRG (net)

Pearl Petroleum ("Pearl") is contractually entitled to charge interest cost on overdue receivables due from KRG. Previously, without giving up its contractual entitlement to actual interest costs, Pearl invoiced interest on overdue KRG invoices at the rate of LIBOR plus 2%. In the absence of settlement of overdue invoices, Pearl decided to invoice by applying 9% interest (quarterly compounded) on 50% of the total overdue receivables, while the remaining 50% overdue receivables were subject to an interest rate of LIBOR plus 2% which is the minimum specified under the Authorisation.

As part of the Third Award received on 13 February 2017 the Tribunal ruled that Pearl is entitled to interest on overdue receivable at Libor plus 2% compounded monthly.

Based on the above, Dana Gas share (35%) of the total interest on overdue receivables (for condensate and LPG sales and transportation costs paid on behalf of KRG) from KRG as at 31 December 2016 stands at USD 67 million (31 December 2015: USD 133 million).

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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29 CONTINGENCIES AND COMMITMENTS

a) Dana Gas Egypt

In March 2006, Dana Gas Egypt entered into an agreement with CTIP Oil and Gas Limited ("CTIP") to acquire a 25% percent working interest in the West El Manzala and West El Qantara Concessions. Following the closing of this acquisition, the Company held a 100% participating interest in each of these Concessions. As agreed under the terms of the said acquisition agreement Dana Gas Egypt has paid USD 13 million as a result of the first Government approved plan of Development in the West El Manzala Concession. In addition, Dana Gas Egypt has agreed to pay additional payments that could total up to a further USD 12.5 million as and when discovery volumes equal or in excess of 1Tcf of Proved Reserves. Dana Gas Egypt has also granted a three percent net profits interest to CTIP on future profit from the Concessions.

In April 2013, Dana Gas Egypt was awarded a 100% working interest in the North El Arish Offshore (Block 6) concession area. The area is located offshore Nile Delta, in the eastern part of the Mediterranean Sea. As per the concession agreement, Dana Gas Egypt has committed to spend USD 25.5 million on the block during the first phase of exploration which is 4 years.

In October 2014, Dana Gas Egypt was awarded a 100% working interest North El Salhiya (Block 1) concession area. The area is located in Nile delta next to DGE existing development leases. As per the concession agreement, Dana Gas Egypt has committed to spend USD 20 million on the block during the first phase of exploration which is 3 years.

In October 2014, Dana Gas Egypt was also awarded El Matariya (Block 3) onshore concession area in the Nile Delta. Dana Gas Egypt with BP Exploration (Delta) Limited "BP" as partner and operator will participate in the concession on a 50:50 basis. As per the terms of the agreement with BP, BP will fund all of the cost (including Dana Gas's share) of the first exploration well up to an agreed maximum limit. BP also has the option to acquire 50% in the deep potential of some of Dana Gas' adjacent Development leases. Dana Gas Egypt and BP have committed to spend USD 60 million on the block during the first phase of exploration which is 3 years.

Capital expenditure contracted for at 31 December 2016 but not yet accrued amounted to Nil (31 December 2015: USD 6 million).

30 DISPOSAL OF INTEREST IN JOINT OPERATIONS

Disposal of Interest in Pearl Petroleum Company Limited

On 27 November 2015, Dana Gas and Crescent signed a Share Sale Agreement with RWEST Middle East Holdings BV (RWEST Middle East) wherein an equity interest of 5% each was sold by Dana Gas and Crescent each to RWEST Middle East. The new shareholding interest in PPCL is as follows: 35% to Dana Gas, 35% to Crescent, 10% to OMV, 10% to MOL and 10% to RWEST Middle East.

The net assets transferred by Dana Gas as a result of this disposal amounted to USD 131 million.

31 RELATED PARTY DISCLOSURES

Transactions with related parties which are conducted at arm's length included in the consolidated income statement are as follows:

	2016		2015	
	Revenues USD mm	Fees for management services USD mm	Revenues USD mm	Fees for management services USD mm
Joint arrangement	1	2	1	2
Major shareholder	-	-	-	1
	<u>1</u>	<u>2</u>	<u>1</u>	<u>3</u>

Dana Gas PJSC and Subsidiaries

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31 RELATED PARTY DISCLOSURES (continued)

Compensation of key management personnel

The remuneration of members of key management during the year was as follows:

	2016 USD mm	2015 USD mm
Short-term benefits	5	6
Restricted Shares	1	1
	<u>6</u>	<u>7</u>

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

The Group's principal financial liabilities comprise borrowings, decommissioning obligations (provisions), trade payables, other payables and due to related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

(a) Foreign currency risk

The Group is exposed to material foreign currency risks in relation to its cash balance in Egyptian pounds held in Egypt with local banks.

At 31 December 2016, if the Egyptian pounds had strengthened/weakened by 10% against the USD with all other variables held constant, total comprehensive loss for the year would have been USD 2 million higher/ lower (2015: USD 5 million), as a result of foreign exchange gains/losses on translation of Egyptian pounds denominated cash and bank balance.

(b) Profit rate risk

The Group has minimal exposure to Profit rate risk on bank deposits. The Group's bonds carry fixed profit rate and hence are not exposed to profit rate risk.

(c) Commodity price risk

The Group is also exposed to commodity price risk (crude oil price), however this has been partially mitigated due to fixed pricing agreement in Egypt & U.A.E. for sale of natural gas which constitute approximately 49% (2015: 39%) of the Groups gross revenue. At 31 December 2016, if the average price of crude oil for the year had increased/decreased by 10% with all other variable held constant the Group's total comprehensive loss for the year would have been USD 19 million higher/lower (2015: USD 19 million).

(d) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from trade receivables and bank balances.

(i) Trade receivables

The trade receivables arise from its operations in UAE, Egypt and Kurdistan Region of Iraq. The requirement for impairment is analysed at each reporting date on an individual basis for major customers. As majority of the Group's trade receivable are from Government related entities no impairment was necessitated at this point. The maximum exposure to credit risk at the reporting date is the carrying amount as illustrated in note 17.

(ii) Bank balances

Credit risk from balances with banks and financial institutions is managed by Group's Treasury in accordance with the Group policy. Investment of surplus funds is made only with counterparties approved by the Group's Board of Directors. The Group's maximum exposure to credit risk in respect of bank balances as at 31 December 2016 is the carrying amount as illustrated in note 20.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings, trade payables and other payables. The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments:

Year ended 31 December 2016

	<i>On demand USD mm</i>	<i>Less than 3 months USD mm</i>	<i>3 to 12 months USD mm</i>	<i>1 to 5 years USD mm</i>	<i>>5 years USD mm</i>	<i>Total USD mm</i>
Borrowings (including profit)	-	28	774	68	1	871
Trade payables and accruals	-	138	-	-	-	138
Provisions	3	-	-	6	8	17
	<u>3</u>	<u>166</u>	<u>774</u>	<u>74</u>	<u>9</u>	<u>1,026</u>

Year ended 31 December 2015

	<i>On demand USD mm</i>	<i>Less than 3 months USD mm</i>	<i>3 to 12 months USD mm</i>	<i>1 to 5 years USD mm</i>	<i>>5 years USD mm</i>	<i>Total USD mm</i>
Borrowings (including profit)	-	23	95	898	3	1,019
Trade payables and accruals	-	150	-	-	-	150
Provisions	3	-	-	4	17	24
	<u>3</u>	<u>173</u>	<u>95</u>	<u>902</u>	<u>20</u>	<u>1,193</u>

Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 31 December 2015. Capital comprises share capital, retained earnings, other reserves and equity component of convertible bonds, and is measured at USD 2,565 million as at 31 December 2016 (2015: USD 2,654 million).

33 FAIR VALUE ESTIMATION

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements:

	<i>Carrying amount 2016 USD mm</i>	<i>Fair value 2016 USD mm</i>	<i>Carrying amount 2015 USD mm</i>	<i>Fair value 2015 USD mm</i>
<i>Financial assets</i>				
Trade and other receivables	1,026	1,026	1,017	1,017
Cash and short term deposits	302	302	470	470
<i>Financial liabilities</i>				
Borrowings	793	793	861	861
Trade payables and accruals	138	138	150	150

The fair value of borrowings is the amortised cost determined as the present value of discounted future cash flows using the effective interest rate.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

33 FAIR VALUE ESTIMATION (continued)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The following table presents the Group' assets that are measured at fair value on 31 December 2016:

	<i>Level 1</i> <i>USD mm</i>	<i>Level 2</i> <i>USD mm</i>	<i>Level 3</i> <i>USD mm</i>	<i>Total</i> <i>USD mm</i>
Assets				
Financial assets at fair value through profit or loss	-	9	-	9
Investment property	-	-	24	24
Total	<u>-</u>	<u>9</u>	<u>24</u>	<u>33</u>

The following table presents the Group' assets that are measured at fair value on 31 December 2015:

	<i>Level 1</i> <i>USD mm</i>	<i>Level 2</i> <i>USD mm</i>	<i>Level 3</i> <i>USD mm</i>	<i>Total</i> <i>USD mm</i>
Assets				
Financial assets at fair value through profit or loss	-	8	-	8
Investment property	-	-	25	25
Total	<u>-</u>	<u>8</u>	<u>25</u>	<u>33</u>

There have been no transfers between Level 1 and Level 2 during the years 2016 and 2015.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

34 FINANCIAL INSTRUMENTS BY CATEGORY

	<i>Loans & receivables USD mm</i>	<i>Assets at fair value through the profit and loss USD mm</i>	<i>Available- for-sale financial asset USD mm</i>	<i>Total USD mm</i>
31 December 2016				
Assets as per Statement of Financial Position				
Trade and other receivables excluding pre-payments	1,023	-	-	1,023
Financial assets at fair value through profit or loss	-	9	-	9
Cash and bank balance	302	-	-	302
Total	1,325	9	-	1,334
	<i>Liabilities at fair value through the profit and loss USD mm</i>	<i>Derivatives used for hedging USD mm</i>	<i>Other financial liabilities at amortised cost USD mm</i>	<i>Total Total USD mm</i>
31 December 2016				
Liabilities as per Statement of Financial Position				
Borrowings	-	-	793	793
Provisions	-	-	11	11
Trade payable and accruals excluding statutory liabilities	-	-	138	138
Total	-	-	942	942
	<i>Loans & receivables USD mm</i>	<i>Assets at fair value through the profit and loss USD mm</i>	<i>Available- for-sale financial asset USD mm</i>	<i>Total USD mm</i>
31 December 2015				
Assets as per Statement of Financial Position				
Trade and other receivables excluding pre-payments	1,015	-	-	1,015
Financial assets at fair value through profit or loss	-	8	-	8
Cash and bank balance	470	-	-	470
Total	1,485	8	-	1,493

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2016

34 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

	<i>Liabilities at fair value through the profit and loss USD mm</i>	<i>Derivatives used for hedging USD mm</i>	<i>Other financial liabilities at amortised cost USD mm</i>	<i>Total USD mm</i>
31 December 2015				
Liabilities as per Statement of Financial Position				
Borrowings	-	-	861	861
Provisions	-	-	16	16
Trade payable and accruals excluding statutory liabilities	-	-	150	150
Total	-	-	1,027	1,027

35 SOCIAL CONTRIBUTIONS

As part of the Corporate Social Responsibility Initiatives, the Company spent USD 68,250 (2015: USD 570,000) during the year.

Dana Gas PJSC and Subsidiaries
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2015

DANA GAS PJSC

Report of the Directors

The Board of Directors of Dana Gas (“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 2015.

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 a regional natural gas Company with presence in the United Arab Emirates, Egypt, Bahrain, and the Kurdistan Region of Iraq (KRI) and headquartered in Sharjah, United Arab Emirates.

Results for the year ended 31 December 2015

During the year, the Company earned gross revenues of USD 417 million (AED 1.5 billion) as compared to USD 683 million (AED 2.5 billion) in 2014, a decline of 39% reflecting sharp decline in hydrocarbon prices coupled with lower production in Egypt. Realised prices were down by almost 50% in 2015 and averaged USD 50/bbl for condensate and USD 37/boe for LPG compared to USD 97/bbl and USD 64/boe respectively in 2014. This eroded approximately USD 222 million (AED 814 million) off the top line.

As mentioned above, the sharp decline in hydrocarbon prices impacted income during the year, though the Company has a natural hedge by way of fixed long term gas prices in Egypt. The Company made Gross profit of USD 126 million (AED 463 million) which was lower by 58% compared to 2014 and achieved a net profit after tax of USD 144 million (AED 528 million) as compared to USD 125 million (AED 457 million) in 2014, an increase of 15%. Key profitability driver was a gain of USD 208 million (AED 762 million) on settlement of RWE Supply & Trading GmbH (RWEST) arbitration including the sale of a 5% interest in Pearl Petroleum Company Limited (PPCL) to RWEST Middle East Holding BV.

The Company ended the year with an average production of 63,900 barrels of oil equivalent per day (boepd), a decrease of 7% compared to last year’s production of 68,900 boepd. Production in Egypt was lower by 15% at 12.4 millions of barrel of oil equivalent (MMboe) compared to 14.6 MMboe in 2014, whereas production in Kurdistan increased by 3% to 10.7 MMboe as compared to 10.4 MMboe in 2014.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) decreased to USD 218 million (AED 800 million) compared to USD 366 million (AED 1.34 billion) in 2014.

Liquidity and Financial Resources

Cash and bank balance at year end stood at USD 470 million (AED 1.72 billion); an increase of 155% compared to the USD 184 million (AED 674 million) cash balance at the end of 2014. Included in the cash balance is USD 54 million (AED 198 million) held in equivalent Egyptian Pounds in Egypt. The key contributor to this increase was the cash received from RWE in November in consideration of the agreed settlement of the arbitration and sale of 5% interest in PPCL. Excluding this one-off gain the year end cash and bank balance would have decreased compared to year end 2014. This decrease resulted from increased equity contributions for the Zora project and to cover financing costs and general office and overhead costs as a result of continued deficient payments being received from the operations in the KRI. During the year, the Group also realised USD 54 million (AED 198 million) from sale of investment in MOL shares and used part of the proceeds to buyback Sukuk with par value of USD 27.1 million (AED 99 million).

DANA GAS PJSC

Report of the Directors

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) 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 2015. Following this review, the Group's gross proved reserves (1P) as at 31 December 2015 were assessed at 83 MMboe (31 December 2014: 59 MMboe); an increase of 41 %. The gross proved and probable reserves (2P) as at 31 December 2015 were estimated at 130 MMboe (31 December 2014: 113 MMboe); an increase of 15 % and the gross proved, probable and possible reserves (3P) as at 31 December 2015 were estimated to be 185 MMboe (31 December 2014: 171 MMboe); an increase of 8%. The 2P reserve replacement ratio for the year was 237%.

(b) Pearl Petroleum Company Limited

Pearl Petroleum Company Limited's ("Pearl Petroleum") appointed GCA which following its assessment of the KRI assets in 2013, provided an estimate of hydrocarbons in-place as at 31 December 2012 for both the Khor Mor and Chemchemical fields based on a comprehensive data set comprising ca. 1200 km 2D seismic, the 11 wells drilled in the two fields to date and field production data over a period of five years.

Gas initially in-place volumes (unrisked*) have been computed by GCA. Based on this report related to the individual fault blocks which comprise Khor Mor, Dana Gas has calculated an aggregated Best Estimate (P50) volume of 22 Tscf. For Chemchemical, gas initially in place volumes (unrisked*), based on the same assessment reported volumes for the individual fault blocks, have been aggregated by Dana Gas to be a Best Estimate (P50) of 30 Tscf. The GCA report also indicates that both fields have considerable additional upside potential. Dana Gas' 35% share of these Best Estimate in-place volumes for Khor Mor and Chemchemical combined corresponds to 17.5 Tscf.

GCA also stated that certain Khor Mor fault blocks may contain oil instead of gas and determined oil initially in-place volumes (un-risked*) for these individual blocks. Dana Gas has calculated an aggregated Best Estimate (P50) volume of around 1.8 billion barrels of oil, in place of around 3 Tscf of gas in these blocks.

GCA's report confirms Dana Gas' belief that Khor Mor and Chemchemical have the potential to be the largest gas fields in the KRI and indeed in the whole of Iraq and thus makes them world class assets.

**Note that a risk factor accounting for geological and commercial uncertainties has not been assessed or applied at this time. However, both fields are surrounded by producing oil and/or gas fields which calibrates and reduces the geological and reservoir risks. The reported hydrocarbon volumes are estimates based on professional judgment and are subject to future revisions, upwards or downwards, as a result of future operations or as additional information becomes available.*

DANA GAS PJSC

Report of the Directors

Reserves & Resources (continued)

(c) Sharjah Western Offshore – Zora Field

Following signing of concession agreement with Ajman in January 2014, Dana Gas has a 100% working interest in the Zora field which spans the territorial waters of Sharjah and Ajman. Gaffney, Cline & Associates carried out an independent evaluation of Sharjah Western Offshore – Zora Field's hydrocarbon reserves as on 31 December 2015. Following this review, the Group's gross proved reserves (1P) as at 31 December 2015 were assessed at 16 MMboe (31 December 2014: 17 MMboe). The gross proved and probable reserves (2P) as at 31 December 2015 were estimated to be 31 MMboe (31 December 2014: 32 MMboe) and the gross proved, probable and possible reserves (3P) as at 31 December 2015 were estimated to be 64 MMboe (31 December 2014: 64 MMboe).

E&P Operations

a) Egypt E&P operations

Dana Gas Egypt ended 2015 with production for the full year of operations of 12.4 MMboe i.e. averaging 33,900 boepd (2014: 14.6 MMboe, i.e. averaging 39,900 boepd) a decline of 15% over the corresponding year. The decrease followed a steady and predictable downward curve associated with normal field production decline and was partially reversed when two of the Balsam Field wells were brought into production in Q4 2015.

During the year the Company drilled two successful wells in the Balsam Development Lease. The Balsam-2 development well established better quality reservoir and a longer hydrocarbon column in the already discovered part of the field whilst Balsam-3 exploratory well made a significant gas discovery to the west of the field. These excellent results have added additional 2P reserves of 165 billion cubic feet (Bcf) of gas, equivalent to 28 million barrels of oil equivalent. The wells open up further development potential that will be pursued in 2016. The Balsam-1 and -2 wells were brought on stream in December 2015.

In Egypt the Company collected USD 125 million (AED 458 million), and hence realised 111% of its year's revenue. During the year the Company received cash of USD 109 million (AED 400 million) (2014: USD 163 million / AED 597 million) and EGAS/EGPC offset the Block-1 and Block-3 signature bonus of USD 13 million (AED 46 million) and payables to government owned contractors of USD 3 million (AED 11 million) against the amounts due to the Group. At the year end the trade receivable balance stood at USD 221 million (AED 810 million) compared to USD 233 million (AED 854 million) at end of 2014, an overall reduction of USD 12 million (AED 44 million).

b) Kurdistan Region of Iraq (KRI) Project (Pearl Petroleum Company Limited)

In April 2007, the Group entered into agreements with the Kurdistan Regional Government of Iraq for developing the significant petroleum (including gas) resources in the Khor Mor and Chemchemal fields. Since then, the focus has been on developing, processing and transporting natural gas from the Khor Mor Field including processing and extracting LPG and condensate and providing natural gas supplies to domestic power generation plants near Erbil and Sulaimaniya. Further development of both fields is planned following resolution of the ongoing legal dispute. As envisaged under the agreements, such further development is expected to provide significant natural gas supplies for future expansion of power generation and local industries as well as for export and sale abroad as and when the political circumstances permit.

On 27 November 2015, Dana Gas and Crescent sold an equity interest of 5% each in Pearl Petroleum to RWE Middle East Holding BV ("RWE"). The shareholding interest in Pearl Petroleum is now as follows: Dana Gas: 35%, Crescent: 35%, OMV: 10%, MOL: 10% and RWE: 10%.

DANA GAS PJSC

Report of the Directors

E&P Operations (continued)

b) Kurdistan Region of Iraq (KRI) Project (Pearl Petroleum Company Limited) (continued)

Dana Gas's share of gross production in the KRI for 2015 was 10.7 MMboe, i.e. averaging 29.3 thousand BOE per day (2014: 10.4 MMboe, averaging 28.5 thousand BOE per day).

Dana Gas share of collections for the year stood at USD 43 million (AED 158 million), compared to USD 34 million (AED 125 million) in 2014. Upon expiry of the direct local sales contract, KRG had 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. At year end, Dana Gas' 35% share of trade receivable balance stood at USD 727 million (AED 2,665 million) – (Dana Gas 40% - 2014: USD 746 million / AED 2,734 million).

c) Zora Gas Field

The Zora gas field lies partly in the Sharjah Western Offshore Concession area and extends into the adjacent Ajman Concession area with approximately 50% of the volume on each side as agreed under the initial unitization agreement. The project will produce slightly sour rich gas from the Zora gas field to a new onshore gas processing plant that has been built within the Sharjah Hamriyah Free Zone.

The project includes the engineering, construction and installation of a new unmanned platform in approximately 24 meters of water depth located about 33 km offshore. The platform is connected by means of a 12" subsea and onshore pipeline system to the onshore gas processing plant where the gas will be processed.

Two lateral extended reach horizontal well bores have been drilled and all of the offshore works completed including the hook-up and commissioning of the platform topsides. The pipeline including both the offshore and onshore sections has been commissioned. The onshore plant pre-commissioning and commissioning works have also been completed and the project achieved first gas in January 2016.

The project cost is partly financed through a USD 100 million Term Facility that was signed on 25 June 2014 through a syndicate of four regional banks ENBD, CBI, CBD and Barwa Bank. This facility contributed the debt component of the financing needed to complete the project and to bring the Zora gas field on-stream. The financial close was achieved for the said Term facility on 16 March 2015 and was fully drawn down by 30 November 2015. The balance of the project cost was financed through equity.

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.

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 been operating up to its full capacity during 2015.

DANA GAS PJSC

Report of the Directors

Arbitration Cases

On 21 October 2013, Dana Gas, along with Crescent Petroleum and Pearl Petroleum (the Consortium which holds petroleum rights in the KRI), together “the Claimants”, commenced international arbitration proceedings at the London Court of International Arbitration (LCIA), in accordance with the dispute resolution mechanism of the agreement signed with the Kurdistan Regional Government (KRG) on 04 April 2007 and governed by English Law.

With effect from June 2013, the date upon which the Claimants initiated mediation proceedings with the LCIA, the KRG ceased making any payments for the liquid products that it continued to lift and sell from the Khor Mor plant. On 21 March 2014, the Consortium filed an interim measures application with the Tribunal. The Consortium was successful in its application to the Tribunal for interim measures and the Tribunal made an order on 10 July 2014 for the KRG to restore the previous regular payments to the Consortium as of 21 March 2014, the date of the application, and until the case is concluded.

The KRG failed to comply with and challenged the Tribunal’s order, although from September 2014, the Company was permitted to commence local sales of condensate and LPG to third parties. On 17 October 2014, the Tribunal dismissed the KRG’s challenge and re-affirmed its order for interim measures of 10 July 2014. In addition, the Tribunal ordered the KRG to pay the Consortium USD 100 million within a timeframe of 30 days (by 17 November 2014). In default of its legal obligations, the KRG failed to make payment by the stipulated deadline. Consequently, the Tribunal’s order became peremptory in nature, enabling its enforcement by the English High Court. On 12 December 2014, and with the Tribunal’s permission, an application to the English High Court was made for the enforcement of the order, with the prospect of sanctions being imposed on the KRG for non-compliance. The English High Court heard the Claimants’ application for the enforcement of the order during a hearing on 28 and 29 October 2015.

On 20 November 2015, the High Court handed down its decision, in which it enforced the Peremptory Order and ordered the KRG to pay the Peremptory Order within 14 days. Following receipt of the judgement, the KRG applied to challenge the Court’s order, by way of seeking (1) a discharge of the Peremptory Order; (2) an appeal; and (3) alternatively, an extension of time to pay the Peremptory Order. At the same time as the KRG made its application it also applied to the Tribunal to discharge the Peremptory Order. At the hearing before the Court on 17 December 2015, the Court decided to (1) adjourn the discharge application to allow the Tribunal to decide whether or not the Peremptory Order should be discharged; (2) refused permission for the KRG to appeal; and (3) extended the time for the KRG to pay the Peremptory Order to 26 February 2016. However, as a condition of this extension, the Court ordered the KRG to pay in the meantime 3 installments of USD 8 million each by 31 December 2015, 15 January 2016 and 19 February 2016 to the Consortium. All three instalments have been paid.

The KRG has also applied to the Tribunal to discharge the Peremptory Order, which was the subject of a short hearing before the Tribunal on 8 January 2016. On 15 January 2016, the Tribunal handed down its decision rejecting the KRG application to discharge the Peremptory Order and confirming the payment date of 26 February 2016.

On 18 February 2016, the KRG applied for permission to appeal to the Court of Appeal various aspects of the High Court orders relating to the enforcement of the Peremptory Order. The Court of Appeal determined that the question of whether permission should be given to allow the KRG to appeal should be determined at an oral hearing on a date to be fixed possibly within 3 months. In the meantime, the Court of Appeal ordered that (1) the date for payment of the US\$100 million be deferred from 26 February 2016 until after the outcome of the hearing; and (2) in the meantime, the KRG should continue to pay the Claimants US\$8 million on the 15th of each month.

In relation to the arbitration proceedings on merits a one-week hearing took place in London commencing 20 April 2015 at which selected issues in the arbitration were considered.

DANA GAS PJSC

Report of the Directors

Arbitration Cases (continued)

On 3 July 2015, the Arbitral Tribunal issued a Partial Final Award dated 30 June 2015 ("First PFA") confirming the Consortium's contractual rights including a number of important issues addressed at the 20 April 2015 hearing. Among other things, the First Partial Final Award confirmed:

- The Consortium's exclusive long-term rights to develop and produce gas and petroleum from both the Khor Mor and Chemchemal fields for the duration of the Contract, being not less than 25 years.
- The KRG's contractual obligation to pay the Consortium for the produced condensate and LPG at international prices, including the pricing methodology for each.
- That Dana Gas and Crescent Petroleum were entitled to farm out part of their own interests to MOL and OMV, and that the KRG was not entitled to a share of the farm-out proceeds.

On 21 September 2015, a one-day hearing was held during which the Consortium made an application to the Tribunal for monetary award of USD1.963 billion against the KRG, being the outstanding unpaid invoices (as of 30 June 2015) for the produced condensate and LPG calculated as per the pricing methodology determined by the Tribunal in the First Partial Final Award. The Tribunal considered the parties' claims and their submissions. On 27 November 2015, the Tribunal handed down its Second Partial Final Award ("Second PFA") in which it ordered the KRG to pay the Consortium within 28 days (i.e. by 26 December 2015) the sum of USD1.963 billion for outstanding unpaid invoices for the produced condensate and LPG up to 30 June 2015, as per the pricing methodology already determined by the Tribunal in the First PFA.

The Second PFA is final, binding and internationally enforceable, and does not depend upon any further hearings or the parties' outstanding claims and counter-claims that are yet to be determined in the arbitration.

The KRG has not yet paid the USD 1.963 billion, and on 22 December 2015, launched a challenge to the Second PFA in the English High Court on the limited procedural grounds allowed for in arbitration. The Consortium and their legal advisors are of the view that the challenge is without merit and will fail. This challenge in any case does not freeze the obligation of the KRG to pay.

The Consortium's entitlement to receivables in respect of Excess Gas and substantial damage claims (estimated at over USD15 billion) for wrongful interference with the Consortiums long term rights over the Khor Mor and Chemchemal fields (as affirmed by the First PFA) will be determined (along with other outstanding claims) in a subsequent hearing, which is scheduled to commence on 5 September 2016. This hearing will also address the various counterclaims alleged by the KRG for more than USD 3 billion against the Consortium, all of which the Consortium and their legal advisors believe are without merit.

In December 2010, Dana Gas PJSC and Crescent Petroleum Company International Limited (the "Claimants") initiated arbitration proceedings before an arbitration tribunal in London alleging that RWEST (the "Respondent") had breached certain confidentiality agreements between the parties. On 10 March 2015, the Tribunal held that Respondent's breaches of the confidentiality agreements had harmed the Claimants' interests in the KRI. On 27 November 2015, the Claimants reached a mutually satisfactory and confidential settlement with RWEST. As part of the settlement, Dana Gas transferred an equity interest of 5% in Pearl Petroleum to RWE Middle East Holdings BV. Dana Gas' shareholding in Pearl Petroleum is consequently now 35%.

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 Arbitration 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 obligated to deliver gas under the Contract since December 2005. Crescent Petroleum has since informed Dana Gas that the final hearing for determination of the damage claims against NIOC for non-performance of the contract has now been fixed by the Tribunal for the 1 September 2016 in The Hague.

DANA GAS PJSC
Report of the Directors

Directors

The Directors who served during the year were:

1. H.H. Sheikh Ahmed Bin Sultan Al-Qasimi, Honorary Chairman
2. Mr. Hamid Dhiya Jafar, Chairman (from 30 April 2015)
3. Mr. Rashid Saif Al-Jarwan, Deputy Chairman (from 30 April 2015)
4. Dr. Patrick Allman-Ward, Chief Executive Officer
5. H.E. Sheikh Sultan Bin Ahmed Bin Sultan Al-Qasimi
6. Mr. Abdullah Ali Al Majdouie
7. Mr. Majid Hamid Jafar
8. Mr. Nasser Al Nowais
9. Mr. Said Arrata
10. Mr. Varoujan Nerguizian
11. Mr. Ziad Abdulla Ibrahim Galadari
12. Mr. Hani Abdulaziz Hussein (from 30 April 2015)
13. Ms. Fatima Obaid Al-Jaber (from 30 April 2015)
14. Dr. Adel Khalid Al-Sabeeh, Chairman (to 30 April 2015)
15. Dr. Tawfeeq Abdulrahman Almoayed, Deputy Chairman (to 30 April 2015)
16. Mr. Abdulaziz Hamad Aljomaih (to 30 April 2015)
17. Mr. Ahmed Al Midfa (to 30 April 2015)
18. Mr. Ahmed Rashid Al Arbeed (to 30 April 2015)
19. Mr. Khalid Abdul Rahman Saleh Al-Rajhi (to 30 April 2015)
20. Mr. Rashad Mohammed Al-Zubair (to 30 April 2015)
21. Mr. Salah Al Qahtani (to 30 April 2015)

Auditors

The financial statements have been audited by Ernst & Young who retire and, being eligible, offer themselves for reappointment

On behalf of the Board of Directors

Director

23 March 2016

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Dana Gas PJSC and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (IASB), and in compliance with the applicable provisions of the articles of association of Dana Gas PJSC and the UAE Federal Law No. (2) of 2015, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matters

- (i) We draw attention to notes 12 (b) and 14 to the consolidated financial statements which discloses that the continued delay in commencement of gas supplies has prompted a key supplier of the Group to initiate arbitration proceedings against its ultimate supplier; and
- (ii) We also draw attention to note 15 to the consolidated financial statements which discloses arbitration proceedings entered into with the Kurdistan Regional Government of Iraq.

Our opinion is not qualified in respect of the above matters.



Building a better
working world

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANA GAS PJSC
(continued)**

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 and the Articles of Association of the company;
- iii) the Company has maintained proper books of account;
- iv) the financial information included in the Report of the Directors is consistent with the books of account of the Company;
- v) the Company has not purchased or invested in any shares or stocks during the financial year ended 31 December 2015;
- vi) note 31 reflects material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2015 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2015; and
- viii) note 35 reflects the social contributions made during the year.

Ernst & Young

Signed by
Thodla Hari Gopal
Partner
Registration No. 689

23 March 2016

Sharjah, United Arab Emirates

Dana Gas PJSC and Subsidiaries

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Notes	2015		2014	
		USD mm	AED mm	USD mm	AED mm
Revenue	5	417	1,529	683	2,504
Royalties	5	(146)	(535)	(207)	(759)
Net revenue	5	271	994	476	1,745
Operating costs		(56)	(205)	(55)	(202)
Depreciation and depletion	11	(89)	(326)	(118)	(433)
Gross profit		126	463	303	1,110
General and administration expenses		(23)	(84)	(28)	(102)
Other income	6	208	762	-	-
Investment and finance income	7	130	476	3	11
Provision for surplus over entitlement	28	(153)	(561)	-	-
Provision for impairments		(24)	(88)	(22)	(81)
Other expenses		(8)	(29)	(4)	(15)
Change in fair value of investment property	13	(1)	(4)	(1)	(4)
Share of loss of a joint venture	14	(7)	(26)	(1)	(4)
Exploration expenses		(14)	(51)	(1)	(4)
Finance cost	8	(77)	(282)	(73)	(267)
PROFIT BEFORE INCOME TAX		157	576	176	644
Income tax expense	9	(13)	(48)	(51)	(187)
PROFIT FOR THE YEAR		144	528	125	457
PROFIT ATTRIBUTABLE TO:					
- Equity holders of the parent		146	535	125	457
- Non-controlling interest		(2)	(7)	-	-
		144	528	125	457
EARNINGS PER SHARE:					
- Basic earnings per share (USD/AED per share)	10	0.021	0.077	0.018	0.066
- Diluted earnings per share (USD/AED per share)	10	0.019	0.072	0.017	0.064

The attached notes 1 to 35 form part of these consolidated financial statements.

Dana Gas PJSC and Subsidiaries

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015		2014	
	USD mm	AED mm	USD mm	AED mm
Profit for the year	144	528	125	457
Other comprehensive income:				
<i>Other comprehensive income to be classified to income statement in subsequent periods:</i>				
Gain/ (loss) on available-for-sale financial asset (note 18)	-	-	(26)	(94)
<i>Other comprehensive income not to be reclassified to income statement in subsequent periods:</i>				
Gain/ (loss) on available-for-sale financial asset (note 18)	3	11	-	-
Net amount transferred from other reserve (available-for-sale financial asset)	12	44	-	-
Other comprehensive income / (loss) for the year	15	55	(26)	(94)
Total comprehensive income for the year	159	583	99	363
ATTRIBUTABLE TO:				
- Equity holders of the parent	161	590	99	363
- Non-controlling interest	(2)	(7)	-	-
	159	583	99	363

The attached notes 1 to 35 form part of these consolidated financial statements.

Dana Gas PJSC and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

		2015		2014	
	Notes	USD mm	AED mm	USD mm	AED mm
ASSETS					
Non-current assets					
Property, plant and equipment	11	1,032	3,784	948	3,474
Intangible assets	12	748	2,741	728	2,669
Investment property	13	25	91	26	95
Interest in joint ventures	14	559	2,048	566	2,074
		<u>2,364</u>	<u>8,664</u>	<u>2,268</u>	<u>8,312</u>
Current assets					
Inventories	16	53	194	51	187
Trade and other receivables	17	1,017	3,728	1,049	3,844
Available-for-sale financial asset	18	-	-	51	187
Financial assets at fair value through profit or loss	19	8	29	9	33
Cash and bank balance	20	470	1,723	184	674
		<u>1,548</u>	<u>5,674</u>	<u>1,344</u>	<u>4,925</u>
TOTAL ASSETS		<u>3,912</u>	<u>14,338</u>	<u>3,612</u>	<u>13,237</u>
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Parent					
Share capital	21	1,901	6,969	1,899	6,961
Statutory reserve	22	108	395	93	340
Legal reserve	22	108	395	93	340
Retained earnings		693	2,540	578	2,119
Other reserves	23	2	7	(14)	(51)
Convertible bonds- equity component	25	58	212	58	212
Attributable to equity holders of the Parent		<u>2,870</u>	<u>10,518</u>	<u>2,707</u>	<u>9,921</u>
Non-controlling interest		<u>1</u>	<u>4</u>	<u>3</u>	<u>11</u>
Total equity		<u>2,871</u>	<u>10,522</u>	<u>2,710</u>	<u>9,932</u>
Non-current liabilities					
Borrowings	25	810	2,969	748	2,741
Provisions	26	16	59	19	69
		<u>826</u>	<u>3,028</u>	<u>767</u>	<u>2,810</u>
Current liabilities					
Borrowings	25	51	187	-	-
Trade payables and accruals	27	150	550	135	495
Provision for surplus over entitlements (net)	28	14	51	-	-
		<u>215</u>	<u>788</u>	<u>135</u>	<u>495</u>
Total liabilities		<u>1,041</u>	<u>3,816</u>	<u>902</u>	<u>3,305</u>
TOTAL EQUITY AND LIABILITIES		<u>3,912</u>	<u>14,338</u>	<u>3,612</u>	<u>13,237</u>

Director
23 March 2016

Director
23 March 2016

The attached notes 1 to 35 form part of these consolidated financial statements.

Dana Gas PJSC and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

		2015		2014	
	Notes	USD mm	AED mm	USD mm	AED mm
OPERATING ACTIVITIES					
Profit before income tax		157	576	176	644
Adjustments for:					
Depreciation and depletion	11	89	326	118	433
Other income		(33)	(121)	-	-
Investment and finance income	7	3	11	(3)	(11)
Provision for impairments		24	88	22	81
Change in fair value of investment property	13	1	4	1	4
Share of loss of a joint venture	14	7	26	1	4
Finance costs		77	282	73	267
Board compensation		-	-	(3)	(11)
		325	1,192	385	1,411
Changes in working capital:					
Trade and other receivables		(101)	(370)	(244)	(895)
Inventories		(9)	(33)	10	37
Trade payables and accruals		(13)	(48)	1	4
Provision for surplus over entitlement		14	51	-	-
Net cash generated from operating activities		216	792	152	557
Income tax paid	9	(13)	(48)	(51)	(187)
Net cash flows generated from operating activities		203	744	101	370
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(156)	(571)	(84)	(308)
Expenditure on intangible assets		(25)	(92)	-	-
Proceeds from disposal of interest in joint operation		162	593	-	-
Proceeds from disposal of available-for-sale financial asset		54	198	18	66
Investment and finance income received		5	18	6	22
Investment redeemed during the year		1	4	-	-
Proceeds from sale of Komombo		-	-	3	11
Un-claimed acquisition cost - Centurion		-	-	3	11
Net cash flows from/ (used in) investing activities		41	150	(54)	(198)
FINANCING ACTIVITIES					
Proceeds from borrowings		143	524	-	-
Repurchase of Sukuk		(24)	(88)	-	-
Repayment of loans		(8)	(29)	-	-
Finance costs paid		(69)	(254)	(67)	(246)
Deposit – Murabaha facility	20	(29)	(106)	-	-
Net cash flow from/ (used in) financing activities		13	47	(67)	(246)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		257	941	(20)	(74)
Cash and cash equivalents at the beginning of the year	20	184	674	204	748
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20	441	1,615	184	674

The attached notes 1 to 35 form part of these consolidated financial statements.

Dana Gas PJSC and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

Attributable to the equity holders of the parent

	Share capital		Statutory reserve		Legal reserve		Retained earnings		Other reserves		Convertible bonds-equity component		Non-controlling interest		Total	
	USD	AED	USD	AED	USD	AED	USD	AED	USD	AED	USD	AED	USD	AED	USD	AED
	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm	mm
As at 1 January 2014	1,801	6,602	80	293	80	293	482	1,767	16	58	81	297	3	11	2,543	9,321
Profit for the year	-	-	-	-	-	-	125	457	-	-	-	-	-	-	125	457
Other comprehensive income	-	-	-	-	-	-	-	-	(26)	(94)	-	-	-	-	(26)	(94)
Total comprehensive income for the year	-	-	-	-	-	-	125	457	(26)	(94)	-	-	-	-	99	363
Transfer to reserves (note 22)	-	-	13	47	13	47	(26)	(94)	-	-	-	-	-	-	-	-
Reclassification of previously recognised gain on disposal of available-for-sale financial asset	-	-	-	-	-	-	-	-	(3)	(11)	-	-	-	-	(3)	(11)
Conversion of Sukuk (note 25)	97	355	-	-	-	-	-	-	-	-	(23)	(85)	-	-	74	270
Issuance of shares to employees	1	4	-	-	-	-	-	-	(1)	(4)	-	-	-	-	-	-
Board compensation	-	-	-	-	-	-	(3)	(11)	-	-	-	-	-	-	(3)	(11)
As at 31 December 2014	1,899	6,961	93	340	93	340	578	2,119	(14)	(51)	58	212	3	11	2,710	9,932
Profit for the year	-	-	-	-	-	-	146	535	-	-	-	-	(2)	(7)	144	528
Other comprehensive income	-	-	-	-	-	-	-	-	15	55	-	-	-	-	15	55
Total comprehensive income for the year	-	-	-	-	-	-	146	535	15	55	-	-	(2)	(7)	159	583
Transfer to reserves (note 22)	-	-	15	55	15	55	(30)	(110)	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	(1)	(4)	1	4	-	-	-	-	-	-
Share based payment	-	-	-	-	-	-	-	-	2	7	-	-	-	-	2	7
Issuance of shares to employees	2	8	-	-	-	-	-	-	(2)	(8)	-	-	-	-	-	-
As at 31 December 2015	1,901	6,969	108	395	108	395	693	2,540	2	7	58	212	1	4	2,871	10,522

The attached notes 1 to 35 form part of these consolidated financial statements.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

1 CORPORATE INFORMATION

Dana Gas PJSC ("Dana Gas" or the "Company") was incorporated in the Emirate of 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 shares are listed on the Abu Dhabi Securities Exchange (ADX).

The Company, its subsidiaries, joint operations and joint ventures constitute the Group (the "Group"). The Group is engaged in the business of exploration, production, ownership, transportation, processing, distribution, marketing and sale of natural gas and petroleum related products, including the development of gas related projects and services.

The Company's registered head office is at P. O. Box 2011, Sharjah, United Arab Emirates with presence in Bahrain, Cairo, Kurdistan Region of Iraq and London.

The UAE Federal Law No. 2 of 2015 ("Companies Law") has come into effect from 28 June 2015. The Company has twelve months from the effective date of the Companies Law to comply with its provisions (the "transitional provisions") and the Company has availed these transitional provisions.

Principal subsidiaries and joint arrangements of the Group at 31 December 2015 and the Company percentage of ordinary share capital or interest are set out below:

<i>Subsidiaries</i>	<i>%</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Dana Gas LNG Ventures Limited	100	British Virgin Islands	Oil and Gas exploration & production
Dana Gas Egypt	100	Barbados	Oil and Gas exploration & production
Dana Gas Exploration FZE	100	UAE	Oil and Gas exploration & production
Sajaa Gas Private Limited Company ("SajGas")	100	UAE	Gas Sweetening
United Gas Transmissions Company Limited ("UGTC")	100	UAE	Gas Transmission
Danagaz (Bahrain) WLL	66	Bahrain	Gas Processing
<i>Joint Operations</i>	<i>%</i>	<i>Area of operation</i>	<i>Principal activities</i>
Pearl Petroleum Company Limited ("Pearl Petroleum")	35	Kurdistan Region of Iraq	Oil and Gas exploration & production
UGTC/ Emarat JV	50	Emirate of Sharjah	Gas Transmission
<i>Joint Ventures</i>	<i>%</i>	<i>Country/Area of operation</i>	<i>Principal activities</i>
Egyptian Bahraini Gas Derivative Company ("EBGDCO")	26.4	Egypt	Gas Processing
Crescent National Gas Corporation Limited ("CNGCL")	35	Emirate of Sharjah	Gas Marketing
GASCITIES Ltd	50	MENASA	Gas Cities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment property, available-for-sale financial asset and financial assets at fair value through profit or loss account that have been measured at fair value. The consolidated financial statements are presented in United States Dollars (USD), which is the Company's functional currency, and all the values are rounded to the nearest million (USD mm) except where otherwise indicated. The United Arab Emirates Dirhams (AED) amounts have been presented solely for the convenience to readers of the consolidated financial statements. AED amounts have been translated at the rate of AED 3.6655 to USD 1.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

New and amended standards adopted by the Group

The following standards and amendments have been adopted by the Group for the first time effective for the financial year beginning on or after 1 January 2015. The nature and the impact of each new standard and amendment are described below, which did not have a material impact on the consolidated financial statements of the Group. Several other amendments apply for the first time in 2015, however, they do not impact the consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective. Other than the changes described below, accounting policies adopted are consistent with those of the previous financial year:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual improvements 2010-2012 Cycle

With the exception of the improvement relating to IFRS 2 Share-based payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting period beginning on or after 1 July 2014. The Group has also applied these improvements for the first time in these consolidated financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

These amendments did not impact the Group's financial statements or accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy and thus this amendment did not impact the Group's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment is not relevant for the Group as it does not have any revaluation reserve.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination. This amendment did not impact the accounting policy of the Group.

Standards, amendments and interpretations issued but not yet effective

The standards, amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Groups' financial statements are disclosed below. These standards and interpretations will become effective for annual periods beginning on or after the dates as respectively mentioned there against. The Group intends to adopt these standards, if applicable, when they become effective.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards, amendments and interpretations issued but not yet effective (continued)

- IFRS 9 Financial Instruments (1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (1 January 2018)
- IFRS 16 Leases (1 January 2019)
- Amendments to IFRS 11 Joint Arrangements (1 January 2016)
- Amendments to IAS 16 Property, Plant and Equipment (1 January 2016)
- Amendments to IAS 38 Intangible Assets (1 January 2016)
- Amendments to IAS 41 Agriculture (1 January 2016)
- Amendments to IAS 27 Separate Financial Statements (1 January 2016)
- Amendments to IFRS 10 Consolidated Finance Statements (1 January 2016)
- Amendments to IAS 28 Investments in Associates and Joint Ventures (1 January 2016)
- Annual Improvements 2012-2014 Cycle (1 January 2016), including:
 - IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
 - IFRS 7 *Financial Instruments: Disclosures*
 - IAS 19 *Employee Benefits*
 - IAS 34 *Interim Financial Reporting*
- Amendments to IAS 1 Presentation of Financial Statements (1 January 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (1 January 2016)

These standards, interpretations and improvements are not expected to have a material impact on the financial statements of the Group.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2015.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

Where the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement(s) with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

(a) Subsidiaries (continued)

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gain or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Inter-company transactions, balances and unrealised gains on transaction between Group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

(e) Joint arrangements

The Group has applied IFRS 11 to all joint arrangements as of 1 January 2013. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

(e) Joint arrangements (continued)

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interest in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from sale of its share of the output arising from the joint operations
- Share of the revenue from the sale of the output by the joint operations
- Expenses, including its share of any expenses incurred jointly.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating decision-maker. The Chief Operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD which is the Company's functional currency and AED is presented as the Group's presentation currency for the convenience of the users of the consolidated financial statements.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in other comprehensive income.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each items of financial position presented are translated at the closing rate at the date of statement of financial position;
- b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- c) all resulting exchange differences are recognised in other comprehensive income.

Property, plant and equipment

Property, plant and equipment is stated at cost net of accumulated depreciation and/or accumulated impairment losses, if any. Land is not depreciated.

Depreciation is computed on a straight line basis over the estimated useful lives of the assets as follows:

Oil and gas properties	unit-of-production
Buildings	25 years
Gas plant	15 – 25 years
Pipelines & related facilities	25 years

Other assets:

Computers	2-3 years
Furniture and fixtures	3 years – 5 years
Vehicles	3 years – 5 years
Leasehold improvements	over the expected period of lease

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and adjusted prospectively if appropriate.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Capital work-in-progress is stated at cost. On commissioning, capital work-in-progress is transferred to property, plant and equipment and depreciated or depleted in accordance with Group policies.

Oil and gas assets

Oil and natural gas exploration and evaluation expenditures are accounted for using the 'successful efforts' method of accounting. Pre-license costs are expensed in the period in which they are incurred. License costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit. Exploration license and leasehold property acquisition costs are capitalised in intangible assets. Geological and geophysical costs are recognised in the income statement, as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Oil and gas assets (continued)

Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. If hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity which may include the drilling of further wells (exploration or exploratory-type stratigraphic test wells), are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to a technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proven reserves of oil and natural gas are determined and development is sanctioned, capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure. Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within oil and gas properties.

(a) Depletion

Oil and gas properties are depleted using the unit-of-production method. Unit-of-production rates are based on proved reserves, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods.

(b) Impairment – exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less cost to sell and their value in use. For the purpose of assessing impairment, the exploration and evaluation assets subject to testing are grouped with existing cash-generating units of production fields that are located in the same geographical region.

Intangible assets

Intangible assets acquired as part of a business combination relating to oil and gas properties are recognised separately from goodwill if the asset is separable or arises from contractual or legal rights and its fair value can be measured reliably.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually either individually or at the cash-generating unit level. When development in respect of the oil and gas properties is internally approved, the related amount is transferred from intangible assets to property, plant and equipment and depleted in accordance with the Group's policy. If no future activity is planned, the remaining balance is written off.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire and the fair value of the non-controlling interest in the acquire.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset or a cash generating unit (CGU) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's or CGU's recoverable amount. An asset's or CGU's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets in which case, the asset is tested as part of a large CGU to which it belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assumptions of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset or CGU is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables'.

Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting period. After initial measurement, AFS investments are subsequently measured at fair value with unrealised gains or losses recognised as "other comprehensive income" in the AFS reserve (fair value reserve) until the investment is derecognised. At that time cumulative gain is recognised in other income and cumulative loss is recognised as finance costs and removed from AFS reserve.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value and transaction costs are expensed in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Available-for-sale financial assets (continued)

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gain or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'investment and finance income' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payment is established.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These includes the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

The Group assesses, at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent expenditure is added to the carrying value of investment properties when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the Group. Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance expenses and is charged to the consolidated income statement in the period in which it is accrued.

Subsequently investment properties are stated at fair value, which reflects market conditions at the reporting date. Any gains or loss arising from changes in fair values of investment properties are included in the income statement. Fair values are determined based on an annual evaluation performed by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase price, cost of production, transportation and other directly allocable expenses. Costs of spares and consumables are determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Trade and other receivables

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Trade payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Decommissioning liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of that particular asset. The cash flows are discounted at a current pre tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. The abandonment and site restoration costs initially recorded are depleted using the unit-of-production method based on proven oil and gas reserves. Subsequent revisions to abandonment and site restoration costs are considered as a change in estimates and are accounted for on a prospective basis.

Employees' end of service benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. With respect to its UAE national employees, the Group makes contributions to a pension fund established by the General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Income Taxes

In Egypt, the government receives production in lieu of income tax. The Group records this production as a current income tax expense.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of respective assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as finance cost in the income statement in the period in which they are incurred.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term.

Profit-bearing loans and borrowings

All profit-bearing loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs directly attributable to the borrowing. The effective profit rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument.

After initial recognition, profit-bearing loans and borrowings are subsequently measured at amortised cost using the effective profit rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Convertible bonds

Convertible bonds that can be converted into share capital at the option of the holder and are accounted for as compound financial instruments. The equity component of the convertible bonds is calculated as the excess of issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option.

Share based payment transactions

Certain employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for either equity instruments ("equity settled transactions") or restricted shares.

Restricted shares

Service-based restricted shares are granted at no cost to key employees and generally vest one third each year over a three year period from the date of grant. Restricted shares vest in accordance with the terms and conditions established by the Board of Directors and are based on continued service.

The fair value of service-based restricted shares is determined based on the numbers of shares granted and the closing price of the Company's common stock on the date of grant. The cost is being amortised on a straight line method, based on the vesting period.

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the consolidated statement of comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement. Amounts previously recognised in the consolidated statement of comprehensive income and accumulated in equity are reclassified to the consolidated income statement in the periods when the hedged item is recognised in the consolidated income statement, in the same line of the consolidated statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Net revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment, excluding royalties, discounts, rebates, and other sales taxes or duties. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sale of hydrocarbons

Revenue from sale of hydrocarbons is recognised when the significant risks and rewards of ownership are transferred to the buyer and the amount of revenue and the costs of the transaction can be measured reliably, which is considered to occur when title passes to the customer.

Finance income

Income from surplus funds invested with financial institutions and interest charged to debtors for overdue receivables is recognised as the profit/interest accrues.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and accompanying disclosures, and the disclosure of contingent asset and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates if different assumptions were used and different conditions existed. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Estimates and assumptions

The Group has identified the following areas where significant estimates and assumptions are required, and where if actual results were to differ, may materially affect the financial position or financial results reported in future periods. Changes in estimates are accounted for prospectively. Further information on each of these and how they impact the various accounting policies are described in the relevant notes to the consolidated financial statements. The Group based its assumptions and estimates on parameter available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- **Impairment of goodwill:** The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each cash-generating unit and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 was USD 308 million (2014: USD 308 million).
- **Recoverability of intangible oil and gas assets:** The Group assesses at each statement of financial position date whether there is any evidence of impairment in the carrying value of its intangible oil and gas assets. This requires management to estimate the recoverable value of its intangible oil and gas assets using estimates and assumptions such as long term oil prices, discount rates, operating costs, future capital requirements, decommissioning costs, explorations potentials, reserves and operating performance uncertainty. These estimates and assumptions are subject to risk and uncertainty. The carrying amount of such intangibles at 31 December 2015 was USD 151 million (2014: USD 124 million).
- The Group is entitled to further compensation and payments, however as of the reporting date these cannot be reasonably ascertained.
- The Group carries its investment property at fair value, with changes in fair values being recognised in the consolidated income statement. The Group engaged a firm of qualified independent property consultant to determine fair value reflecting market conditions at 31 December 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

- **Decommissioning costs:** Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.
- **Units of production depreciation of oil and gas properties:** Oil and gas properties are depreciated using the units of production (UOP) method over total proved reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates changes. Changes to prove reserves could arise due to changes in the factors or assumptions used in estimating reserves and are accounted for prospectively.
- **Exploration and evaluation expenditures:** The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment to determine whether it is likely that future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.
- **Hydrocarbon reserve and resource estimates:** Oil and gas properties are depreciated on a units UOP basis at a rate calculated by reference to total proved reserves determined in accordance with the Society of Petroleum Engineers' rules and incorporating the estimated future cost of developing those reserves. The Group estimates its commercial reserves based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the relevant commercial arrangements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs. The carrying amount of oil and gas properties at 31 December 2015 is shown in Note 12.

As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:

- The carrying value of oil and gas properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in profit or loss may change where such charges are determined using the UOP method, or where the useful life of the related assets change.
- Provisions for decommissioning may change as the changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

4 SEGMENTAL INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions. The CEO considers the business from a geographic perspective which is divided into three geographical units. The Group's financing and investments are managed on a Group basis and not allocated to segment.

Year ended 31 December 2015

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Revenue net of royalties	<u>4</u>	<u>125</u>	<u>142</u>	<u>271</u>
Gross profit				126
General and administration expenses				(23)
Other income				208
Investment and finance income				130
Provision for surplus over entitlement				(153)
Provision for impairments				(24)
Other expenses				(8)
Change in fair value of investment property				(1)
Share of loss of a joint venture				(7)
Exploration expenses				(14)
Finance cost				(77)
Profit before income tax				<u>157</u>
Income tax expense				<u>(13)</u>
PROFIT FOR THE YEAR				<u>144</u>
 Segment assets as at 31 December 2015	 <u>1,792</u>	 <u>1,105</u>	 <u>1,015</u>	 <u>3,912</u>
Segment liabilities as at 31 December 2015	<u>877</u>	<u>133</u>	<u>31</u>	<u>1,041</u>

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

4 SEGMENTAL INFORMATION (continued)

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Other segment information				
Capital expenditure:				
Intangible assets	-	38	-	38
Property, plant and equipment	150	46	-	196
Total	150	84	-	234
Depreciation, depletion & amortisation	2	75	12	89
Change in fair value of investment property	1	-	-	1
Provision for Impairments	14	10	-	24
Exploration expenses	-	14	-	14
Year ended 31 December 2014				
	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Revenue net of royalties	4	225	247	476
Gross profit				303
General and administration expenses				(28)
Investment and finance income				3
Provision for Impairment				(22)
Other expenses				(4)
Change in fair value of investment property				(1)
Share of loss of a joint venture				(1)
Exploration expenses written off				(1)
Finance costs				(73)
Profit before income tax				176
Income tax expense				(51)
PROFIT FOR THE YEAR				125
Segment assets as at 31 December 2014	1,392	1,124	1,096	3,612
Segment liabilities as at 31 December 2014	798	64	40	902

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

4 SEGMENTAL INFORMATION (continued)

	<i>United Arab Emirates USD mm</i>	<i>Egypt USD mm</i>	<i>Kurdistan Region of Iraq USD mm</i>	<i>Total USD mm</i>
Other segment information				
Capital expenditure:				
Intangible assets	-	21	-	21
Property, plant and equipment	62	39	-	101
Total	62	60	-	122
Depreciation, depletion & amortisation	2	103	13	118
Change in fair value of investment property	1	-	-	1
Provision for Impairment	-	22	-	22
Exploration expenses	-	1	-	1

5 REVENUE

	<i>2015 USD mm</i>	<i>2014 USD mm</i>
Gross revenue	413	679
Tariff fee	4	4
	417	683
Less: royalties	(146)	(207)
Net revenue	271	476

Royalties relate to Government share of production in Egypt.

Tariff fees relates to fixed pipeline capacity fees earned by UGTC.

6 OTHER INCOME

On 27 November 2015, in relation to the arbitration dispute between Dana Gas, Crescent Petroleum (CPCIL) and RWE SUPPLY & TRADING GmbH (RWE), in the London Court of International Arbitration, the parties reached an amicable and mutually beneficial settlement agreement with RWE to address all claims and bring the arbitration to a close. The settlement of arbitration including the sale of a 5% interest in Pearl by Dana Gas (refer Note 30) resulted in other income of USD 208 million. The Company is entitled to further confined payments from RWE only in case and in the amount dividends are distributed to RWE by Pearl (based on RWE's 10% equity share in Pearl). However, as of the reporting date a contingent payment (if any) cannot be reasonably ascertained.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

7 INVESTMENT AND FINANCE INCOME

	2015 USD mm	2014 USD mm
Interest on receivable (note 7a)	133	-
Loss on disposal of available for sale financial asset	(12)	(2)
Dividend income	2	4
Profit from bank deposits	4	1
Gain on buyback of Sukuk (note 25a)	3	-
Fair value gain on financial assets at fair value through profit or loss (note 19)	-	1
Loss on disposal of Komombo interest	-	(1)
	<u>130</u>	<u>3</u>

a) Interest on receivable

Pearl Petroleum ("Pearl") is contractually entitled to charge interest cost on overdue receivables from KRG. Previously, without giving up its contractual entitlement to actual interest costs, Pearl invoiced interest on overdue KRG invoices at the rate of LIBOR plus 2% which is not its full entitlement under the Authorisation in respect of interest on overdue receivables. In the absence of settlement of overdue invoices, Pearl decided to invoice the KRG on the basis of its full entitlement to interest on all unpaid invoices. During the year, the entitlement in respect of such interest on overdue receivables from the KRG has been recomputed by applying 9% interest (quarterly compounded) on 50% of the total overdue receivables, while the remaining 50% receivables have been subject to an interest rate of LIBOR plus 2% which is the minimum specified under the Authorisation.

Based on the above, Dana Gas share (35%) of the total interest on outstanding receivables (for condensate and LPG) from KRG as at 31 December stands at USD 133 million.

8 FINANCE COST

	2015 USD mm	2014 USD mm
Profit on Sukuk (note 25a)	70	70
Zora gas field project finance (note 25b)	4	3
Egypt equipment and building loan (note 25c & d)	1	-
Murabaha facility (note 25e)	1	-
Exchange loss	10	-
Less: Finance cost capitalised	(9)	-
	<u>77</u>	<u>73</u>

9 INCOME TAX EXPENSE

a) UAE

The Company is not liable to corporate income tax in its primary jurisdiction (UAE).

b) Egypt

The income tax expense in the statement of income relates to Dana Gas Egypt operations which is taxed at an average tax rate of 40.55% (2014: 40.55%). This tax is paid by Egyptian General Petroleum Corporation (EGPC)/Egyptian Natural Gas Holding Company (EGAS) on behalf of the Company from their share of production. Dana Gas Egypt does not have any deferred tax asset/liability at year end.

c) Kurdistan Region of Iraq

The Authorisation provides that corporate income tax in the Kurdistan Region of Iraq will be paid directly by the KRG to the relevant tax authorities on behalf of the company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

10 EARNINGS PER SHARE

(a) Basic earnings per share (EPS) is calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	2015	2014
Earnings:		
Net profit for the year - USD mm	146	125
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	6,964	6,888
EPS (Basic) – US Cents:	2.1	1.8

(b) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible sukuk and restricted shares. The convertible sukuk is assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the finance cost effect. For the restricted shares the total numbers of shares which will vest over the period are considered to calculate dilution.

	2015 USD mm	2014 USD mm
Earnings:		
Net profit for the year	146	125
Finance cost on exchangeable Sukuk	24	25
	170	150
Shares:		
Weighted average number of shares outstanding for calculating basic EPS- million	6,964	6,888
Adjustments for:		
Restricted shares (million)	19	2
Assumed conversion of exchangeable Sukuk (million)*	1,713	1,724
Weighted average number of ordinary shares for diluted earnings per share (million)	8,696	8,614
EPS (Diluted) – US Cents:	1.9	1.7

* As per the agreement, the conversion rate for the Convertible sukuk was set at a 50% premium to the 75 calendar day volume-weighted average price, measured over a period commencing on 1 December 2012 (with a floor of AED 0.75 and cap of AED 1.00). The initial effective exchange price for the convertible sukuk was determined on 13 February 2013 and has been fixed at AED 0.75 per share (floor price).

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

11 PROPERTY, PLANT AND EQUIPMENT

	Freehold land USD mm	Building USD mm	Oil and gas interests USD mm	Plant and equipment USD mm	Other assets USD mm	Pipeline & related facilities USD mm	Capital work-in- progress USD mm	Total USD mm
Cost:								
At 1 January 2015	14	12	847	366	34	119	292	1,684
Additions (net)	-	-	46	-	2	-	148	196
Transfer from intangible assets (note 12)	-	-	8	-	-	-	-	8
Disposal of interest in joint operations (note 30)	-	-	(8)	(26)	-	(12)	(2)	(48)
Impairment	-	-	(4)	-	-	-	-	(4)
Reclassification from inventory (note 16)	-	-	-	-	-	-	12	12
At 31 December 2015	14	12	889	340	36	107	450	1,848
Depreciation/ Depletion:								
At 1 January 2015	-	2	603	89	16	26	-	736
Depreciation/ depletion charge for the year	-	1	73	9	1	5	-	89
Disposal of interest in joint operations (note 30)	-	-	(1)	(6)	-	(2)	-	(9)
At 31 December 2015	-	3	675	92	17	29	-	816
Net carrying amount:								
At 31 December 2015	14	9	214	248	19	78	450	1,032
Capital Work in Progress comprises:	USD mm							
SajGas Plant and facilities	99							
UGTC Pipeline & related facilities	89							
Kurdistan Region of Iraq Project	11							
Sharjah Western Offshore (including Zora field)	251							
	450							

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

11 PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land USD mm	Building USD mm	Oil and gas interests USD mm	Plant and equipment USD mm	Other assets USD mm	Pipeline & related facilities USD mm	Capital work-in- progress USD mm	Total USD mm
Cost:								
At 1 January 2014	14	12	817	354	32	119	230	1,578
Additions	-	-	25	12	2	-	62	101
Transfer from intangible assets (note 12)	-	-	28	-	-	-	-	28
Impairment	-	-	(22)	-	-	-	-	(22)
Exploration cost	-	-	(1)	-	-	-	-	(1)
At 31 December 2014	14	12	847	366	34	119	292	1,684
Depreciation/ Depletion:								
At 1 January 2014	-	1	510	70	15	22	-	618
Depreciation/ depletion charge for the year	-	1	93	19	1	4	-	118
At 31 December 2014	-	2	603	89	16	26	-	736
Net carrying amount:								
At 31 December 2014	14	10	244	277	18	93	292	948
Capital Work in Progress comprises:	USD mm							
SajGas Plant and facilities	99							
UGTC Pipeline & related facilities	89							
Kurdistan Region of Iraq Project	3							
Sharjah Western Offshore (including Zora field)	101							
	292							

Impairment charge of USD 4 million (2014: USD 22 million) recognised during 2015 relates to oil and gas assets in Egypt. Sharjah Western offshore includes finance costs amounting to USD 9 million capitalised during the year.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

12 INTANGIBLE ASSETS

	<i>Oil and gas interests USD mm</i>	<i>Transmission & sweetening rights USD mm</i>	<i>Gas processing rights USD mm</i>	<i>Development cost USD mm</i>	<i>Goodwill USD mm</i>	<i>Total USD mm</i>
Cost at 1 January 2015	223	289	7	2	308	829
Less: impairment	(99)	-	-	(2)	-	(101)
At 1 January 2015	124	289	7	-	308	728
Additions	38	-	-	-	-	38
Transfer to property, plant and equipment (note 11)	(8)	-	-	-	-	(8)
Provision for impairment	(3)	-	(7)	-	-	(10)
At 31 December 2015	151	289	-	-	308	748

	<i>Oil and gas interests USD mm</i>	<i>Transmission & sweetening rights USD mm</i>	<i>Gas processing rights USD mm</i>	<i>Development cost USD mm</i>	<i>Goodwill USD mm</i>	<i>Total USD mm</i>
Cost at 1 January 2014	233	289	7	2	308	839
Less: impairment	(99)	-	-	(2)	-	(101)
At 1 January 2014	134	289	7	-	308	738
Additions - net	18	-	-	-	-	18
Transfer to property, plant and equipment (note 11)	(28)	-	-	-	-	(28)
At 31 December 2014	124	289	7	-	308	728

(a) Oil and Gas Interests

Oil and gas interests of USD 151 million relates to Dana Gas Egypt which has a number of concessions and development leases in Egypt as described below in more detail:

- El Wastani Development Lease – This development lease is held with a 100% working interest and represents approximately 10% of current production in Dana Gas Egypt. El Wastani production includes both gas and associated gas liquids. This lease has 13,017 acres of land included within its boundary and is located in the Nile Delta of Egypt.
- South El Manzala Development Leases – These development leases are held with a 100% working interest and are not currently producing. These development leases have 16,055 acres of land included within their boundaries and are located in the Nile Delta of Egypt.
- West El Manzala Development Leases (West El Manzala Concession) – These development leases are held with a 100% working interest. These development leases have 146,039 acres of land included within their boundaries and are located in the Nile Delta of Egypt. To date, eleven development leases are producing both natural gas and associated liquids representing approximately 75% of Dana Gas Egypt current production. The Egyptian Natural Gas Holding Company ("EGAS") approved new development lease for Balsam and Allium 1 in February 2014. EGAS initially approved the scope of new development lease for Begonia discovery during the second half of 2013 with formal approval in March 2015.
- West El Qantara Development Leases (West El Qantara Concession) – These development leases are held with a 100% working interest. These development leases have 4,324 acres of land included within their boundaries and are located in the Nile Delta of Egypt. EGAS, in February 2014, approved the scope of the Sama development lease amendment for West Sama-1 and approved also new development lease for Salma in July 2014. To date, two development leases are producing both natural gas and associated liquids representing approximately 15% of Dana Gas Egypt current production.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

12 INTANGIBLE ASSETS (continued)

(a) Oil and Gas Interests (continued)

- North Al Arish Offshore (Block-6) - In April 2013, Dana Gas Egypt was awarded a 100% working interest in the North El Arish Offshore (Block 6) concession area. The area is located offshore Nile Delta, in the eastern part of the Mediterranean Sea. As per the concession agreement, Dana Gas Egypt had to pay a signature bonus of USD 20 million to the Egyptian Natural Gas Holdings. This amount payable was offset against the outstanding receivables in January 2014. A 3D seismic acquisition was recently carried out in the Block, covering 1,830 full fold sq. Km.
- North Al Salhiya Onshore (Block-1) - In September 2014, Dana Gas Egypt was awarded a 100% working interest in the North El Salhiya Onshore (Block 1) concession area. The area is located onshore Nile Delta. As per the concession agreement, Dana Gas Egypt had to pay a signature bonus of USD 5 million to the Egyptian Natural Gas Holdings. This amount payable was offset against the outstanding receivables in January 2015.
- El Matariya Onshore (Block-3) - In September 2014, Dana Gas Egypt was awarded a 50% working interest in the El Matariya Onshore (Block 3) concession area. The area is located onshore Nile Delta. As per the concession agreement, Dana Gas Egypt will with BP as partner and operator will participate on a 50:50 basis. Dana Gas Egypt (50% share) had to pay a signature bonus of USD 7.5 million to the Egyptian Natural Gas Holdings. This amount payable was offset against the outstanding receivables in January 2015.

(b) Transmission and sweetening rights

Intangible assets include USD 289 million which represent the fair value of the rights for the transmission and sweetening gas and related products acquired by the Company through its shareholdings in SajGas and UGTC. The fair value of the rights acquired in 2005 was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships. The intangible assets will be amortised over 25 years from the date of commencement of commercial activity in accordance with the terms of the contracts to which they relate. Commercial activity has not yet commenced. In July 2010, National Iranian Oil Company (NIOC) introduced gas into its completed transmission network and Dana Gas' UGTC pipeline and SajGas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system which needs rectification. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC.

The Company was notified by Crescent Petroleum on 10 August 2014 that the Arbitration Tribunal has issued a Final Award for the merit phase of the proceedings, determining that the 25 year contract between it and NIOC is valid and binding upon the parties, and that NIOC has been obligated to deliver gas under the Contract since December 2005. Crescent Petroleum has since informed Dana Gas that the final hearing for determination of the damage claims against NIOC for non-performance of the contract has now been fixed by the Tribunal for the 1st September 2016 in The Hague.

In accordance with IAS 36 requirement relating to intangible assets not yet available for use, management had undertaken an impairment review of the intangible assets as at 31 December 2015. Management has reviewed the various inputs into the original valuation model and believes that the inputs into the original valuation model have not materially changed.

(c) Goodwill

Goodwill of USD 308 million relates to the acquisition of Dana Gas Egypt (previously known as Centurion) in January 2007 which enabled Dana Gas to acquire the upstream business qualification and therefore the rights to development. The recoverable amount of the above cash generating unit has been determined based on value in use calculation using cash flow projections approved by senior management up to a 20 year period or the economic limit of the producing field. The pre-tax discount rate applied to cash flow projections is 10% (2014: 10%). Cash flows are generated using forecasted production, capital and operating cost data over the expected life of each accumulation. Management believes that currently there is no reasonable change in assumptions used which would impact Goodwill.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

12 INTANGIBLE ASSETS (continued)

Key assumptions used in value in use calculations

The calculation of value in use for the oil and gas interest is most sensitive to the following assumptions:

- Financial returns;
- Discount rates;
- Oil prices; and
- Production profiles.

Financial returns: estimates are based on the unit achieving returns on existing investments (comprising both those that are currently cash flowing and those which are in exploration and development stage and which may therefore be consuming cash) at least in line with current forecast income and cost budgets during the planning period.

Discount rates: discount rates reflect management's estimate of the risks specific to the above unit. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

Oil prices: management has used an oil price assumption based internal estimates and available market data for the impairment testing of its individual oil & gas investments.

Production profiles: management has used its internally developed economic models of reserves and production as a basis of calculating value in use.

Sensitivity to changes in assumptions

The calculation for value in use for the oil and gas interest is most sensitive to the following assumptions:

- Discount rate

The Group generally estimates values in use for CGU using a discounted cash flow model. The future cash flows are discounted to their present value using a pre-tax discount rate of 10% (2014: 10%) that reflects current market assessments of the time value of money and the risks specific to the asset.

- Crude oil price

The future cash flows are sensitive to oil price. If the oil price forecast were to increase/decrease by 20%, the impairment charge would have been lower/higher by USD 55 million.

Further any change in discount rate and productions profiles will also have an impact on the impairment charge.

13 INVESTMENT PROPERTY

The movement in investment property during the year is as follows:

	2015 USD mm	2014 USD mm
Balance at 1 January	26	27
Change in fair value	(1)	(1)
Balance at 31 December	25	26

Investment property consists of industrial land owned by SajGas, a subsidiary, in the Sajaa area of the Emirate of Sharjah, United Arab Emirates. The Group considers a portion of land to be surplus to their operational requirements and will be used for earning rentals or held for capital appreciation.

Investment property is stated at fair value which has been determined based on a valuation performed by an independent firm of qualified property consultants, with reference to comparable market transactions. This valuation has resulted in a decrease in the fair value by USD 1 million (31 December 2014: decrease of USD 1 million) which was charged to the consolidated income statement.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

14 INTEREST IN JOINT VENTURES

The following table summarises the statement of financial position of the joint ventures as at 31 December 2015:

	<i>EBGDGO</i> <i>USD mm</i>	<i>Gas Cities</i> <i>USD mm</i>	<i>CNGCL</i> <i>USD mm</i>	<i>Total</i> <i>USD mm</i>
Current assets	11	-	-	11
Non-current assets	96	-	1	97
Current liabilities	(36)	(8)	(34)	(78)
Non-current liabilities	(64)	-	-	(64)
Equity	7	(8)	(33)	(34)
Group's share of net assets	2	(4)	(11)	(13)

The following table summarises the income statement of the joint ventures for the year ended 31 December 2015:

Revenue	16	-	-	16
Loss before tax	(9)	-	(3)	(12)
Loss for the year	(14)	-	(3)	(17)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	(14)	-	(3)	(17)
Group's share of loss for the year	(6)	-	(1)	(7)

The Joint ventures had no other contingent liabilities or capital commitments as at 31 December 2015 and 2014 except as disclosed in note 29.

The following table summarises the statement of financial position of the joint ventures as at 31 December 2014:

	<i>EBGDGO</i> <i>USD mm</i>	<i>Gas Cities</i> <i>USD mm</i>	<i>CNGCL</i> <i>USD mm</i>	<i>Total</i> <i>USD mm</i>
Current assets	14	1	-	15
Non-current assets	108	-	1	109
Current liabilities	(31)	(8)	(31)	(70)
Non-current liabilities	(69)	-	-	(69)
Equity	22	(7)	(30)	(15)
Group's share of net assets	8	(3)	(10)	(5)

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

14 INTEREST IN JOINT VENTURES (continued)

The following table summarises the income statement of the joint ventures for the year ended 31 December 2014:

	<i>EBGDGO</i> <i>USD mm</i>	<i>Gas Cities</i> <i>USD mm</i>	<i>CNGCL</i> <i>USD mm</i>	<i>Total</i> <i>USD mm</i>
Revenue	27	-	-	27
Loss before tax	-	-	(3)	(3)
Loss for the year	-	-	(3)	(3)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(3)	(3)
Group's share of loss for the year	-	-	(1)	(1)

Reconciliation of summarised financial information

Opening net investment as of 1 January 2014	8	(3)	562	567
Loss for the year	-	-	(1)	(1)
Net investment as of 31 December 2014	8	(3)	561	566
Loss for the year	(6)	-	(1)	(7)
Net investment as of 31 December 2015	2	(3)	560	559

Out of the total investment of USD 559 million, investment of USD 560 million relates to interest in CNGCL which represents the fair value of the rights for the purchase and sale of gas and related products acquired by the Company through its 35% interest in CNGCL. The fair value of the rights acquired in 2005 was determined by reference to valuation exercises undertaken by professionally qualified independent third parties based on the expected future cash flows arising from the underlying contractual relationships.

Commercial activity in CNGCL has not yet commenced. In July 2010, NIOC introduced gas into its completed transmission network and Dana Gas' UGTC pipeline and SajGas processing facilities in Sharjah for commissioning purposes. However, subsequently as it pressured up, NIOC discovered significant leaks in its offshore gas transmission system which needs rectification. Notwithstanding this, Crescent Petroleum is continuing with international arbitration to seek a ruling on its binding 25 years gas supply contract with NIOC.

The Company was notified by Crescent Petroleum on 10 August 2014 that the Arbitration Tribunal has issued a Final Award for the merit phase of the proceedings, determining that the 25 year contract between it and NIOC is valid and binding upon the parties, and that NIOC has been obligated to deliver gas under the Contract since December 2005. Crescent Petroleum has since informed Dana Gas that the final hearing for determination of the damage claims against NIOC for non-performance of the contract has now been fixed by the Tribunal for the 1st September 2016 in The Hague.

15 INTEREST IN JOINT OPERATIONS

(a) Kurdistan Region of Iraq Project

On 15 May 2009, Dana Gas and Crescent signed a Share Sale Agreement with OMV and MOL wherein an equity interest of 5% each was sold by Dana Gas and Crescent to OMV and MOL respectively. On 27 November 2015, Dana Gas and Crescent further transferred an equity interest of 5% each in Pearl Petroleum to RWE Middle East Holdings BV ("RWE") (note 30). Consequently, the shareholding interest in Pearl Petroleum is now as follows: 35% to Dana Gas, 35% to Crescent, 10% to OMV, 10% to MOL and 10% to RWE. In accordance with the terms of the Joint Venture Agreement dated May 15, 2009, the shareholders of Pearl Petroleum appointed Crescent and Dana Gas as Subcontract Operator to conduct the business of the Company on a no-profit, no-loss basis.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

15 INTEREST IN JOINT OPERATIONS (continued)

(a) Kurdistan Region of Iraq Project (continued)

Pearl Petroleum and its shareholders since 18 May 2009 are engaged in an ongoing dialogue with the Ministry of Natural Resources ("MNR") of the Kurdistan Regional Government ("KRG") as to the interpretation of the agreement with the KRG ("the Authorisation").

Failing satisfactory progress with that dialogue, Dana Gas, along with Crescent Petroleum and Pearl Petroleum (which holds petroleum rights in the Kurdistan Region of Iraq), together "the Claimants", commenced international arbitration proceedings on 21 October 2013 at the London Court of International Arbitration (LCIA), in accordance with the dispute resolution mechanism of the agreement signed with the KRG on 04 April 2007 and governed by English Law. The objective of the arbitration is to obtain confirmation of the long-term contractual rights for the development and marketing in respect of the Khor Mor and Chemchemal fields including the outstanding receivables owed by the MNR of KRG.

Following a hearing in London between 20-24 April 2015, on 3 July 2015, the Tribunal issued a Partial Final Award (dated 30 June 2015) confirming Pearl's long-term exclusive rights for the development and marketing in respect of the Khor Mor and Chemchemal fields, and its entitlement to be paid by KRG for condensate and LPG invoices at the contractually specified international prices. On 21 September 2015, a one-day hearing was held during which the Consortium made an application to the Tribunal for monetary award of USD1.963 billion against KRG, being the outstanding unpaid invoices (as of 30 June 2015) for the produced condensate and LPG calculated as per the pricing methodology determined by the Tribunal in the Partial Final Award. The Tribunal considered the parties' claims and their submissions made on 21 September 2015. On 27 November 2015, the Tribunal handed down its Second Partial Final Award ("Second PFA") in which it ordered the KRG to pay the Consortium within 28 days (i.e. by 26 December 2015) the sum of USD1.963 billion for outstanding unpaid invoices for the produced condensate and LPG up to 30 June 2015, as per the pricing methodology already determined by the Tribunal in the First PFA.

A final determination regarding the Consortium's entitlement in respect of Excess Gas will be made a subsequent phase of arbitration, scheduled to commence on 5 September 2016. In the meantime, KRG remains in default of the arbitration Tribunal's peremptory order to pay the Claimants USD100 million on an interim basis. Accordingly, the Claimants applied to the English Court for enforcement of this interim order. The English High Court heard the Claimants' application for the enforcement of the order during a hearing on 28 and 29 October 2015.

On 20 November 2015, the High Court handed down its decision, in which it enforced the Peremptory Order and ordered the KRG to pay the Peremptory Order within 14 days. Following receipt of the judgement, the KRG applied to challenge the Court's order, by way of seeking (1) a discharge of the Peremptory Order; (2) an appeal; and (3) alternatively, an extension of time to pay the Peremptory Order. At the same time as the KRG made its application it also applied to the Tribunal to discharge the Peremptory Order. At the hearing before the Court on 17 December 2015, the Court decided to (1) adjourn the discharge application to allow the Tribunal to decide whether or not the Peremptory Order should be discharged; (2) refused permission for the KRG to appeal; and (3) extended the time for the KRG to pay the Peremptory Order to 26 February 2016. However, as a condition of this extension, the Court ordered the KRG to pay in the meantime 3 installments of USD 8 million each by 31 December 2015, 15 January 2016 and 19 February 2016 to the Consortium. All three instalments have been paid.

The KRG has also applied to the Tribunal to discharge the Peremptory Order, which was the subject of a short hearing before the Tribunal on 8 January 2016. On 15 January 2016, the Tribunal handed down its decision rejecting the KRG application to discharge the Peremptory Order and confirming the payment date of 26 February 2016.

On 18 February 2016, the KRG applied for permission to appeal to the Court of Appeal various aspects of the High Court orders relating to the enforcement of the Peremptory Order. The Court of Appeal determined that the question of whether permission should be given to allow the KRG to appeal should be determined at an oral hearing on a date to be fixed possibly within 3 months. In the meantime, the Court of Appeal ordered that (1) the date for payment of the US\$100 million be deferred from 26 February 2016 until after the outcome of the hearing; and (2) in the meantime, the KRG should continue to pay the Claimants US\$8 million on the 15th of each month.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

15 INTEREST IN JOINT OPERATIONS (continued)

(a) Kurdistan Region of Iraq Project (continued)

The ultimate outcome of any arbitration or Court process is uncertain. The final outcome of the arbitration process, and related Court hearings, may have an impact on the carrying value of certain assets and liabilities on the statement of financial position including determination, under the terms of the Authorisation, of any amounts which may become due to KRG over and above Pearl Petroleum's entitlements. Pearl Petroleum and its shareholders have assessed the legal position with advice from their legal advisors and based on such legal advice are fully confident of the company's right under the Authorisation in accordance with applicable law, most of which have already been confirmed and upheld in the Tribunal's final and binding Partial Final Awards. Accordingly, they believe that there should not be a material adverse impact on the state of the Group or the carrying values of its assets or liabilities.

The following amounts represent the Group's 35% share (2014: 40%) of the assets and liabilities of the joint operation:

	<i>2015</i> <i>USD mm</i>	<i>2014</i> <i>USD mm</i>
Assets:		
Non-current assets	272	316
Current assets	743	780
Total Assets	<u>1,015</u>	<u>1,096</u>
Liabilities:		
Current liabilities	31	40
Net Assets	<u>984</u>	<u>1,056</u>
Income	142	247
Operating cost	(22)	(22)
Depreciation	(12)	(13)
Gross profit	<u>108</u>	<u>212</u>

(b) UGTC/ Emarat Joint Venture

The Group has a 50% interest in the UGTC/ Emarat jointly controlled operations which own one of the largest gas pipelines in the UAE (48 inch diameter) with an installed capacity of 1,000 MMscfd, to transport gas in the Emirates of Sharjah from Sajaa to Hamriyah. The following amounts represent the Group's 50% share of the assets and liabilities of the Joint Operations:

	<i>2015</i> <i>USD mm</i>	<i>2014</i> <i>USD mm</i>
Assets:		
Non-current assets	19	20
Current assets	26	21
Total Assets	<u>45</u>	<u>41</u>
Liabilities:		
Current liabilities	-	-
Net Assets	<u>45</u>	<u>41</u>
Income	4	4
Operating cost	(1)	(1)
Depreciation	(1)	(1)
Gross profit	<u>2</u>	<u>2</u>

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

16 INVENTORIES

	<i>2015</i> <i>USD mm</i>	<i>2014</i> <i>USD mm</i>
Spares and consumables	73	63
Less: provision for impairment of inventory	(8)	(12)
	<u>65</u>	<u>51</u>
Less: reclassification to property, plant and equipment (note 11)	(12)	-
	<u>53</u>	<u>51</u>

17 TRADE AND OTHER RECEIVABLES

	<i>2015</i> <i>USD mm</i>	<i>2014</i> <i>USD mm</i>
Trade receivables (net)	950	992
Prepaid expenses	2	2
Due from joint ventures	29	15
Other receivables	42	46
Less: provision for impairment of other receivables	(6)	(6)
	<u>1,017</u>	<u>1,049</u>

Trade receivables are interest bearing and are generally on 30-60 days credit period.

The Group's share of trade receivables in Pearl Petroleum is in respect of condensate and LPG deliveries amounting to USD 727 million (31 December 2014: 746 million) – refer note 15a.

Pearl Petroleum supplied 673,055 MMscf (715,583,287 MMbtu) of gas to KRG until December 2015 and invoiced KRG for gas supplied in excess of 200MMscf ("Excess Gas"). Invoices for Excess Gas for the period between January 2011 to May 2015 amount to USD1.498 billion (Dana Gas 35% share: USD 524.3 million). Revenue and receivables reported from January 2011 to 31 December 2015 does not include amounts invoiced for Excess Gas. Effective June 2015, Pearl Petroleum suspended issuance of further invoices to the KRG in respect of Excess Gas pending clarification of Pearl Petroleum's entitlement to receivables in respect of Excess Gas by the Tribunal in a subsequent hearing, which is expected to take place in 2016.

As at 31 December, the ageing analysis of trade receivables is as follows:

	<i>Total</i> <i>USD mm</i>	<i>Neither past due nor impaired</i> <i>USD mm</i>	<i>Past due but not impaired</i>				
			<i><30 days</i> <i>USD mm</i>	<i>30-60 days</i> <i>USD mm</i>	<i>61-90 days</i> <i>USD mm</i>	<i>91-120 days</i> <i>USD mm</i>	<i>>120 days</i> <i>USD mm</i>
2015	950	75	12	24	15	21	803
2014	992	113	17	51	64	52	695

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

18 AVAILABLE-FOR-SALE FINANCIAL ASSET

	2015 USD mm	2014 USD mm
At 1 January	51	100
Disposal	(54)	(23)
Change in fair value for the year (note 23)	3	(26)
	<u>-</u>	<u>51</u>

During the year, the Group sold its entire shareholding of 1,136,116 shares in MOL, at an average price of USD 47.7 per share (USD 54 million - net).

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 USD mm	2014 USD mm
Balance at 1 January	9	8
Investment redeemed during the year	(1)	-
Change in fair value	-	1
	<u>8</u>	<u>9</u>

This represents an investment in the Abraaj Infrastructure fund. The valuation is based on the latest indicative fair value of the fund as of 31 December 2015.

20 CASH AND BANK BALANCE

	2015 USD mm	2014 USD mm
Cash at bank and on hand		
- Local Banks within UAE	66	28
- Foreign Banks outside UAE	32	6
Short term deposits		
- Local Banks within UAE	343	76
- Foreign Banks outside UAE	-	74
	<u>441</u>	<u>184</u>
Cash and cash equivalent		
Deposit (Murabaha facility)	29	-
	<u>470</u>	<u>184</u>

Cash at bank earns profit at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one week and three months, depending on the immediate cash requirements of the Group, and earn profit at the respective short-term deposit rates. The fair value of cash and bank balance including short-term deposits is USD 470 million (2014: USD 184 million). The effective profit rate earned on short term deposits ranged 0.3% to 8.0% (2014: 0.45% to 2.0%) per annum. As at 31 December 2015, 87 % (31 December 2014: 56%) of cash and bank balance were held with UAE banks and the balance held outside UAE. Out of the total cash and bank balance of USD 470 million, 11% of the amount was held in Egyptian pounds (31 December 2014: 42%).

Deposit (Murabaha facility) is EGP pledged with Mashreq Bank PSC, Egypt branch against fully secured facility of USD 25 million (note 25 e). As per the arrangement, Dana Gas Egypt will maintain EGP deposit equal in value to 115% of the outstanding principal amount of loan in USD. The tenor of the facility is one year from the date of drawdown, which was completed on 9 April 2015. The pledged EGP deposit as of 31 December 2015 stood at USD 29 million in equivalent EGP.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

21 SHARE CAPITAL

	<i>2015</i> <i>USD mm</i>	<i>2014</i> <i>USD mm</i>
<i>Authorised:</i>		
6,968,616,114 (2014: 6,690,981,188) common shares of AED 1 each (USD 0.2728 each)		
<i>Issued and fully paid up:</i>		
6,968,616,114 (2014: 6,690,981,188) common shares of AED 1 each (USD 0.2728 each)	1,901	1,899

The conversion period for Exchangeable sukuk issued on 8 May 2013 commenced on 31 October 2013 and will expire 25 trading days prior to the scheduled redemption date of 31 October 2017. During this period sukuk holders have the right to convert all or part of the Exchangeable sukuk into ordinary shares of the Company. During the year 2014, the Company received voluntary early conversion notices for the Exchangeable sukuk amounting to USD 72,926,080. Accordingly, 357,094,708 ordinary shares calculated at a conversion price of AED 0.75 (nominal value of AED 1) were required to be delivered to satisfy the said voluntary early conversion notices. All the required ordinary shares of the Company were issued to satisfy the notices.

22 STATUTORY AND LEGAL RESERVE

	<i>Statutory reserve</i> <i>USD mm</i>	<i>Legal reserve</i> <i>USD mm</i>
At 1 January 2014	80	80
Transfer from net profit for the year	13	13
At 31 December 2014	93	93
Transfer from net profit for the year	15	15
At 31 December 2015	108	108

a) Statutory Reserve

In accordance with the U.A.E. Federal Commercial Companies Law No. (2) of 2015, as amended, the Group has established a statutory reserve by appropriation of 10% of the Group's net profit for each year. The allocation will cease by the decision of the Ordinary General Assembly as recommended by the Board of Directors or when the reserve equals 50% of the Company's paid up capital. This reserve is not available for distribution, except as stipulated by the law.

b) Legal Reserve

As per the Article of Association of the Company, 10% of the Group's net profit for each year will be allocated to Legal reserve. Such allocation will cease when the total reserve equals 50% of the Company's paid up capital.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

23 OTHER RESERVES

	<i>Share based reserve USD mm</i>	<i>Fair value reserve USD mm</i>	<i>Total USD mm</i>
At 1 January 2014	2	14	16
Disposal of available-for-sale financial asset	-	(3)	(3)
Change in fair value of available-for-sale financial asset (note 18)	-	(26)	(26)
Shares issued to employees	(1)	-	(1)
At 31 December 2014	1	(15)	(14)
Disposal of available-for-sale financial asset	-	12	12
Change in fair value of available-for-sale financial asset (note 18)	-	3	3
Transfer from Retained earnings	1	-	1
Share based reserve (note 24)	2	-	2
Shares issued to employees	(2)	-	(2)
At 31 December 2015	2	-	2

24 SHARE BASED PAYMENT

The Company operates a restricted shares plan details of which are as follows:

Restricted Shares

Awards under this plan are generally subject to vesting over time, contingent upon continued employment and to restriction on sale, transfer or assignment until the end of a specified period, generally over one to three years from date of grant. All awards may be cancelled if employment is terminated before the end of the relevant restriction period. The Group determines fair value of restricted shares unit based on the numbers of unit granted and the grant date fair value.

The charge recognised in the consolidated income statement under share based payment plans is shown in the following table:

	<i>2015 USD mm</i>	<i>2014 USD mm</i>
Expense arising from equity settled share-based payment transactions	2	-

25 BORROWINGS

	<i>2015 USD mm</i>	<i>2014 USD mm</i>
Non-current		
Ordinary Sukuk (a)	400	425
Convertible Sukuk (a)	329	323
Bank Borrowings – Zora Gas Field Project Finance (b)	64	-
Equipment loan (c)	12	-
Egypt Building loan (d)	5	-
	810	748
Current		
Bank Borrowings – Zora Gas Field Project Finance (b)	27	-
Bank Borrowings – Murabaha facility (e)	24	-
	51	-
Total Borrowings	861	748

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

25 BORROWINGS (continued)

a) EXCHANGEABLE SUKUK

In October 2007, the Group arranged to issue convertible Sukuk-al-Mudarabah (the "Sukuk") for a total value of USD 1 billion in the form of Trust Certificates through a special purpose company (the "Issuer"). The Sukuk, which were drawn up to conform to the principles of Islamic Sharia, were approved by the Company's shareholders at an Extraordinary General Meeting held in July 2007. Pursuant to the conditions of the Sukuk, the proceeds were used for the acquisition and development of assets (the "Mudarabah Assets") owned by Dana LNG Ventures Limited. The Sukuk matured on 31 October 2012 and had a profit rate of 7.5% payable quarterly from profits of the Mudarabah Assets. In 2008, Dana Gas purchased some of the Sukuk from the market with a nominal value of USD 80 million.

The Company announced on 10 December 2012 that a standstill and lockup agreement has been reached with an "Ad-Hoc committee" of Sukuk certificate holders for a refinancing transaction (the "Transaction") in relation to the Sukuk. The standstill and lockup agreement also includes a detailed set of terms, conditions and implementation schedule.

The Company launched the consent solicitation on 26 March 2013 to seek Sukuk holders consent in a meeting of Sukuk Certificate holders ("Sukuk holders EGM") to be held on 23 April 2013. Also, the Company issued an invitation to its Shareholders to attend the Extra Ordinary General Assembly ("Shareholders EGM") to consider and approve the Sukuk deal.

On 23 April 2013, both Sukuk holders EGM and Shareholders EGM approved the Sukuk refinancing deal. On 8 May 2013 successful completion was achieved and the Company made the cash pay-down of USD 69.9 million and paid the accrued profit from 31 October 2012 to 7 May 2013 amounting to USD 38.4 million. Following this, the Company also perfected the required securities and issued a compliance certificate dated 10 July 2013.

The salient features of the agreement were a reduction in the Company's outstanding Sukuk amount from USD 1 billion to USD 850 million via USD 70 million of cash pay-down and cancellation of another USD 80 million of the existing Sukuk already owned by the Company. The remaining USD 850 million will be split into two tranches being a USD 425 million Ordinary sukuk and USD 425 million Exchangeable Sukuk (together the "New Sukuks"), each with 5-year maturity to ensure long term financing. The Ordinary Sukuk and Exchangeable Sukuk have a profit rate of 9% and 7% per annum, respectively.

The Ordinary and Exchangeable sukuk are secured against the shares of Dana LNG Ventures Limited (BVI), Sajaa Gas Company Limited (Sharjah) and United Gas Transmission Company Limited (Sharjah). In addition to the above, the security package available to holders of the New Sukuks was enhanced by USD 300 million of value comprising security over certain receivables of the Company's Egyptian assets, Company's interest in Danagaz W.L.L. and Sajaa Gas industrial land.

As per the agreement, the conversion rate for the Exchangeable sukuk was set at a 50% premium to the 75 calendar day volume-weighted average price, measured over a period commencing on 1 December 2012 (with a floor of AED 0.75 and cap of AED 1.00). The initial effective exchange price for the exchangeable sukuk was determined on 13 February 2013 and has been fixed at AED 0.75 per share (floor price). The Company has the option to pay down the outstanding principal amount of the New Sukuks prior to the new maturity date of 31 October 2017, subject to the applicable call premium on the Ordinary Sukuk and the soft call provisions on the Exchangeable Sukuk. The Exchangeable sukuk at the option of the certificate holders can be exchanged into ordinary shares of the Company on or after 31 October 2013 until 25 trading days prior to the Scheduled Redemption Date.

During 2014, the Company received conversion notices for the Exchangeable Sukuk amounting to USD 72.9 million (please refer note 21 for details).

During the year, the Company has bought back Ordinary and Exchangeable Sukuk amounting to USD 24.9 million and USD 2.2 million (par value), respectively. All the bought back Sukuk were cancelled in accordance with the terms and conditions of the respective Sukuk.

As of 31 December 2015 par value of outstanding Ordinary and Exchangeable sukuk amounted to USD 400 million (2014: USD 425 million) and USD 350 million (2014: USD 352 million), respectively.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

25 BORROWINGS (continued)

a) EXCHANGEABLE SUKUK (continued)

The Exchangeable sukuk recognised in the statement of financial position is calculated as follows:

	2015 USD mm	2014 USD mm
Liability component at 1 January	323	390
Convertible sukuk converted into shares	-	(73)
Finance expense for convertible sukuk	32	32
Sukuk cancelled through buyback	(2)	-
Profit paid	(20)	(22)
	<u>333</u>	<u>327</u>
Current portion of profit classified under trade payables and accruals	(4)	(4)
	<u>329</u>	<u>323</u>

The conversion option embedded in the convertible instrument is valued at the issuance of the Exchangeable sukuk and disclosed separately under Equity – USD 58 million (2014: USD 58 million).

b) BANK BORROWINGS – ZORA GAS FIELD PROJECT FINANCE

On 25 June 2014, Dana Gas Explorations FZE (100% subsidiary of Dana Gas PJSC) entered into a Common Terms Agreement with Emirates NBD Bank, Commercial Bank International, Commercial Bank of Dubai and Barwa Bank (Lenders) for USD 100 million Term Facility for the Zora Field Development Project. Emirates NBD Bank will also act as the Global Facility Agent, Term Facility Agent, Security Agent and Account Bank while Barwa Bank will act as the Murabaha Investment Agent for the Shariah tranche of this loan.

The repayment for the Term Facility is over a period of 15 quarterly instalments and has already commenced from Q4 2015, subject to a cash sweep mechanism and carries variable rate of LIBOR + Margin during the repayment period.

Project Security covers, commercial mortgage over mortgage-able Zora gas field project assets (onshore & offshore), assignment of rights under Gas Sales Purchase Agreements, assignment of bank accounts, assignment of Zora Project Insurance proceeds, Project performance Guarantees from Contractors & Irrevocable Letter of Credits from Sharjah Petroleum Council. Dana Gas PJSC has pledged the shares of Dana Gas Explorations FZE in favor of security agent. Dana Gas PJSC is also a Guarantor for the entire tenure of the term facility.

	2015 USD mm
Loan facility	100
Less: Unamortised portion of loan arrangement fees	(2)
Less: Repayment during the year	(7)
	<u>91</u>
Net Loan facility	<u>91</u>
Loan facility is payable as follows:	
Within one year	27
After one year	64
	<u>91</u>
Loan facility	<u>91</u>

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

25 BORROWINGS (continued)

c) EQUIPMENT LOAN

Dana Gas Egypt ("DGE") has entered into a "Sale and Lease back" finance lease arrangement with Corporate Leasing Company Egypt SAE on 29 January 2015, for certain inventory equipment (casings, wellheads, piping etc.) that belong to DGE that have not been used till date. The total facility consisting of three contracts amounts to USD 12.6 million and have been fully drawn down up to 30 June 2015. After the full draw down an additional contract of USD 1.1 million (note 25d) was added to the facility thereby increasing the facility to USD 13.7 million. The payments are over a period of 29 quarters commencing from Quarter 3 2015 including grace period of 2 quarters for interest and principal.

d) EGYPT BUILDING LOAN

Pearl Properties Egypt ("PPE") has entered into a "Sale and Lease back" finance lease arrangement for Egypt Building with Corporate Leasing Company Egypt SAE on 9 June 2015. The total facility consist of three contracts amounting to USD 13.8 million out of which USD 5.4 million have been drawdown up to 31 December 2015. In Quarter 4, 2015 the facility was reduced by USD 1.1 million to USD 12.7 million. The payments are over a period of 29 quarters including grace period of 2 quarters for lease payments.

e) MURABAHA FACILITY

Dana Gas Egypt Ltd (Barbados) has entered into Commodity Murabaha agreement with facility limit of USD 25 million with Mashreq bank PSC (UAE) on 30 March 2015. This is a fully secured facility wherein Dana Gas Egypt Ltd will maintain EGP deposit (pledged) equal in value to 115% of the outstanding principal amount of loan in USD which will be held with Mashreq bank PSC, Egypt branch acting as Security Agent. The profit rate on the facility is LIBOR + Margin & the EGP deposit attracts a deposit rate that closely reflects the profit rate on the loan at this point in time. The facility tenor is one year from the date of drawdown. The drawdown of the said facility was completed on 9 April 2015 and falls due for settlement on 11 April 2016 as the tenor of the facility is one year from date of drawdown.

26 PROVISIONS

	<i>2015</i> <i>USD mm</i>	<i>2014</i> <i>USD mm</i>
Asset decommissioning obligation	14	17
Employee's end of service benefits	2	2
	<u>16</u>	<u>19</u>

The movement in asset decommissioning obligation during the year relates to unwinding of discount, change in discount and exchange rate and payment related to decommissioning liability.

27 TRADE PAYABLES AND ACCRUALS

	<i>2015</i> <i>USD mm</i>	<i>2014</i> <i>USD mm</i>
Trade payables	67	33
Accrued expenses and other payables	73	73
Profit accrued on Sukuk	10	11
Advance against local sales in KRI (2014: 40% share)	-	18
	<u>150</u>	<u>135</u>

Dana Gas PJSC and Subsidiaries

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As at 31 December 2015

28 PROVISION FOR SURPLUS OVER ENTITLEMENTS

	2015 USD mm	2014 USD mm
Surplus over Entitlements (note 28a)	153	-
Less: Interest receivable on overdue invoices (note 7a)	(133)	-
Less: Other receivables	(6)	-
	<u>14</u>	<u>-</u>

a) Surplus over Entitlements

As per the terms of the Authorisation, Pearl takes title to all petroleum produced and accordingly recognises 100% revenue from the sale of condensate and LPG. From such revenue received in cash, Pearl is entitled to retain the petroleum costs and remuneration fee as per the Authorisation ("Entitlements") and any residual amount is to be paid to the KRG ("Surplus"). The right under the Authorisation to receive such revenue in full was upheld by the Arbitration Tribunal in its second Partial Final Award dated 27 November 2015 (note 15).

On an accruals basis, the cumulative revenue recognised by Pearl to date exceeds its net Entitlements under the Authorisation, if all invoices and outstanding receivables were to be paid by the KRG. Such estimated Surplus amounting to USD 437.72 million (DG Share 35%: USD 153 million) as at 31 December 2015 has now been recognised as an expense in the Consolidated Income Statement. This notional Surplus is only due on the assumption that all the outstanding liquid petroleum invoices as at 31 December 2015 had been paid in full by the KRG as of that date, which they have not. Accordingly, Pearl's net Entitlements will need to be recalculated from time to time until Pearl has recovered its full entitlement under the Authorisation.

Such Surplus crystallises and becomes payable to KRG only when Pearl has actually recovered its Entitlements as per the terms of the Authorisation which is very much dependent upon the timing of actual receipt of funds from the KRG in respect of accrued revenue in addition to any future Petroleum Costs incurred by Pearl. It should be noted that as at 31 December 2015, Pearl has not recovered its Petroleum Costs in full.

Furthermore, Pearl has a right under the terms of the Authorisation to offset this Surplus, when payable, against any other outstanding payments due from the KRG. Accordingly, the aforementioned Surplus has been reduced by other outstanding amounts due from KRG, the net result being that even if the KRG were to have paid the entire amount of USD 2.08 billion in outstanding receivables to Pearl by 31st December 2015, the net amount re-payable to the KRG would be just USD 39.07 million (DG Share 35%: USD 13.7 million). Furthermore due to the terms of the HoA, further delay in payment by the KRG will further increase Pearl's Entitlements and reduce the net amount re-payable to the KRG.

29 CONTINGENCIES AND COMMITMENTS

a) Dana Gas Egypt

In March 2006, Dana Gas Egypt entered into an agreement with CTIP Oil and Gas Limited ("CTIP") to acquire a 25% percent working interest in the West El Manzala and West El Qantara Concessions. Following the closing of this acquisition, the Company held a 100% participating interest in each of these Concessions. As agreed under the terms of the said acquisition agreement Dana Gas Egypt has paid USD 13 million as a result of the first Government approved plan of Development in the West El Manzala Concession. In addition, Dana Gas Egypt has agreed to pay additional payments that could total up to a further USD 12.5 million as and when discovery volumes equal or in excess of 1Tcf of Proved Reserves. Dana Gas Egypt has also granted a three percent net profits interest to CTIP on future profit from the Concessions.

In April 2013, Dana Gas Egypt was awarded a 100% working interest in the North El Arish Offshore (Block 6) concession area. The area is located offshore Nile Delta, in the eastern part of the Mediterranean Sea. As per the concession agreement, Dana Gas Egypt has committed to spend USD 25.5 million on the block during the first phase of exploration which is 4 years.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

29 CONTINGENCIES AND COMMITMENTS (continued)

a) Dana Gas Egypt (continued)

In October 2014, Dana Gas Egypt was awarded a 100% working interest North El Salhiya (Block 1) concession area. The area is located in Nile delta next to DGE existing development leases. As per the concession agreement, Dana Gas Egypt has committed to spend USD 20 million on the block during the first phase of exploration which is 3 years. Dana Gas Egypt had to pay a signature bonus of USD 5 million to the Egyptian Natural Gas Holding. This amount payable was offset against the outstanding receivables in January 2015.

In October 2014, Dana Gas Egypt was also awarded El Matariya (Block 3) onshore concession area in the Nile Delta. Dana Gas Egypt with BP Exploration (Delta) Limited "BP" as partner and operator will participate in the concession on a 50:50 basis. As per the terms of the agreement with BP, BP will fund all of the cost (including Dana Gas's share) of the first exploration well up to an agreed maximum limit. In the event that the well proves commercial, BP has the option to acquire 50% in the deep potential of some of Dana Gas' adjacent Development leases. Dana Gas Egypt and BP have committed to spend USD 60 million on the block during the first phase of exploration which is 3 years. Dana Gas Egypt had to pay a signature bonus of USD 7.5 million (50% share) to the Egyptian Natural Gas Holdings. This amount payable was offset against outstanding receivables in January 2015.

Capital expenditure contracted for at 31 December 2015 but not yet accrued amounted to USD 6 million.

b) Sharjah Western Offshore

Capital expenditure contracted for at 31 December 2015 but not yet accrued amounted to Nil (2014: USD 61 million).

30 DISPOSAL OF INTEREST IN JOINT OPERATIONS

Disposal of Interest in Pearl Petroleum Company Limited

On 27 November 2015, Dana Gas and Crescent signed a Share Sale Agreement with RWEST Middle East Holdings BV (RWEST Middle East) wherein an equity interest of 5% each was sold by Dana Gas and Crescent each to RWEST Middle East. The new shareholding interest in PPCL is as follows: 35% to Dana Gas, 35% to Crescent, 10% to OMV, 10% to MOL and 10% to RWEST Middle East.

The net assets transferred by Dana Gas as a result of this disposal amounted to USD 131 million.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

31 RELATED PARTY DISCLOSURES

Transactions with related parties which are conducted at arm's length included in the consolidated income statement are as follows:

	2015		2014	
	<i>Revenues</i>	<i>Fees for</i>	<i>Revenues</i>	<i>Fees for</i>
	<i>USD mm</i>	<i>management</i>	<i>USD mm</i>	<i>management</i>
		<i>services</i>		<i>services</i>
		<i>USD mm</i>		<i>USD mm</i>
Joint arrangement	1	2	1	2
Major shareholder	-	1	-	1
	<u>1</u>	<u>3</u>	<u>1</u>	<u>3</u>

During 2015, an amount of USD 2.4 million was paid to the Directors as compensation for Committee work, special assignments and additional duties undertaken during the year. The remuneration to the Board of Directors for the year 2014 has been disclosed in the consolidated statement of changes in equity.

Compensation of key management personnel

The remuneration of members of key management during the year was as follows:

	2015	2014
	<i>USD mm</i>	<i>USD mm</i>
Short-term benefits	6	4
Restricted Shares	1	-
	<u>7</u>	<u>4</u>

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

The Group's principal financial liabilities comprise borrowings, decommissioning obligations (provisions), trade payables, other payables and due to related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

(a) Foreign currency risk

The Group is exposed to material foreign currency risks in relation to its cash balance in Egyptian pounds held in Egypt with local banks.

At 31 December 2015, if the Egyptian pounds had strengthened/weakened by 10% against the USD with all other variables held constant, total comprehensive income for the year would have been USD 5 million higher/ lower (2014: USD 8 million), as a result of foreign exchange gains/losses on translation of Egyptian pounds denominated cash and bank balance.

(b) Profit rate risk

The Group has minimal exposure to Profit rate risk on bank deposits. The Group's bonds carry fixed profit rate and hence are not exposed to profit rate risk.

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk factors (continued)

(c) Commodity price risk

The Group is also exposed to commodity price risk (crude oil price), however this has been partially mitigated due to fixed pricing agreement in Egypt for sale of natural gas which constitute approximately 39% (2014: 47%) of the Groups gross revenue. At 31 December 2015, if the average price of crude oil for the year had increased/decreased by 10% with all other variable held constant the Group's comprehensive income for the year would have been USD 19 million higher/lower (2014: USD 34 million).

(d) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from trade receivables and bank balances.

(i) Trade receivables

The trade receivables arise from its operations in UAE, Egypt and Kurdistan Region of Iraq. The requirement for impairment is analysed at each reporting date on an individual basis for major customers. As majority of the Group's trade receivable are from Government related entities no impairment was necessitated at this point. The maximum exposure to credit risk at the reporting date is the carrying amount as illustrated in note 17.

(ii) Bank balances

Credit risk from balances with banks and financial institutions is managed by Group's Treasury in accordance with the Group policy. Investment of surplus funds is made only with counterparties approved by the Group's Board of Directors. The Group's maximum exposure to credit risk in respect of bank balances as at 31 December 2015 is the carrying amount as illustrated in note 20.

(e) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings, trade payables and other payables. The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments:

Year ended 31 December 2015

	On demand USD mm	Less than 3 months USD mm	3 to 12 months USD mm	1 to 5 years USD mm	>5 years USD mm	Total USD mm
Borrowings (including profit)	-	23	95	898	3	1,019
Trade payables and accruals	-	150	-	-	-	150
Provisions	3	-	-	4	17	24
	<u>3</u>	<u>173</u>	<u>95</u>	<u>902</u>	<u>20</u>	<u>1,193</u>

Year ended 31 December 2014

	On demand USD mm	Less than 3 months USD mm	3 to 12 months USD mm	1 to 5 years USD mm	>5 years USD mm	Total USD mm
Borrowings (including profit)	-	5	47	903	-	955
Trade payables and accruals	-	135	-	-	-	135
Provisions	3	-	-	4	16	23
	<u>3</u>	<u>140</u>	<u>47</u>	<u>907</u>	<u>16</u>	<u>1,113</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Capital risk management**

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014. Capital comprises share capital, retained earnings, other reserves and equity component of convertible bonds, and is measured at USD 2,656 million as at 31 December 2015 (2014: USD 2,521 million).

33 FAIR VALUE ESTIMATION

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements:

	<i>Carrying amount 2015 USD mm</i>	<i>Fair value 2015 USD mm</i>	<i>Carrying amount 2014 USD mm</i>	<i>Fair value 2014 USD mm</i>
<i>Financial assets</i>				
Available for sale financial asset	-	-	51	51
Trade and other receivables	1,017	1,017	1,049	1,049
Cash and short term deposits	470	470	184	184
<i>Financial liabilities</i>				
Borrowings	861	861	748	748
Trade payables and accruals	150	150	135	135

The fair value of borrowings is the amortised cost determined as the present value of discounted future cash flows using the effective interest rate.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The following table presents the Group's assets that are measured at fair value on 31 December 2015:

	<i>Level 1 USD mm</i>	<i>Level 2 USD mm</i>	<i>Level 3 USD mm</i>	<i>Total USD mm</i>
Assets				
Financial assets at fair value through profit or loss	-	8	-	8
Investment property	-	-	25	25
Total	<u>-</u>	<u>8</u>	<u>25</u>	<u>33</u>

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

33 FAIR VALUE ESTIMATION (continued)

The following table presents the Group' assets that are measured at fair value on 31 December 2014:

	<i>Level 1</i> <i>USD mm</i>	<i>Level 2</i> <i>USD mm</i>	<i>Level 3</i> <i>USD mm</i>	<i>Total</i> <i>USD mm</i>
Assets				
Available for sale financial asset				
- Equity securities	51	-	-	51
Financial assets at fair value through profit or loss	-	9	-	9
Investment property	-	-	26	26
Total	51	9	26	86

There have been no transfers between Level 1 and Level 2 during the years 2015 and 2014.

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1 and comprises of Budapest Stock Exchange (BSE) equity investments classified as available-for-sale financial asset.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

34 FINANCIAL INSTRUMENTS BY CATEGORY

	<i>Loans & receivables</i> <i>USD mm</i>	<i>Assets at fair value through the profit and loss</i> <i>USD mm</i>	<i>Available- for-sale financial asset</i> <i>USD mm</i>	<i>Total</i> <i>USD mm</i>
31 December 2015				
Assets as per Statement of Financial Position				
Trade and other receivables excluding pre-payments	1,015	-	-	1,015
Financial assets at fair value through profit or loss	-	8	-	8
Cash and bank balance	470	-	-	470
Total	1,485	8	-	1,493

Dana Gas PJSC and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

34 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

	<i>Liabilities at fair value through the profit and loss USD mm</i>	<i>Derivatives used for hedging USD mm</i>	<i>Other financial liabilities at amortised cost USD mm</i>	<i>Total Total USD mm</i>
31 December 2015				
Liabilities as per Statement of Financial Position				
Borrowings	-	-	861	861
Provisions	-	-	16	16
Trade payable and accruals excluding statutory liabilities	-	-	150	150
Total	-	-	1,027	1,027
	<i>Loans & receivables USD mm</i>	<i>Assets at fair value through the profit and loss USD mm</i>	<i>Available- for-sale financial asset USD mm</i>	<i>Total USD mm</i>
31 December 2014				
Assets as per Statement of Financial Position				
Available-for-sale financial asset	-	-	51	51
Trade and other receivables excluding pre-payments	1,047	-	-	1,047
Financial assets at fair value through profit or loss	-	9	-	9
Cash and bank balance	184	-	-	184
Total	1,231	9	51	1,291
	<i>Liabilities at fair value through the profit and loss USD mm</i>	<i>Derivatives used for hedging USD mm</i>	<i>Other financial liabilities at amortised cost USD mm</i>	<i>Total USD mm</i>
31 December 2014				
Liabilities as per Statement of Financial Position				
Borrowings	-	-	748	748
Provisions	-	-	19	19
Trade payable and accruals excluding statutory liabilities	-	-	135	135
Total	-	-	902	902

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2015

35 SOCIAL CONTRIBUTIONS

As part of the Corporate Social Responsibility Initiatives, the Company spent USD 570,000 (2014: USD 365,000) during the year.

TRUSTEE

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LESSEE AND OBLIGOR

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DELEGATE

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REGISTRAR AND TRANSFER AGENT

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United Kingdom

PRINCIPAL SECURITY AGENT

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London E14 5AL
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LISTING AGENT

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*To Dana Gas as to the laws of
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Al Tamimi & Co.
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To the Trustee as to the laws of the Cayman Islands

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Dubai International Financial Centre
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APPENDIX 2

FORM OF NOTICE OF MEETINGS

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN DOUBT ABOUT ANY ASPECT OF THE PROPOSALS CONTAINED HEREIN AND/OR THE ACTION YOU SHOULD TAKE, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PERSON AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 (IF YOU ARE IN THE UNITED KINGDOM) OR ANOTHER APPROPRIATELY AUTHORISED INDEPENDENT FINANCIAL ADVISER.

IF YOU HAVE SOLD OR OTHERWISE TRANSFERRED ANY HOLDING(S) OF THE CERTIFICATES REFERRED TO BELOW, YOU SHOULD IMMEDIATELY FORWARD THIS DOCUMENT EITHER TO THE PURCHASER OR TRANSFEREE OR TO THE PERSON WHO ARRANGED THE SALE OR TRANSFER SO THEY CAN PASS THESE DOCUMENTS TO THE PERSON WHO NOW HOLDS THE CERTIFICATES.

DANA GAS SUKUK LIMITED

(incorporated in Jersey with limited liability)

NOTICE OF MEETING dated 22 May 2018

in relation to its

[U.S.\$425,040,000 9 per cent. Ordinary Certificates due 2017]
[U.S.\$425,040,000 7 per cent. Exchangeable Certificates due 2017]
(the “Certificates”)

constituted by an amended and restated declaration of trust dated 8 May 2013

Restricted Certificates

ISIN [XS0914699284] [XS0914698807]

Common Code [091469928][091469880]

Unrestricted Certificates

ISIN [XS0914266845][XS0914266415]

Common Code [091426684][091426641]

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Amended and Restated Declaration of Trust dated 8 May 2013 (the “**Declaration of Trust**”) made between Dana Gas Sukuk Limited (in its capacity as trustee), Dana Gas PJSC (“**Dana Gas**”) and Deutsche Trustee Company Limited (the “**Original Delegate**”), a meeting of the holders of the Certificates convened by the Original Issuer (as defined below) will be held at the offices of Latham & Watkins LLP, Dubai International Financial Centre, Precinct Building 1, Level 3, P.O. Box 506698, Dubai, United Arab Emirates on 13 June 2018 at [2:00][3:00] p.m. (UAE time) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Declaration of Trust. References in this Notice of Meeting to the “**Original Issuer**” shall be to Dana Gas Sukuk Limited in its capacity as issuer or trustee in respect of the Certificates, as the context may require.

EXTRAORDINARY RESOLUTION

“**THAT** this meeting (the “**Meeting**”) of the holders (the “**Certificateholders**”) of the outstanding [U.S.\$425,040,000 9 per cent. Ordinary Certificates due 2017] [U.S.\$425,040,000 7 per cent. Exchangeable Certificates due 2017] (the “**Certificates**”) of Dana Gas Sukuk Limited (the “**Original Issuer**”) constituted by an amended and restated declaration of trust dated 8 May 2013 (the “**Declaration of Trust**”) made between, among others, the Original Issuer (in its capacity as trustee), Dana Gas PJSC (the “**Company**”) and Deutsche Trustee Company Limited (the “**Original Delegate**”), by Extraordinary Resolution (as defined in the Declaration of Trust) **HEREBY AGREES TO THE FOLLOWING:**

- (a) the amendment of the Conditions and the Existing Transaction Documents through the execution of the Amendment Deed to (i) include the Mandatory Call Feature and (ii) provide that any Certificates held by Dana Gas be cancelled;
- (b) the approval of the form of the Amendment Deed, the Settlement Deed, the form of release document or documents in relation to each of the Existing Security Documents, the form of each other amendment

and/or amendment and restatement of the Existing Transaction Documents and each New Transaction Document, each of which is in the form made available in the manner set forth in the Notice of Meeting;

- (c) the authorisation for the Original Issuer and the Original Delegate to make such amendments to the Existing Transaction Documents (including by way of amendment and restatement) and to execute the Settlement Deed on the Settlement Date and to instruct the Existing Security Agents to execute the release document or documents in relation to each of the Existing Security Documents, and such other new agreements or deeds in lieu of, or in addition to, the amendment of the Existing Transaction Documents, as are required or considered desirable to allow the issuance on the Settlement Date of the New Certificates upon the terms and conditions set out in full in the Preliminary Listing Particulars and the consummation on the Settlement Date of the other transactions contemplated by the Tender Offer and Consent Solicitation Memorandum dated 22 May 2018;
- (d) the authorisation of the New Issuer and the New Delegate to execute the New Transaction Documents and any other documents, as are required or considered desirable to allow the issuance on the Settlement Date of New Certificates upon the terms and condition set out in full in the Preliminary Listing Particulars and the consummation on the Settlement Date of the other transactions contemplated by the Tender Offer and Consent Solicitation Memorandum dated 22 May 2018;
- (e) the waiver of any past or subsisting: (i) Event(s) of Default under the Purchase Undertaking; (ii) Dissolution Event(s) under the Declaration of Trust; and (iii) breaches of, or defaults (howsoever described) under, any Existing Transaction Document, provided that such waiver will be effective only from the date on which the New Certificates are issued and payment of the Cash Settlement Amount and the Special Distribution Amount has been made in full (subject to deduction of the applicable Additional Costs Reimbursement Deduction Amount in respect of the relevant Certificates and, for the avoidance of doubt, the authorisation of the deduction of the applicable Additional Costs Reimbursement Deduction Amount in respect of the relevant Certificates);
- (f) to authorise Dana Gas to appoint an independent *Sharia'h* advisor to provide to the Original Issuer and the Original Delegate a confirmation that the proposed amendment of the Conditions and the Existing Transaction Documents through the execution of the Amendment Deed may be made and, consequently, to dis-apply the requirement for Dana Gas to provide a copy of a confirmation from its *Sharia'h* board as set forth in Clause 14.2 (*Modifications*) of the Declaration of Trust;
- (g) the approval of the Litigation Dismissal Agreement and the authorisation for and instruction to the Original Issuer, the Original Delegate and the Original Principal Security Agent to accede to the Litigation Dismissal Agreement and perform their respective obligations thereunder, and authorisation for and instruction to the Original Issuer, the Original Delegate, the Original Principal Security Agent and the Original Egyptian Security Agent to sign the English Consent Order and for the Original Delegate to file the English Consent Order with the English courts in the manner contemplated by the Litigation Dismissal Agreement;
- (h) the withdrawal, in all jurisdictions where such proceedings are currently pending, of all litigation, suits and claims relating to the Certificates and/or the Existing Transaction Documents to which the Original Issuer, the Original Delegate, the Original Security Agents and/or Dana Gas are currently a party;
- (i) to authorise, direct and empower the Original Issuer and the Original Delegate to do all such other acts and things and execute such deeds, agreements or documents as may be necessary or desirable to give effect to the relevant Extraordinary Resolution;
- (j) the instruction of the Original Delegate to instruct the Original Security Agents to take all applicable actions, including the release of the existing security; and
- (k) the discharge and exoneration of the Original Delegate, the Original Issuer and, following delivery of the New Certificates and payment of the Cash Settlement Amount and the Special Distribution Amount in full (subject to deduction of the applicable Additional Costs Reimbursement Deduction Amount in respect of the relevant Certificates), Dana Gas, from all liability to the Certificateholders or any other person for which it may have become or may become liable in connection with the relevant Extraordinary Resolution and its implementation or the Certificates; provided that, for the avoidance of doubt, this paragraph (l) shall not discharge or exonerate Dana Gas from any liability in connection with the New Certificates or the New Transaction Documents.

Terms used in this Extraordinary Resolution but not defined herein shall have the meaning given to such terms in the Tender Offer and Consent Solicitation Memorandum dated 22 May 2018.

Background to the Notice of Meeting

Since June 2017, Dana Gas has been engaged in litigation in relation to the Certificates before the courts of England, Sharjah and the British Virgin Islands. Dana Gas' independent legal advisers have advised that the terms of the Certificates are not compliant with UAE law and *Sharia'h* principles and therefore are void and unenforceable. Accordingly, Dana Gas instituted legal action in the Sharjah courts for a declaration to that effect and seeking liquidation of the Mudarabah and a reconciliation of the amounts paid. Certain Certificateholders opposed those declarations. For further details on the litigation concerning the Certificates, please see the Preliminary Listing Particulars.

With a view to bringing all of the litigation to an end, and providing it's investors with the opportunity to realise value, Dana Gas is offering to purchase Certificates for cash, up to the Target Acceptance Amount, and at the same time, the Original Issuer is soliciting Consents from the holders of the Certificates to provide those Certificateholders who do not tender their Certificates (or whose Certificates are not accepted for tender), with the New Certificates, which are structured to be fully compliant with *Sharia'h* principles and UAE law.

As a result of the Tender Offer, and exchange of the Certificates for the New Certificates pursuant to the Consent Solicitation, Dana Gas will be able to bring to an end the uncertainty and the litigation proceedings in England, Sharjah and the British Virgin Islands and it is an express condition to the effectiveness of the Proposed Amendments and Waivers that all parties to the litigation effect a withdrawal of such litigation. This will avoid potentially protracted and expensive litigation and associated value erosion to all stakeholders of Dana Gas and allow the management of Dana Gas to focus all its resources on Dana Gas' core businesses.

Dana Gas has allocated a significant amount of cash, in an amount equal to U.S.\$335,000,000, for the Offers. In the event that not all of this cash is utilised in the satisfaction of the Offers, Dana Gas has committed, in the purchase undertaking relating to the New Certificates (as described in the Preliminary Listing Particulars), to utilise any of the Allocated Amount (to the extent the Allocated Amount exceeds U.S.\$10 million) to purchase New Certificates in any manner permitted by law and, to the extent that any of the Allocated Amount has not been fully utilised in the purchase of the New Certificates on or before the date falling nine (9) months after the Settlement Date, to use the balance of the Allocated Amount (to the extent such balance of the Allocated Amount exceeds U.S.\$10 million), as soon as practicable after the date falling nine (9) months after the Settlement Date, to redeem New Certificates.

With respect to the New Certificates, Dana Gas believes that it is offering attractive terms to the Certificateholders, and these terms include (i) an increase in the profit rate from 4 per cent. to 6 per cent. in the event that Dana Gas fails, on or before 31 October 2019, to buy back New Certificates in a face amount equal to at least 20 per cent. of the face amount of Certificates exchanged for New Certificates in the Exchange, and (ii) several other covenants dealing with the business and operations of Dana Gas. For the detailed terms and conditions of the New Certificates, see the Preliminary Listing Particulars.

Documents Available for Display and/or Collection

Certificateholders may, at any time during normal business hours on any weekday (Saturdays, Sundays and bank and other public holidays excepted) prior to and including the date of the Meeting, inspect and/or collect copies of the following documents at the specified office of the Tabulation Agent, at the offices of the Original Issuer at 26 New Street, St. Helier, Jersey JE2 3RA, Channel Islands, and, from the time 15 minutes prior to and during the Meeting, at the place of the Meeting,:

- the form of the Amendment Deed;
- the Litigation Dismissal Agreement;
- the form of the Settlement Deed;
- the form of release document or documents in relation to each of the Existing Security Documents;
- the Existing Transaction Documents;
- the form of the Existing Transaction Documents as amended and/or restated to insert the Mandatory Call Feature; and
- The form of New Transaction Documents to be entered into in connection with the issuance of the New Certificates.

Copies of the Tender Offer and Consent Solicitation Memorandum are available for inspection and/or collection by Certificateholders at the specified office of the Tabulation Agent. Copies of the Forms of Proxy (referred to below) are available for collection by Certificateholders at the specified office of the Original Registrar.

General

In accordance with normal practice, neither the Original Delegate nor the Tabulation Agent expresses any opinion as to the merits of the Extraordinary Resolution. Neither the Original Delegate nor the Tabulation Agent has been involved in formulating the Extraordinary Resolution or formulating or reviewing the amendments to the Existing Transaction Documents, or formulating or reviewing the Settlement Deed, the release document or documents in relation to each of the Existing Security Documents or the New Transaction Documents, or makes any representation that all relevant information has been disclosed to Certificateholders in, or pursuant to, this Notice of Meeting. Certificateholders should seek their own independent financial, legal and tax advice on the merits and consequences of voting in respect of the Extraordinary Resolution, including any tax consequences. Neither the Original Delegate nor the Tabulation Agent is responsible for the accuracy, completeness, validity or correctness of the statements made in this Notice of Meeting or any omissions therefrom.

Each Certificateholder who sends an Electronic Instruction hereby represents, warrants and confirms to each of the Original Issuer, the New Issuer, the Original Delegate, the New Delegate, the Existing Agents, the New Agents and the Tabulation Agent that it has received independent financial and/or legal and/or other professional advice to its satisfaction, has undertaken an appropriate analysis of the implications of the passing of the relevant Extraordinary Resolution, has reviewed, considered and satisfied itself as to the implications of the Litigation Dismissal Agreement, the Settlement Deed, the release document or documents in relation to each of the Existing Security Documents, each Existing Transaction Document and New Transaction Document, and has not relied on the Original Issuer, the New Issuer, the Original Delegate, the New Delegate or the Tabulation Agent in any respect in relation to any such matters.

The attention of Certificateholders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting which is set out in “*Voting and Quorum*” and “*Quorum and Adjournment*” below.

Voting and Quorum

The relevant provisions governing the convening and holding of the Meeting are set out in Schedule 3 (*Provisions for meetings of Certificateholders*) of the Declaration of Trust, copies of which are available for inspection and/or collection as referred to above.

Beneficial Owners or Direct Participants who submit or deliver an Electronic Instruction, as described in the Tender Offer and Consent Solicitation Memorandum, prior to the Voting Instruction Deadline need take no further action in relation to voting at the Meeting (and any adjourned Meeting) in respect of the Extraordinary Resolution. By submitting or delivering a duly completed Electronic Instruction to the relevant Clearing System, the relevant Beneficial Owner irrevocably instructs the relevant registered Certificateholder to appoint the Tabulation Agent (or its representative) as proxy to vote in favour of the Extraordinary Resolution.

The following paragraphs 1 to 4 apply only to Certificateholders who have not submitted or delivered or arranged for the submission or delivery of Electronic Instructions to the relevant Clearing System.

1. A Certificateholder who has not submitted or delivered or arranged for the submission or delivery of an Electronic Instruction and wishes to attend and vote at the Meeting and any adjourned Meeting in person must produce at the Meeting a valid Form(s) of Proxy issued by the Original Registrar.
2. A Certificateholder not wishing to attend and vote at the Meeting in person may either deliver the relevant Form(s) of Proxy issued by the Original Registrar to the person whom it wishes to attend on its behalf or give a voting instruction (in a form obtainable from the specified offices of the Original Registrar or in the form of an Electronic Instruction in accordance with the standard procedures of the Clearing Systems) instructing the Original Registrar to appoint a specified person as a proxy to attend and vote at the Meeting in accordance with its instructions.
3. Certificates may be deposited with the Original Registrar or (to the satisfaction of the Original Registrar) held to its order or under its control or blocked in an account with Euroclear or Clearstream for the purpose of obtaining Forms of Proxy or giving voting instructions and appointing a proxy, not later than 24 hours before the time fixed for holding the relevant Meeting (or, if applicable, any adjourned such Meeting) and, within the relevant time limit specified by Euroclear or Clearstream, as the case may be, but not thereafter.
4. A Form of Proxy or voting instructions shall be valid until the release of the deposited Certificates to which it relates. Such release shall take place on the first to occur of (i) the conclusion of the relevant

Meeting (or, if applicable, any adjourned Meeting), and (ii) (in each case within the time limit specified by Euroclear or Clearstream) the surrender of the Form of Proxy to the Original Registrar not less than 48 hours (as defined in the Declaration of Trust) before the Meeting (or, if applicable, any adjourned Meeting) and the Certificates ceasing with the agreement of the Original Registrar to be held to its order or under its control, and (in the case of voting instructions) notification thereof by the Original Registrar to the Original Issuer and the Original Delegate.

Any voting instructions given may not be revoked during the period starting 48 hours before the time fixed for the Meeting and ending at the close of such Meeting.

Quorum and Adjournment

The quorum required at the Meeting is two or more persons (or one person while the Certificates are in global form) present holding Certificates or being proxies or representatives and holding or representing more than half of the aggregate face amount of the outstanding Certificates.

If within 15 minutes after the time fixed for the Meeting a quorum is not present, the Meeting shall be adjourned for such period (which shall be not less than fourteen (14) days nor more than forty-two (42) days) and to such place as the Chairman determines. The quorum for any adjourned Meeting is two or more persons (or one person while the Certificates are in global form) present in person holding Certificates and/or being proxies or representatives and holding or representing whatever aggregate face amount of the outstanding Certificates is held by them. The Chairman may, with the consent of (and shall if directed by) the Meeting, adjourn such Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place. At least ten (10) days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) of such adjourned Meeting shall be given in the same manner as an original Meeting and such notice shall state the quorum requirements applicable to such adjourned Meeting.

Forms of Proxy obtained and Electronic Instructions given by any Certificateholder in respect of the Meeting (unless revoked in accordance with the terms of the document) shall remain valid for such adjourned Meeting.

Voting

Every question submitted to the Meeting shall be decided in the first instance by a show of hands.

Unless a poll is validly demanded before or at the time the result is declared by the Chairman, the Original Delegate, the Original Issuer or one or more persons present holding Certificates or being proxies or representatives and holding or representing in the aggregate not less than one fiftieth of the aggregate face amount of the outstanding Certificates, a declaration by the Chairman that on a show of hands a resolution has been passed, passed by a particular majority, rejected, or rejected by particular majority shall be conclusive, without proof of the number of votes cast for, or against, the resolution.

At the Meeting (a) on a show of hands, every person who is present in person and is a Certificateholder or is a proxy or representative shall have one vote; and (b) on a poll, every person who is so present shall have one vote in respect of each U.S.\$10 in aggregate face amount of the outstanding Certificates represented or held by him. Without prejudice to the obligations of proxies, any persons entitled to more than one vote shall not be obliged to exercise all the votes to which he is entitled or to cast all the votes which he exercises in the same way.

Extraordinary Resolution

To be passed, a majority of not less than three quarters of the votes cast must vote in favour at a duly convened and quorate Meeting. If passed, the Extraordinary Resolution will be binding upon all Certificateholders, whether or not present at the Meeting and whether or not voting.

The Effectiveness Conditions

While the approvals contemplated by the Extraordinary Resolution (other than the resolution set out in paragraph (e) of the Extraordinary Resolution) will become effective immediately upon the Extraordinary Resolution being passed, each of the Proposed Amendments and Waivers shall only become effective upon the satisfaction of the following conditions:

- (a) each Extraordinary Resolution having been duly passed at a duly convened and quorate Meeting of the holders of the Ordinary Certificates and holders of the Exchangeable Certificates, as applicable;
- (b) the Shareholder Approval and any other corporate approvals necessary for Dana Gas to enter into the New Transaction Documents to which it is a party, the issuance of the New Certificates and the

consummation on the Settlement Date of the other transactions contemplated hereby, having been obtained;

- (c) the Litigation Dismissal Agreement, which is available for inspection as described in the Notice, and in the form made available at the Meeting, having been duly executed or acceded to (as the case may be) by Dana Gas, the Original Delegate, the Original Principal Security Agent, the Original Issuer, the relevant members of the Ad Hoc Committee and the relevant shareholders of Dana Gas;
- (d) the irrevocable dismissal or discharge of all proceedings before the Sharjah courts pursuant to the Sharjah Dismissal Documents and in accordance with the Litigation Dismissal Agreement;
- (e) the English Consent Order having been signed by each of the parties thereto and a signed copy having been provided to the Original Delegate together with an irrevocable instruction to the Original Delegate to hold the signed copy until the Settlement Date and to release it on the Settlement Date in accordance with the Litigation Dismissal Agreement;
- (f) the absence on the Effective Date of any laws, regulation, injunctions (including those obtained by Dana Gas, or by the shareholders of Dana Gas or on each of their respective behalves, whether in England, the UAE, the British Virgin Islands or any other jurisdiction) or actions or other proceedings, pending or threatened, which, in the case of any action or proceeding if adversely determined, would make unlawful or invalid or enjoin the implementation of the Extraordinary Resolutions and/or the Proposed Amendments and Waivers or the payment of the Cash Settlement Amount, the Special Distribution Amount, the Early Participation Fee or the Purchase Price;
- (g) the payment by Dana Gas of the aggregate of the Costs Reimbursement Amount and the Additional Costs Reimbursement Amount to the Escrow Agent, to be held in the Escrow Account until the Settlement Date, in accordance with the terms of the Escrow Agreement and the funds flow arrangements agreed between Dana Gas, the Ad Hoc Committee and the Original Delegate and evidence that all of the Original Issuer's legal costs and expenses in relation to the Proceedings and the Transaction have been paid in full, or will be paid in full at Completion, in accordance with clause 9 (*Remuneration and Indemnification of the Trustee and Delegate*) of the Declaration of Trust, in the manner agreed between the Original Issuer and Dana Gas; and
- (h) confirmation from Dana Gas that, at Completion: (a) Dar Al Sharia will issue a *Fatwa* in respect of the Transaction, (b) the New Transaction Documents (in the agreed form) will be entered into and (c) all other conditions precedent set forth in the New Transaction Documents will be satisfied.

The date on which all such requirements for effectiveness are met to the satisfaction of each of Dana Gas and the Original Delegate is referred to as the “**Effective Date**” and the time on the Effective Date at which Dana Gas shall declare that all such requirements for effectiveness have been met is referred to as the “**Effective Time**”.

The resolution set out in paragraph (e) of the Extraordinary Resolution shall become effective on the Settlement Date, upon the issuance of the New Certificates and the consummation on the Settlement Date of the other transactions contemplated by this Tender Offer and Consent Solicitation Memorandum.

Notice of results

Notice of the result of the voting on the Extraordinary Resolution shall be given to the Certificateholders by the Original Issuer through the Clearing Systems and published on Bloomberg, as soon as possible after the Meeting but in any event no later than fourteen (14) days following the conclusion of the Meeting.

Governing Law

This notice and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.

Clearing Systems

Certificateholders of Certificates which are held by Clearstream or Euroclear should contact the relevant corporate action departments within the Clearing Systems for further information in respect of their respective procedures for voting.

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