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FOR IMMEDIATE RELEASE

OGDCL Un-Audited Financial Results for the Half Year Ended 31 December 2016

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its financial results for the Half Year ended December 2016. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

Highlights of the Half Year include:

- OGDCL's net sales registered Rs 81.081 billion compared to Rs 86.186 billion in the corresponding period last year
- Net profit before taxation registered Rs 40.503 billion compared to Rs 48.076 billion in the corresponding period last year
- Net Profit after Taxation came to Rs 30.008 billion as against Rs 34.206 billion in the preceding period translating into Earnings per Share of Rs 6.98
- The Board of Directors declared second interim cash dividend of Rs 1.00 per share
- Both the operating profit margin and net profit margin were 37%
- Average net realized price of crude oil sold was US\$ 41.46 / bbl as against US \$ 43.09 / bbl during corresponding period last year
- Average net realized price for natural gas sold was Rs 233.40/Mcf as against Rs 255.47/Mcf during corresponding period last year
- 2,039 Line Kms of 2D and 1,019 Sq. Kms of 3D seismic acquisition completed
- Seven (7) new wells including Three (3) exploratory/appraisal wells and four (4) development wells were spud during the half year ended December 31, 2016
- Company's exploratory efforts yielded three (3) new oil and gas discoveries namely Gundanwari-1, Mithri-1 in district Khairpur and Khamiso-1, in district Ghotki, Sindh province
- Net crude oil production of 42,880 barrels per day, net gas production of 1,048 MMcf per day, net LPG production and 378 Metric Tons per day was witnessed during the period under review

	1H 2016-17 Rupees Million	1H 2015-16 Rupees Million
Net Sales	81,081	86,186
Profit before Taxation	40,503	48,076
Profit after Taxation	30,008	34,206
Earnings per Share - Rs	6.98	7.95

MD & CEO's Statement

Mr. Zahid Mir, MD & CEO, while commenting on OGDCL's Half year FY2016-17 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 within the country to play a vital role in meeting the energy demands of the Country. During the first half of our fiscal year 2017, OGDCL acquired 2,039 Line kms of 2D and 1,019 sq. kms of 3D seismic data and our exploration-led growth strategy enabled the Company to two new oil and gas discoveries.

I am also happy 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 leading the business to witness an improved market share of 52% while gas volumes represented 28% of the Country's total natural gas production during July-December 2016.

Before concluding, it will be unfair on my part not to underscore and acknowledge the untiring and dedicated efforts of all of our employees, a workforce which I am proud of and which is second to none. I assure all of our stakeholders and shareholders that the Company is all set to achieve and exceed the targets which we have set for ourselves in pursuit of maximizing shareholders value."

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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 36% of gas and 61% of oil, respectively, as at June 30, 2016. It contributed 28% of the country's total natural gas production and 52% of its total oil production from July to December 2016.

With a portfolio of 60 exploration licences, the Company has the largest exploration acreage in Pakistan, covering 33% of the total awarded acreage as of 31st December 2016. 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 30th June 2016.

SUMMARY RESULTS

Financial Results

Despite slight recovery of crude price observed during July-December 2016, six months average international oil prices remained low in comparison to the preceding period thus influencing OGDCL's financial performance. The same is evident from the fact that average basket crude price during the current period is US\$ 46.19/barrel compared to US\$ 47.73/barrel in the corresponding period. This low international oil price resulted in reduced realized prices for crude oil and gas averaging US\$ 41.46/barrel and Rs 233.40/Mcf against US\$ 43.09/barrel and Rs 255.47/Mcf respectively in the correspondence period. In addition, the Company's Sales affected by decrease in saleable gas production are partially offset by increase in crude oil and LPG production and slight raise in exchange rate to Rs 104.91 per US\$ from Rs 104.19 per US\$ in the comparative period leading the business to register Sales Revenue of Rs 81.081 billion (1H 2015-16: Rs 86.186 billion).

During the reporting period, higher prospecting expenditure on account of greater outsourced 2D seismic data acquisition coupled with larger cost of dry and abandoned wells in comparison to the same period last year impacted OGDCL's profitability. Additionally, higher operating expenses reflecting an increase in workover expenditures, amortization of development and production assets and depreciation of property, plant and equipment partially got offset by enhanced other income influencing business financial results. This led the Company to record Profit after Tax of Rs 30.008 billion translating into Earnings per Share of Rs 6.98 for the half year ended 31 December 2016 (1H 2015-16: Rs 7.95 per Share).

Dividend

The Board has announced second interim cash dividend of Rs 1.00 per share (10%) for the year ending 30 June 2017. This is in addition to the first interim cash dividend of Rs 1.50 per share (15%) already declared during the fiscal year.

Exploration and Development Activities

OGDCL being the market leader in E&P sector of Pakistan holds the largest exploration acreage which as of 31 December 2016 stood at 115,604 sq. km representing 33% of the Country's total area under exploration (source: PPIS). Our business exploration portfolio is spread across all four (4) provinces of the Country and currently constitute sixty (60) owned

and operated joint venture exploration licenses. Moreover, the Company holds working interest in five (5) blocks operated by other exploration and production companies.

In pursuit to embark upon new growth opportunities and enhance production base, OGDCL's fast track seismic data acquisition continued during July-December 2016. This is witnessed by the fact that the Company's 2D and 3D seismic data acquisition during the reporting period was 2,039 Line km and 1,019 sq. km which is 65% and 47% of the total 2D & 3D seismic data acquired in the Country respectively (source: PPIS). The aforesaid seismic data has been gathered from exploratory blocks viz., Mari East, Kulachi, Pezu, Ranipur, Khanpur, Dakhni, Nur Bagla, Shaan, Zorgarh, Latamber, Rasmalan, Rasmalan West, Samandar, Kohat, Baratai, Parkini-A and Pasni West. In addition, the Company carried out geological field work of 147 Line km in Zhob exploration license. Moreover, 3,027 Line km of 2D and 3,595 sq. km of 3D seismic data of various blocks were processed/reprocessed using in-house resources.

OGDCL with an aim to replenish and augment hydrocarbon reserves and improve business profitability vigorously carried on with its drilling campaign during the period under review. In this regard, the Company spud three (3) exploratory/appraisal wells namely Gundanwari-1, Ranipur-1 and Thal East-3 and four (4) development wells namely Mela-5, Chanda-4, Qadirpur-56 and Rajian-10 during the current period. In addition, drilling of fifteen (15) ongoing wells from the previous fiscal years continued, out of which drilling and testing of nine (9) wells have been completed while the Company drilled a total of 37,784 meters during the reporting period.

Discoveries

OGDCL based on its aggressive exploratory efforts to discover new hydrocarbon reserves during the half year ended 31 December 2016 announced three (3) exploration successes having cumulative daily production potential of 29 MMcf of gas and 15 barrels of oil. These discoveries include Gundanwari-1, Mithri-1 in district Khairpur and Khamiso-1, district Ghotki, Sindh province.

Development Projects

Progressing towards increase in production, OGDCL during the period under review carried on the concerted efforts for completion of its ongoing development projects including Kunnar Pasakhi Deep-Tando Allah Yar (KPD-TAY), Uch-II, Nashpa-Mela and Soghri. In this regard,

commissioning of gas processing units at KPD-TAY phase-II and supply of on-spec gas to Sui Southern Gas Company Limited from phase-I has started with effect from 1 September 2016 while LPG production started on 14 December 2016. At present, KPD-TAY field is producing around 2,450 barrels per day of crude oil, 160 MMcf per day of gas and 160 tons per day of LPG. The production will enhance after commissioning of the remaining one (1) turbo compressor unit, completion of performance test of all equipment and successful handover of the entire project by the contractor.

Under Nashpa-Mela development project, EPCC contractor is mobilized at site and design phase of the project has been completed. The project is expected to be completed by June 2017 leading to a daily incremental production of 1,100 barrels of crude oil, 10 MMcf of gas and 340 Tons of LPG. Relating to Soghri development project, project scope involves installation of gas sweetening unit and allied utilities at Dakhni site to process Soghri gas. To this end, amine unit has been shifted to the field and necessary equipment/material is procured while hiring of the PC contractor is in progress. Upon completion, daily incremental production of 20 MMcf of gas is anticipated from Soghri.

Production

OGDCL is pursuing a balanced production strategy encompassing intensified exploratory endeavors, focus on completion of ongoing development projects and utilization of latest production techniques to augment oil and gas output from its owned and operated joint venture fields. The aforesaid 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 leading the business to witness an improved market share of 52% while gas volumes represent 28% of the Country's total natural gas production during July-December 2016 (source: PPIS).

OGDCL during the six months added total gross production of 659,493 barrels of crude oil and 3,086 MMcf of gas through injection of new operated wells; Qadirpur HRL-11, Kunnar-11, Rajian-9 and Nashpa-6 & 7 in the existing production gathering system. Moreover, production testing at wells of Qadirpur-56 and Khamiso-1 was also completed.

During the period under review, OGDCL in an effort to arrest natural decline and revive production from mature wells carried out successful workover jobs with rig at wells; Palli

Deep-1, Rajian-2, Kunnar-8, Pasakhi-5, Pasakhi Deep-6 and Sono-8. Likewise, rig-less workover jobs were carried out at various wells to boost oil and gas production. Moreover to induce improvement in the current well flow parameters, pressure build-up survey jobs were completed at various wells of Nashpa, Pasakhi, Sinjhoru and Jakhro fields. As part of preventive maintenance plan, Annual Turn Around (ATA) of plants were carried out at Sinjhoru, Chanda, Nashpa, Bobi, Dakhni and Uch fields. Apart from this, installation and commissioning of cathodic protection system at Jakhro-1 and chemical injection package at wells; Chak 2-2, Lala Jamali-1 and Uch-13, 15 & 17 have been completed.

Against the backdrop of natural decline in some of the mature hydrocarbon producing fields, OGDCL's average net crude oil production witnessed an increase of +7% in comparison to the preceding period mainly owing to higher production from Kunnar, Rajian, Nashpa and Sinjhoru fields coupled with increase in the production share from non-operated joint venture fields. While the Company's gas production is influenced by -3.6% primarily due to less gas intake from Qadirpur field by Engro Powergen Qadirpur Limited and Liberty Power Limited on account of their ATA and tripping of turbines, respectively. Similarly, less gas intake is observed from Uch-I/II fields, Nandpur and Maru-Reti fields owing to tripping of turbines at Uch Power Limited, ATAs of Fauji Kabirwala Power Company Limited and Engro, respectively coupled with decline in the production from non-operated joint venture fields. Regarding LPG, the Company witnessed production surge of 21% on account of start-up of production from KPD field in December 2016 coupled with production increase from Sinjhoru and non-operated joint venture fields.

The average daily net saleable hydrocarbon production relating to crude oil, gas and LPG during the period under review, including share in both operated and non-operated joint venture fields is as follows:

Products	Unit of Measurement	1st Half 2016-17	1st Half 2015-16
Crude oil	Barrels per day	42,880	40,028
Gas	MMcf per day	1,048	1,087
LPG	Tons per day	378	312

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.