



Dana Gas – Crescent Petroleum gas project brings large economic and social benefits to Kurdistan Region of Iraq

Study by PwC shows US\$1.2 billion investment has already enabled fuel cost savings to the KRG of \$16 billion and yielded further downstream economic benefits of over US\$10 - 15 billion for the Kurdistan Region

*Sharjah – 6 April, 2016
For Immediate Release*

Dana Gas and Crescent Petroleum today announce the findings of the 'Socio Economic Benefits Report' undertaken by PwC on the impact of their combined investment in their Gas Project in the Kurdistan Region of Iraq in partnership with their Pearl Petroleum Consortium partners. The report concludes that this investment has and will continue to make a significant contribution towards the KRI's economic and social development, in support of the Kurdistan Regional Government's ('KRG') strategic policy and development priorities at regional, national and international levels.

The Consortium's total investment of over US\$1.2 billion thus far in the development of Kor Mor and Chemchemical fields represents one of the largest private sector investments in Iraq's oil and gas sector, enabling 1,750 MW of affordable electricity supply for millions of people in the Kurdistan Region. It is also achieving over US\$ 3.4 billion of recurring annual savings in fuel costs for the KRG for power generation, totaling close to \$16 billion in savings from the start of production in 2008 calculated until the end of 2014. From an environmental perspective as well, the reduction of greenhouse gas emissions as a result of using cleaner natural gas at the power stations is valued at about \$300 million per year.

The report also estimates that the Gas Project has, as a result of increased availability of electricity, enabled additional private sector investment in the KRI of over \$30 billion with resulting significant GDP growth. The downstream economic impact is estimated by the report at between US\$ 9.6 billion to \$15.5 billion (40% - 66% of the 2011 GDP of KRI).

Majid Jafar, CEO of Crescent Petroleum and Board Managing Director of Dana Gas, said: "We are proud that our investment and project have brought such important benefits to the government and people of the Kurdistan Region, in particular through fuel cost savings for affordable electricity and the additional investments and economic benefits that this has enabled. This professional report by an internationally reputed consulting firm has quantified these benefits, and we hope to expand our investments and production under our contract going forward for the benefit of the people of Kurdistan Region and all of Iraq."

Patrick Allman-Ward, CEO of Dana Gas, added: "Despite the challenges we have faced including with payments, we have demonstrated our unwavering commitment to the Kurdistan Region and the KRG as a long-term partner through our continued operations and production, and we hope to build upon this in the years to come. The gas resources we have proven up through our appraisal have significant potential for further growth potential as well."

As joint operators of the Khor Mor Field on behalf of the Pearl Consortium, Dana Gas and Crescent Petroleum are currently producing an average of 84,000 barrels of oil equivalent (boe) per day including 340MMscfd of natural gas as well as condensates and LPG, with total cumulative production of over 150 million boe to date since continuous production began in October 2008.

Major technical achievements of the companies' operations include: installing a 180km high pressure gas transmission pipeline across challenging mountainous terrain that required the clearing of minefields; first gas production after only 16 months; drilling successfully to tertiary reservoir formations at depths of 2,300 metres, and importing and installing over 64,000 tonnes of equipment transported internationally by sea, air and land with over 3,500 truck-loads, including the state-of-the-art gas processing plant imported from the USA.

During the project's construction phase, work was provided to over 2,000 Iraqi workers from all ethnic groups and sects, supported by expatriate workers of over 20 nationalities from the region and worldwide. The companies have successfully implemented a nationalisation program, and already achieved the target of 80% local staff in their operations workforce, while currently implementing a major training program for local staff.

Crescent Petroleum and Dana Gas have also implemented a corporate social responsibility program to support local communities, including providing school supplies, drinking water treatment, generators and fuel enabling 24 hour electricity for nearby villages, mobile medical units, and youth sports facilities, as well as financial support for 1,000 orphans from the Chemchemal area in partnership with the Barzani Charity Foundation. These initiatives are assisting the local communities in improving their standard of living, health, well-being, security and stability and the development of human capital in the Kurdistan Region.

ENDS