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FOR IMMEDIATE RELEASE

OGDCL Un-Audited Financial Results for the Half Year Ended 31 December 2015

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its financial results for the Half Year ended December 2015. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

Highlights of the Half Year include:

- OGDCL's net sales registered Rs 86.186 billion compared to Rs 118.644 billion in the corresponding period last year
- Net profit before taxation registered Rs 48.076 billion compared to Rs 74.71 billion in the corresponding period last year
- Net Profit after Taxation came to Rs 34.206 billion as against Rs 47.828 billion in the preceding period translating into Earnings per Share of Rs 7.95
- The Board of Directors declared final cash dividend for the year at Rs 1.20 per share.
- Operating profit margin and net profit margin were 45% and 40%, respectively.
- Average net realized price of crude oil sold was US\$ 43.09/bbl as against US\$ 76.57/bbl during corresponding period last year
- Average net realized price for natural gas sold was Rs 255.47/Mcf as against Rs 276.69/Mcf during corresponding period last year
- 2,354 Line Kms of 2D and 1,545 Sq. Kms of 3D seismic acquisition completed
- Eight (8) new wells including two (2) exploratory/appraisal wells and Six (6) development wells were spud during the half year ended December 31, 2015
- Company's exploratory efforts yielded two (2) new oil and gas discoveries namely Chak Naurang South-1 in district Chakwal, Punjab province and Aradin-1 in district Khairpur, Sindh province.
- Net crude oil production of 40,028 barrels per day, net gas production of 1,116 MMcf per day, net LPG production 312 Metric Tons per day and net Sulphur production of 28 Metric Tons per day was witnessed during the period under review

	1H 2015-16 Rupees Million	IH 2014-15 Rupees Million
Net Sales	86,186	118,644
Profit before Taxation	48,076	74,710
Profit after Taxation	34,206	47,828
Earnings per Share - Rs	7.95	11.12

MD & CEO's Statement

Mr. Zahid Mir, MD & CEO, while commenting on OGDCL's Half year FY2016 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 with an aim to play a pivotal role in meeting the energy demands of the Country. During the first half of our fiscal year 2016, OGDCL during July – December 2015 acquired 2,816 Line kms of 2D and 1,545 sq. kms of 3D seismic data and reaping the benefits of our exploration-led growth strategy the Company witnessed two oil and gas discoveries.

However, the continuing slump in international crude oil prices negatively impacted OGDCL's financial performance, a trend witnessed across the entire E&P industry. Let me assure you here that the Company is well cognizant of this low oil price environment and is taking all necessary measures to cut costs and improve on operational and financial efficiencies. OGDCL's focus is firmly based on building a balanced resource portfolio that includes a diversified mix of high-impact exploration, near-term development projects and material production growth.

Last but not the least, I am very proud of our human capital and commend and appreciate their unrelenting support, hard work and unwavering commitment to ensure that the Company is well aligned on the strategic path set by the management and going all out ensuring that the shareholders wealth is maximized."

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Notes to Editors

OGDCL, the largest petroleum Exploration and Production (E&P) Company in Pakistan, was listed on all three stock exchanges of the country in November 2003 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 59% of oil, respectively, as at June 30, 2015. It contributed 28% of the country's total natural gas production and 48% of its total oil production from July 2015 to December 2015.

With a portfolio of 61 exploration licences, the Company has the largest exploration acreage in Pakistan, covering 31% of the total awarded acreage as of 31st December 2015. 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 87.249 billion for the year ended 30th June 2015.

SUMMARY RESULTS

Financial Results

Persistent slump in international crude oil prices continued to impact OGDCL's financial performance, a trend witnessed across the entire E&P industry. This position is reflected in the standings of average basket price which, during the period under review plummeted to US\$ 47.73 from US\$ 91.86 in the corresponding period last year. Resultantly, the Company's average realized prices recorded for crude oil and gas were US\$ 43.09/barrel and Rs 255.47/Mcf compared with US\$ 76.57/barrel and Rs 276.69/Mcf respectively in the comparative period. In addition, the Company's Sales affected by decrease in oil and gas production were partially offset by increase in average exchange rate to Rs/US\$ 104.19 from Rs/US\$ 101.94 during the last period leading the business to register Sales Revenue of Rs 86.186 billion (1H 2014-15: Rs 118.644 billion).

Apart from the above, reduced other income mainly on account of decline in interest income on investment and bank deposits impacted OGDCL's profitability. This has led the Company to report Profit after Tax of Rs 34.206 billion translating into Earnings per Share of Rs 7.95.

In view of the challenging times faced by E&P companies on account of collapse in international oil prices resulting in squeeze in their profit margins, OGDCL is focused on maintaining a conservative financial framework in conjunction with concentrating on cost control with the aim to carry out exploration, development and production operations efficiently and effectively.

Dividend

The Board has announced second interim cash dividend of Rs 1.20 per share (12%) for the year ending 30 June 2016. This is in addition to the first interim cash dividend of Rs 1.50 per share (15%) already declared during the year.

Exploration and Development Activities

OGDCL holds a diverse portfolio of exploratory assets currently constituting sixty one (61) owned and operated joint venture exploration licenses along with holding working interest in six (6) blocks operated by other exploration and production companies. These exploratory licenses are spread across all four (4) provinces of the Country covering an

area of 112,601 sq. km as of 31 December 2015, representing the largest exploration acreage held by any E&P Company in Pakistan.

In pursuit to embark upon new growth opportunities and enhance production base, OGDCL's intensified exploratory efforts continued during the reporting period. To this end, the Company during July – December 2015 acquired 2,816 Line km (1H 2014-15: 2,354 Line km) of 2D and 1,545 sq. km (1H 2014-15: 508 sq. km) of 3D seismic data in various exploratory blocks. Moreover, 4,892 Line km of 2D seismic data of various blocks were processed using in-house resources.

During the period under review, OGDCL spud eight (8) wells including two (2) exploratory/appraisal wells viz., Bachani-1 and Bitrism West-1 and six (6) development wells viz., Qadirpur-55, Qadirpur HRL-9, Buzdar North-2, Pirkoh-54 and Kunnar-10 & 11. Furthermore, drilling and testing of four (4) wells spud in the previous fiscal year have been completed during the reporting period.

Regarding exploitation of unconventional oil and gas resources, OGDCL is carrying out a comprehensive study through an international consultant to evaluate shale gas/oil and tight gas/oil potential in its operated blocks. The first phase of the study has been completed while second and third phase of the study are currently underway. Moreover, to measure and evaluate shale gas potential at the well-site during the drilling phase, services including Well-site Geosciences and Cansister Gas Analysis are being utilized at wells; Kunnar Deep-10 and Suleiman-2.

Discoveries

OGDCL's exploratory endeavours to locate new hydrocarbon reserves during the period under review led to oil and gas discoveries at Chak Naurang South-1 in district Chakwal, Punjab province and Aradin-1 in district Khairpur, Sindh province. Subsequently, during the month of January and February 2016, the Company made significant discoveries at Thal East-1 in district Sukkur, Sindh province and Nashpa X-5 in district Karak, Khyber Pakhtunkhwa province having average daily production of 23.50 MMcf of gas and 1,032 barrels of oil, respectively.

Development Projects

OGDCL during the period under review continued to make efforts for completion of its ongoing development projects including Kunnar Pasahki Deep-Tando Allah Yar (KPD-TAY),

Sinjhoro, Uch-II, Jhal Magsi, Nashpa and Mela. In this regard, phase-II of the Sinjhoro development project upon completion of commissioning activities has been brought into production during the month of July 2015. At present, total production from combined phases; I and II is around 2,750 barrels per day of crude oil, 28 MMcf per day of gas and 135 Tons per day of LPG.

Under KPD-TAY development project, phase-II is expected to be completed by March 2016 resulting in average daily incremental production of 4,100 barrels of oil, 125 MMcf of gas and 410 tons of LPG.

Production

With an aim to play a pivotal role in meeting the energy demands of the Country, OGDCL is striving to enhance oil and gas production from owned and operated joint venture fields. In this regard, the Company during July-December 2015 added 2,960 barrels per day of crude oil and 21 MMcf per day of gas through addition of new wells; Chak 63-3, Chak 2-3, Qadirpur-55, Mela-4 and Loti-19 & 20 in the existing gathering system.

In order to enhance/revive production from the mature wells, OGDCL during the period under review carried out workover jobs with rig at Kal-3, Missakeswal-3 and Sono-7. Likewise, rig-less workover jobs to boost oil and gas production were carried out at various wells; Toot-17, Mela-3, Rajian-2, Pirkoh-5, Mithrao-1, Kunnar-6, Pasahki-5, Noorai Jagir-1, Baloch-1, Loti-4, Aradin-1, Chak 2-1 and Qadirpur-22 & 27. Moreover, to induce improvement in current well flow parameters, pressure build-up survey jobs were completed at various wells of Qadirpur, Sinjhoro, Uch and Bobi fields.

During the period under review, OGDCL as part of preventive maintenance plan carried out Annual Turn Around of plants at Bobi, Qadirpur, Kunnar, Kunnar Pasahki Deep, Dakhni, Chanda, Uch and Sinjhoro fields. Moreover, production testing has been completed at wells; Suleman-2, Chak 2-2, Qadirpur HRL-9, and Thal East-1. The commissioning of Cathodic Protection system at 24 wells of Kunnar Pasahki Deep and 15 wells of Uch-II project has also been completed.

Natural decline in some of OGDCL mature hydrocarbon producing fields accompanied with fall in the share of crude oil production from non-operated joint venture fields impacted OGDCL's net oil and gas production during July – December 2015 in comparison to the corresponding period last year. Moreover, less gas intake from Uch-II field by Uch-II Power

(Private) Limited due to ATA and Qadirpur field owing to tripping of turbines at Engro Powergen Limited and Liberty Power Limited coupled with temporary suspension of plant at Makori field influenced the Company's production. Regarding LPG production, the Company witnessed AN increase owing to start-up of production from Sinjhor and Jakhro fields.

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

Products	Unit of Measurement	1st Half 2015-16	1st Half 2014-15
Crude oil	Barrels per day	40,028	41,271
Gas	MMcf per day	1,116	1,173
LPG	Tons per day	312	245

OGDCL based on its commitment to carry on the aggressive exploratory efforts and near term completion of ongoing development projects coupled with utilizing latest production techniques to curtail natural decline in mature hydrocarbon producing fields is confident to maintain and enhance oil and gas output in the future while continuing to play a leading role in addressing energy challenges faced by the Country.