

Islamabad, September 15, 2017

FOR IMMEDIATE RELEASE

OGDCL Audited Financial Results for the Full Year Ended 30 June 2017

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its financial results for the Full Year ended 30 June 2017. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

Highlights of the Half Year include:

- OGDCL's net sales registered Rs 171.829 billion compared to Rs 162.867 billion in the corresponding period last year
- Net profit before taxation registered Rs 89.137 billion compared to Rs 80.50 billion in the corresponding period last year
- Net Profit after Taxation came to Rs 63.803 billion as against Rs 59.971 billion in the preceding period translating into Earnings per Share of Rs 14.83
- The Board of Directors declared final cash dividend of Rs 2.00 per share
- Operating profit margin and net profit margin were 41% and 37%, respectively.
- Average net realized price of crude oil sold was US\$ 44.04 / bbl as against US \$ 39.07 / bbl during corresponding period last year
- Average net realized price for natural gas sold was Rs 239.08/Mcf as against Rs 253.77/Mcf during corresponding period last year
- 4,034 Line Kms of 2D and 1,153 Sq. Kms of 3D seismic acquisition completed
- Twenty two (22) new wells including eleven (11) exploratory/appraisal wells and eleven (11) development wells were spud during the half year ended June 30, 2017
- Company's exploratory efforts yielded five (5) new oil and gas discoveries namely Gundanwari-1, Mithri-1 and Chabaro-1 in district Khairpur, Khamiso-1 in district Ghotki and Chutto-1 in district Hyderabad, Sindh province.
- Net crude oil production of 44,041 barrels per day, net gas production of 1,051 MMcf per day and net LPG production of 455 Metric Tons per day was witnessed during the period under review

MD & CEO's Statement

Mr. Zahid Mir, MD & CEO, while commenting on OGDCL's full year FY2017 results stated:

"I am pleased to inform you that OGDCL is continuously striving to enhance oil and gas reserves and production from our hydrocarbon assets. During the fiscal year 2017, OGDCL acquired 4,034 Line kms of 2D and 1,153 sq. kms of 3D seismic data and I am happy to report that our exploration-led growth strategy enabled the Company to realize five new oil and gas discoveries. OGDCL's financial success is attributable to well devised cost saving measures by the Company's board and management encompassing adherence to investment discipline and exhibiting operational efficiency in service of maintaining balance sheet strength and to emerge as a more stronger E&P company

It makes me proud to report to you that our focused and concerted efforts to bring our discoveries into production have resulted in the completion of our major development projects at Uch and KPD-TAY. Furthermore, our exploration led growth strategy has started to bear fruit with the Company's gross crude oil production touching the record level of 50,345 barrels per day on 28 November 2016.

I feel elated to state that the skill, dedication and commitment of our workforce is the major impetus behind this consistent performance of the Company and I thank all employees of the Company for making it happen. Let me assure you that OGDCL remains steadfast in its resolve to carry on vigorous exploratory endeavours, expedite completion of ongoing development projects and exercise financial discipline while undertaking new development activities to maintain and improve business operational performance alongside creating material value for the shareholders in the years to come."

For further information:

Investor Relations Contacts:

Usman M. Bajwa

Investor Relations Officer

Telephone: +92 51 924 4102

Fax: +92 51 924 4104

Email: usman_bajwa@ogdcl.com

Notes to Editors

OGDCL, the largest petroleum Exploration and Production (E&P) Company in Pakistan, is a listed Company on Pakistan Stock Exchange and its Global Depository Shares (GDS) were issued on London Stock Exchange in December 2006. It holds the largest portfolio of recoverable hydrocarbon reserves of Pakistan, at 32% of gas and 59% of oil, respectively, as at June 30, 2017. It contributed 28% of the country's total natural gas production and 51% of its total oil production from July 2016 to June 2017.

With a portfolio of 58 exploration licences, the Company has the largest exploration acreage in Pakistan, covering 33% of the total awarded acreage as of June 30, 2017. Currently, all production volumes are being realized from onshore areas of Pakistan, however, the Company also has working interests in Pakistan's offshore exploration blocks.

OGDCL had a net Profit after Tax of Rs 59.971 billion for the year ended June 30, 2016.

SUMMARY RESULTS

Financial Results

Impact on the earnings reported by oil and gas companies across the globe were a sobering reminder of the challenges posed to the business profitability by low oil prices. Resultantly, some of the upstream companies in order to survive and avert liquidity crisis, curtailed their E&P activities. Nevertheless, OGDCL being the largest E&P company of Pakistan during the year continued to show resilience while pursuing its business strategy to carry out aggressive exploration activities, fast track completion of projects in hand and optimized production, efficiently and cost effectively, to counter the impact of low commodity prices.

OGDCL's adherence to aforesaid business strategy has started to make significant gains, foremost being strong increase in crude oil and LPG production recorded during the year. Moreover, other factors contributing in its sales growth were moderate recovery in basket and realized price of crude oil averaging US\$ 49.27/barrel and US\$ 44.04/barrel respectively against US\$ 42.50/barrel and US\$ 39.07/ barrel in the preceding period accompanied with positive exchange rate variance. This led the Company to register improved Sales Revenue of Rs 171.829 billion (FY 2015-16: Rs 162.867 billion).

During the reporting period, OGDCL's enhanced other income, on account of signature bonus further boosted business financial performance. However, the reported financials were partially offset by higher operating expenditures owing to increase in salaries and wages, depreciation of property, plant and equipment, decommissioning and workover charges. In addition, provision for tax increased on account of prior year assessments and deferred taxation. Resultantly, the Company registered Profit after Tax of Rs 63.803 billion (FY 2015-16: Rs 59.971 billion) translating into Earnings per Share of Rs 14.83 (FY 2015-16: Rs 13.94).

OGDCL's financial success is attributable to well devised cost saving measures by the Company's board and management encompassing adherence to investment discipline and exhibiting operational efficiency in service of maintaining balance sheet strength in order to emerge as a more stronger E&P company in the future. Moving on, the Company plans to carry on its exploration activities, ramp-up completion of ongoing development projects and exploit high impact growth opportunities to enhance the growing momentum of hydrocarbon production and create material value for the shareholders.

Dividend

The Board has announced final interim cash dividend of Rs 2.00 per share (20%) for the year ending June 30, 2017. This is in addition to the cumulative cash dividends of Rs 4.00 per

share (40%) already declared during the fiscal year. This makes a total dividend of Rs 6.00 per share (60%) for the year ended 30 June 2017.

Exploration and Development Activities

In order to ensure business sustainability and embark upon new growth opportunities, OGDCL during the year under review carried on the exploration activities in its awarded acreage which as of 30 June 2017 stood at 114,581 sq. km representing the largest exploration area held by any E&P company in Pakistan. The Company's exploration portfolio spreads across all four provinces of Pakistan and currently constitutes fifty eight (58) owned and operated joint venture exploration licenses (ELs). Moreover, the Company holds working interest in five (5) exploration blocks operated by other E&P companies.

Seismic: In line with its exploration led growth strategy, OGDCL during July 2016-June 2017 acquired 4,034 Line km of 2D and 1,153 sq. km of 3D seismic data representing respectively 66% and 34% of total seismic data acquisition in the Country (source: PPIS). This seismic data has been acquired from various exploratory blocks viz., Shaan, Mari East, Kulachi, Pezu, Ranipur, Khanpur, Dakhni, Nur-Baghla, Soghri, Shaan, Zorgarh, Kharan-3, Latamber, Rasmalan, Rasmalan West, Samandar, Wali, Kohat, Baratai, Parkini-A & B and Pasni West. In addition, the Company carried out geological field work of 258 Line km in Zhob and Lakhi Rud ELs. Moreover, 6,744 Line km of 2D and 5,419 sq. km of 3D seismic data of numerous blocks has been processed/reprocessed using in-house resources.

Drilling: Notwithstanding low oil price environment, OGDCL during the year carried on its drilling campaign to replenish and augment hydrocarbon reserves. In this regard, the Company spud twenty two (22) new wells comprising eleven (11) exploratory/appraisal wells namely Gundanwari-1, Ranipur-1, Chabaro-1, Kachakhel-1, Bhambhra-1, Dhok Hussain-1, Rasmalan West-1, TAY SW-1, Khanjar-1, Thal West-2 and Thal East-3 and eleven (11) development wells namely Mela-5, Chanda-4, Rajian-10, Nashpa-8, Palli-3, Pasakhi Deep-7, Bitrism West-2, and Qadirpur-56, 57, 58 and HRL-12. Additionally, drilling of fifteen (15) ongoing wells from the previous fiscal years continued, out of which drilling and testing of fourteen (14) wells have been completed, while total drilling during the year is 81,774 meters.

Discoveries

OGDCL's exploratory endeavors to locate new hydrocarbon reserves during the year culminated in five (5) new oil and gas discoveries having expected cumulative daily production of 53 MMcf of gas and 320 barrels of oil. Discoveries include Gundanwari-1, Mithri-1 and Chabaro-1 in district Khairpur, Khamiso-1 in district Ghotki and Chutto-1 in district Hyderabad, Sindh province. Preliminary reserves estimate attributable to the aforesaid discoveries is 124.47 billion cubic feet of gas and 0.82 million barrels of oil and a combined 22.80 million barrels of oil equivalent. Subsequently in August 2017, another gas discovery with production potential of 5.73 MMcf per day is made at Bhambhra-1, district Sukkur, Sindh province.

Development Projects

OGDCL during the year under review completed mechanical, piping and commissioning of gas processing units at KPD-TAY phase-II leading to supply of on-spec gas to SSGCL with effect from 1 September 2016 while LPG production commenced on 14 December 2016. KPD-TAY daily current production is around 3,600 barrels of oil/condensate/NGL, 170 MMcf of gas and 260 Tons of LPG. After completion of performance test of the equipment and optimization of parameters, KPD-TAY project will render expected average daily production of 4,000 barrels of oil/condensate/NGL, 205 MMcf of gas and 350 Tons of LPG. Likewise on commissioning of hot oil system, amine and dehydration unit, overall completion of Uch-II development project is achieved on 12 January 2017. At present, Uch-II plant is in normal operational mode and producing around 130 MMcf of gas per day.

On the North side, under Nashpa development project, EPCC contractor has completed the design phase and delivery of major equipment at site while installation and erection works are in final stage. At present, Nashpa daily production is around 22,650 barrels of oil and 94 MMcf of gas. Expected daily incremental production upon completion of the project is 1,100 barrels of oil/NGL, 10 MMcf of gas and 340 Tons of LPG. Regarding Soghri development project, shifting of amine unit from Sinjhora field and procurement of necessary equipment has been completed while hiring of the PC contractor is in progress. On completion in June 2018, the project is anticipated to render incremental production of 20 MMcf of gas per day.

Production

OGDCL being the leading flag carrier of E&P sector in Pakistan is focused on intensifying field development activities, completion of ongoing development projects and utilization of latest production techniques to augment oil and gas production volumes from its owned and operated joint venture fields. Pursuit to this led the Company to record highest ever gross crude oil production of 50,354 barrels per day on 28 November 2016. Moreover, the Company contributed largest share of the Country's total oil and natural gas production of 51% & 28% respectively during July 2016-June 2017 (source: PPIS).

In pursuance to production optimization, OGDCL during the year under review injected twenty two (22) new operated wells in the existing production gathering system. Injected wells include Qadirpur HRL-11, Kunnar-11, Rajian-9, Nashpa-6 & 7, Unnar-1, Palli Deep-1, Thora Deep-1 & 2, Pasakhi West Deep-1, Pasakhi East-1, TAY-2, 3 & 4, Dars-1, Dars Deep-1, Dars West-1, Shah-1, Khamiso-1, Hakeem Daho-2 and Qadirpur-56 & 57 which cumulatively yielded gross crude oil and gas production of 2,012,718 barrels and 17,185 MMcf respectively. Additionally, production testing has been completed at Sur Qamar-1, Dachrapur-3, Pirkoh Deep-1, Qadirpur HRL-12 and Chutto-1.

In order to arrest natural decline and revive production from mature wells, OGDCL during the reporting period carried out successful workover jobs with rig at wells; Palli Deep-1, Rajian-2, Kunnar-8 & 10, Pasakhi-5, Pasakhi Deep-6, Hakeem Daho-2 and Sono-8. Likewise, carrying out of rig-less workover jobs to sustain oil and gas volumes remained part and parcel of the production operations. Moreover to induce improvement in the current well flow parameters, pressure build-up survey jobs were completed at various wells of Uch, Bobi, Nashpa, Pasakhi, Sinjhora, Maru East and Qadirpur

fields. As part of preventive maintenance plan, Annual Turn Around (ATA) of plants were carried out at Sinjhor, Chanda, Nashpa, Bobi, Uch, Maru-Reti, Nandpur, Qadirpur and Dakhni/ Soghri fields.

Against the backdrop of natural decline in some of its mature producing fields, OGDCL's average daily net crude oil production in comparison to the preceding period witnessed strong increase of 8.5% mainly due to higher production from Kunnar, KPD, Rajian, Nashpa, Palli Deep and Sinjhor fields combined with production start-up from TAY field and increase from non-operated JV fields. Regarding LPG, 33% production surge is recorded on account of production commencement from KPD and TAY fields in December 2016 and February 2017 respectively accompanied with production increase from Sinjhor and non-operated JV fields. However, average daily net saleable gas production remained stable at 1,051 MMcf per day compared to 1,056 MMcf per day last year. This is despite production decline from non-operated JV fields mainly Kadanwari, Bhit, Badhra and Miano coupled with lower production in some of the Company's mature operated fields including Qadirpur, Nandpur/Bahu, Mela and Maru Reti.

Average daily net saleable production of crude oil, gas, LPG and sulphur including share in both operated and non-operated JV fields during the year under review is as follows:

Products	Unit of Measurement	FY 2016-17	FY 2015-16
Crude oil	Barrels per day	44,041	40,609
Gas	MMcf per day	1,051	1,056
LPG	Tons per day	455	342
Sulphur	Tons per day	63	39

Moving on, OGDCL remains steadfast in its resolve to carry on vigorous exploratory endeavors, expedite completion of ongoing development projects and exercise financial discipline while undertaking new development activities to maintain and improve business operational performance alongside creating material value for the shareholders in the years to come.