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FOR IMMEDIATE RELEASE

OGDCL Un-Audited Financial Results for the Half Year Ended 31 December 2017

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its financial results for the Half Year ended December 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 95.960 billion compared to Rs 81.081 billion in the corresponding period last year
- Net profit before taxation registered Rs 52.029 billion compared to Rs 40.503 billion in the corresponding period last year
- Net Profit after Taxation came to Rs 36.672 billion as against Rs 30.008 billion in the preceding period translating into Earnings per Share of Rs 8.53
- The Board of Directors declared second interim cash dividend of Rs 3 per share
- Both the operating profit margin and net profit margin were 46% & 38% respectively.
- Average net realized price of crude oil sold was US\$ 48.69/ bbl as against US\$ 41.46/ bbl during corresponding period last year
- Average net realized price for natural gas sold was Rs 253.83/Mcf as against Rs 233.40/Mcf during corresponding period last year
- 690 Line Kms of 2D and 305 Sq. Kms of 3D seismic acquisition completed
- Nine (9) new wells including four (4) exploratory/appraisal wells and five (5) development wells were spud during the half year ended December 31, 2017
- Company's exploratory efforts yielded three (Bhambara-1 & Tando Allah Yar South West-1 in Sukkur, & Hyderabad districts of Sindh province while Dhok Hussain-1 in district Kohat of KPK province) new oil and gas discoveries
- Net crude oil production of 41,310 barrels per day, net gas production of 1,009 MMcf per day, net LPG production and 642 Metric Tons per day was witnessed during the period under review

MD & CEO's Statement

Mr. Zahid Mir, MD/CEO OGDCL, commenting on the financial results of OGDCL's first half FY2017-18, said:

"I am happy to report that OGDCL continued to exhibit successful performance during the period under review. This is witnessed by the fact that the Company registered Sales Revenue and Profit before Tax of Rs 95.960 billion and Rs 52.029 billion, showing growth of 18% and 28%, respectively. The Company registered Profit after Tax of Rs 36.672 billion translating into Earnings per Share of Rs 8.53. The enhanced profits were achieved primarily due to higher oil and gas realized prices.

During the period under review, OGDCL's exploratory endeavors to locate new hydrocarbon reserves resulted in three (3) oil and gas discoveries having expected cumulative daily production of 45 MMcf of gas and 749 barrels of oil. OGDCL's production strategy 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 owned and operated joint venture fields. OGDCL endeavours to maintain and enhance the current production level by actively conducting work-over jobs and by applying Enhanced Oil Recovery techniques at many of its wells. During July-December 2017, Company's production contributed around 48% and 28% of the Country's total oil and natural gas production respectively.

Finally, I would like to thank all the employees of the Company for their full support, focus and hard work towards achieving Company's goals and targets year after year. I feel fortunate to be associated with such a talented group of people that this company is fortunate to have. I am sure together, we will take the Company to even higher grounds resulting in continuous maximization of shareholder 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 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 48% of its total oil production from July 2017 to December 2017.

With a portfolio of 53 exploration licences, the Company has the largest exploration acreage in Pakistan, covering 30% of the total awarded acreage as of December 31, 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 63.803 billion for the year ended June 30, 2017.

SUMMARY RESULTS

Financial Results

OGDCL continued to exhibit successful performance during the period under review. This is witnessed by the fact that the Company registered Sales Revenue and Profit before Tax of Rs 95.960 billion and Rs 52.029 billion (1H FY 2016-17: Rs 81.081 billion and Rs 40.503 billion) showing growth of 18% and 28% respectively. The Company's Sales are primarily supported by increase in average basket price of crude oil which during the six month period stood at US\$ 54.29/barrel against US\$ 46.19/barrel in the comparative period leading to higher realized price of crude oil averaging US\$ 48.69/barrel against US\$ 41.46/barrel in the preceding period. Likewise, the Company recorded improvement in the realized price for gas and LPG averaging Rs 253.83/Mcf and Rs 53,591/ton compared with Rs 233.40/Mcf and Rs 37,710/ton respectively in the last period. Moreover, OGRA's wellhead price notification impact with respect to Mamikhel, Marmzai and Makori East fields amounting Rs 3.677 billion complemented by increase in LPG production and exchange rate to Rs 106.08/US\$ from Rs 104.91/US\$ in the corresponding period positively influenced the business financials.

In addition to the above, OGDCL during July-December 2017 witnessed improvement in bottom line financial results due to decrease in exploration and prospecting expenditures partially offset by increased cost of three (3) wells declared dry and abandoned. Furthermore, increase in Share of profit in associate contributed favorably towards the Company's financial performance. However, financial results were partially offset mainly by decline in interest income on maturity of PIBs on 19 July 2017 and receipts on account of signature bonus combined with higher salaries, wages and benefits, depreciation of property, plant and equipment and taxation for the current period. Nevertheless, the Company registered Profit after Tax of Rs 36.672 billion (1H FY 2016-17: Rs 30.008 billion) translating into Earnings per Share of Rs 8.53 (1H FY 2016-17: Rs 6.98).

Key Performance Indicators

Indicators	UOM	1H 2017-18	1H 2016-17
Net Sales	Rs in Million	95,960	81,081
Profit after Tax	Rs in Million	36,672	30,008
Net Profit Margin	%	38	37
Return on Average Capital Employed	%	14	12
EBITDA Margin	%	62	58

Current Ratio	Times	6.25	5.30
Earnings per Share	Rupees	8.53	6.98

Dividend

The Board has announced second interim cash dividend of Rs 3 per share (30%) for the year ending 30 June 2018. This is in addition to the first interim cash dividend of Rs 1.75 per share (17.50%) 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 2017 stood at 104,384 sq. km representing 30% of the Country's total area under exploration (source: PPIS). Business exploration portfolio spreads across all four (4) provinces of the Country and currently constitute fifty three (53) owned and operated joint venture exploration licenses. Moreover, the Company possesses working interest in five (5) blocks operated by other exploration and production companies.

OGDCL in line with its exploration led growth strategy to enhance oil and gas reserves continued with seismic data acquisition, drilling of wells and processing/reprocessing of seismic data during July-December 2017. During the reporting period, Company's 3D and 2D seismic data acquisition is 53% and 32% of total seismic data acquired in the Country (source: PPIS) which being 305 sq. km (1H FY 2016-17: 1,019 sq. km) and 690 Line km (1H FY 2016-17: 2,039 Line km), respectively. The aforesaid seismic data acquisition is from the Company's exploratory blocks viz., Lakhi Rud, Rakshan, Kulachi, Pezu, Gurgalot, Soghri, Wali and Pasni West. Moreover, 2,307 sq. km of 3D and 1,780 Line km of 2D seismic data of various blocks has been processed/reprocessed using in-house resources.

Regarding drilling activities during the period under review, OGDCL spud four (4) exploratory wells namely Qadir Wali-1, Shawa X-1, Urs-1 and Ganjo Takkar-1 and five (5) development wells namely Mela-6, Kunnar West-2, Pasahki North-3 and Qadirpur 25A & HRL-14. In addition, drilling and testing of eight (8) ongoing wells pertaining to previous fiscal year have been completed. The Company's drilling meterage carried out at the wells during the six months period aggregated to 43,751 meters. Moving forward, the Company, with an aim to boost its oil and gas reserves, has incorporated shale gas/oil and tight gas/oil evaluation program in its drilling campaigns.

Discoveries

During the period under review, OGDCL's exploratory endeavors to locate new hydrocarbon reserves resulted in three (3) oil and gas discoveries having expected cumulative daily production of 45 MMcf of gas and 749 barrels of oil. These discoveries were witnessed at Bhambara-1 in district Sukkur, Tando Allah Yar South West-1 in district Hyderabad, Sindh province and Dhok Hussain-1 in district Kohat, KPK province. Preliminary reserves estimate attributable to aforesaid discoveries is 102.85 billion cubic feet of gas and 1.40 million barrels of oil combined 18.60 million barrels of oil equivalent.

Reserves

OGDCL's total gross remaining 3P recoverable reserves as of 31 December 2017 stood at 475 million barrels of oil and 11,096 billion cubic feet of gas. It is pertinent to mention that the Company's successful reservoir monitoring, rapid interpretation and appropriate intervention has improved the ultimate recovery of hydrocarbon reserves from various reservoirs.

Development Projects

OGDCL during the reporting period carried on the progressive activities for completion of its ongoing Nashpa development project. To this end, construction activities remained in progress while pre-commissioning work has started in December 2017. Incremental daily production envisaged upon completion of the project is 1,100 barrels of oil/NGL, 10 MMcf of gas and 340 Tons of LPG.

Apart from the above, KPD-TAY and Uch-II plants are functioning under normal operational mode whereby KPD-TAY field's current daily production is around 4,000 barrels of oil, 195 MMcf of gas and 360 Tons of LPG while Uch-II field is daily contributing 130 MMcf of gas. Likewise, smooth production operations remained prevalent at Sinjhor field which on daily basis is presently producing around 2,800 barrels of oil, 32 MMcf of gas and 150 Tons of LPG.

Production

OGDCL's production strategy 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 owned and operated joint venture fields. In this pursuit, the Company during the period under review injected twelve (12) new operated wells; Pakhro-1, Dachrapur-3, Kunnar South-1, Chanda-4, Tando Allah Yar-1, Chandio-1, Moolan-1, Resham-1, Nandpur-10, and Qadirpur-58, HRL-12 & 14 in the production system, which cumulatively yielded gross crude oil and gas production of 132,090 barrels and 4,540 MMcf respectively. Moreover, production testing has been carried out at Bitrism West-2 and Kunnar Deep-10. During July-December 2017, Company's production contributed around 48% and 28% of the Country's total oil and natural gas production respectively.

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 Kunnar-9 & 10 and Pasahki-1 & 7. Likewise, carrying out of rig-less workover jobs (32 in numbers) to boost 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 Kunnar, Soghri, Sinjhoru, Qadirpur, Daru, Maru-Reti, Nim West and Dakhni fields. As part of preventive maintenance plan, Annual Turn Around (ATA) of plants were carried out at Sinjhoru, Chanda, Kunnar, KPD-TAY, Uch, Nandpur/Panjpir and Dakhni/Soghri fields.

In comparison to the corresponding period last year, average daily net crude oil production clocked at 41,310 barrels per day showing a decline of 4% primarily owing to natural depletion at Kunnar, Palli, Pasahki, Rajian, Mela and Nashpa fields. Moreover, short lifting of crude oil by refineries at Nashpa, shut-in of Baloch-1 since 14 April 2017 and down hole problem at Pasahki-1 & 7, Mela-1 and Pasahki North-1 coupled with production cessation at Chak 63-3 and Chak 66 NE-1 contributed to lower crude oil production. Likewise, 4% decrease is witnessed in average daily net saleable gas production which during the period is 1,009 MMcf per day mainly on account of natural decline at Loti, Pirkoh and Qadirpur fields. Additionally, less gas intake at Uch-II field by UPL-II owing to tripping of turbines, ATA at KPD-TAY with effect from 5-14 September 2017 and decline in production share from non-operated JV fields predominantly Miano, Badhra and Chaman influenced gas production.

OGDCL witnessed 70% surge in LPG production mainly due to production commencement from TAY field in conjunction with production increase from KPD and non-operated JV fields. Overall, rise in LPG production led the Company's sales volume to contribute positively towards the financial results for the half year ended 31 December 2017. Average daily net saleable production including share in both operated and non-operated JV fields during the period under review is as follows:

Products	Unit of Measurement	HY 2017-18	HY 2016-17
Crude oil	Barrels per day	41,310	42,880
Gas	MMcf per day	1,009	1,048
LPG	Tons per day	642	378
Sulphur	Tons per day	52	58

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.