THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your Ordinary Shares in Dana Petroleum plc please send this document, together with the accompanying form of proxy, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, to be forwarded to the purchaser or transferee.

The directors of Dana Petroleum plc, whose names appear on page 6, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

DANA PETROLEUM PLC

Proposed acquisition

of

a portfolio of UK Oil and Gas assets

Notice of Extraordinary General Meeting

Teather & Greenwood Limited is regulated by the Financial Services Authority Limited and is acting for Dana Petroleum plc in connection with the Acquisition and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of Teather & Greenwood Limited or for advising any other person in connection with the proposed acquisition.

Notice of an Extraordinary General Meeting of Dana Petroleum plc to be held at the offices of College Hill Associates, 78 Cannon Street, London EC4N 6HH at 11.45 am on 23 July 2002, or following the conclusion of the Annual General Meeting, if later, is set out at the end of this document. Shareholders are requested to complete and return the accompanying form of proxy as soon as possible and, in any event, so as to be received by Capita IRG plc, not later than 11.45 am on 21 July 2002. The completion and return of the form of proxy will not preclude Shareholders from attending the meeting and voting in person should they subsequently wish to do so.

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EXPECTED TIMETABLE

Form of Proxy to be returned by	11.45 am on 21 July 2002
Extraordinary General Meeting	11.45 am on 23 July 2002

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

"Acquisition"	the acquisition of the Agip Transferred Interests
"Acquisition Agreement"	the conditional asset exchange agreement dated 20 March 2002 between the Agip Companies (1) and Dana Petroleum (E&P) Limited (2) relating to the Acquisition, the principal terms of which are summarised in paragraph 3 of Part 4 of this document
"Act"	the Companies Act 1985 (as amended)
"Agip Companies"	together Agip (U.K.) Limited, Agip Exploration & Production Limited, Agip (UKCS) Limited, Lasmo (TNS) Limited, and Lasmo (ULX) Limited, the vendors of the Agip Transferred Interests
"Agip Transferred Interests"	the Agip Companies' interests in each or any of the licences P.188, P.212, P.224, P.226, P.472, P.570 and P.1021, Lasmo (ULX) Limited's interest in the Brent pipeline system and in the Sullom Voe terminal, and associated joint operating and other agreements as more particularly described in the Acquisition Agreement
"Articles"	the articles of association of the Company
"B Shares"	the class of unlisted B ordinary shares of 1p each having the rights set out in the Articles
"Business Day"	a day (other than a Saturday or Sunday) on which banks are generally open in London for the transaction of normal business
"Competent Person"	RML
"Dana" or the "Company"	Dana Petroleum plc (or where applicable its wholly owned subsidiary Dana Petroleum (E&P) Limited)
"Dana Group" or "Group"	Dana and its subsidiaries or associates
"1999 Convertible Loan Notes"	the $12,500,000 unsecured convertible loan notes issued to MHR in December 1999
"Dana Transferred Interests"	a 3 per cent interest in licence P.749 and associated joint operating and other agreements as more particularly described in the Acquisition Agreement
"Directors" or "Board"	the directors of Dana as set out on page 6 of this document
"Employee Share Schemes"	the Dana 1999 Share Option Scheme, the Dana 1997 Share Option Scheme (which was replaced by the Dana 1999 Share Option Scheme) and the Dana Petroleum Sharesave Scheme
"Enlarged Group"	the Group as enlarged by the Acquisition
"London Stock Exchange"	London Stock Exchange plc
"MHR"	MHR Advisors LLC, a US-based fund manager, and its affiliates
"noteholders"	holders of the 1999 Convertible Loan Notes
"Official List"	the Official List of the UKLA
"optionholders"	holders of options under the Employee Share Schemes
"Ordinary Shares"	ordinary shares of 1p each in the capital of Dana (excluding the B Shares)
"RML"	the company Reservoir Management Limited
"Shareholders"	holders of Ordinary Shares in the Company
"Teather & Greenwood"	Teather & Greenwood Limited
"Transferred Interests"	the Agip Transferred Interests and/or the Dana Transferred Interests as the context requires
"UKLA" or "UK Listing Authority"	the Financial Services Authority Limited in its capacity as the competent authority for the purposes of Part IV of the Financial Services and Markets Act 2000

"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its states, territories and possessions (including the District of Columbia)

GLOSSARY OF TECHNICAL TERMS

"API"	American Petroleum Institute
"AVO"	amplitude variation with offset
"bbl"	barrels
"boe"	barrels of oil equivalent
"bopd"	barrels of oil per day
"boepd"	barrels of oil equivalent per day
"Btu"	British thermal units
"cP"	centipoise
"D"	darcies
"FDP"	field development plan
"GIIP"	gas initially in place
"GOC"	gas-oil ratio
"GOR"	gas-oil contact
"GRV"	gross rock volume
"km"	kilometres
"m"	metres
"M", "MM", "B", "T"	thousands, millions, billions (thousand million), trillions (million million) respectively
"mD"	millidarcies
"NGL"	natural gas liquids
"NPV"	net present value
"OOIP"	original oil in place
"OWC"	oil-water contact
"Petroleum"	oil, gas, condensate or natural gas liquids
"Probable Reserves"	those reserves which are not yet proved but which on the available evidence and taking into account technical and economic factors have a better than 50 per cent. chance of being recovered
"Proven Reserves"	those reserves which on the available evidence and taking into account technical and economic factors have a better than 90 per cent. chance of being recovered
"psia"	pounds per square inch absolute
"scf"	standard cubic feet measured at 14.7 psia and 60 degrees Fahrenheit
"scfd"	standard cubic feet per day
"spudded"	commenced drilling
"stb"	stock tank barrels measured at 14.7 psia and 60 degrees Fahrenheit
"stbd"	stock tank barrels per day
"STOIIP"	stock tank oil initially in place
"TVDSS"	true vertical depth sub-sea
"water cut"	that percentage of total flow that is water

PART 1

LETTER FROM THE CHAIRMAN

DANA PETROLEUM PLC

(Registered in England and Wales No. 3456891)

Directors:
Charles Mayfield Smith CBE (*Non-Executive Chairman*)
Thomas Patrick Cross (*Chief Executive Officer*)
Graham Duncan Stewart (*Finance Director*)
Andrew Mark Bostock (*Technical Director*)
Angus Maitland Pelham Burn (*Non-Executive Director*)
Colin Robert Goodall (*Non-Executive Director*)

Group Headquarters:
36 Carden Place
Aberdeen AB10 1UP

Registered Office:
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

27 June 2002

To the holders of Ordinary Shares and, for information only, to optionholders, noteholders and holders of B Shares

Dear Shareholder

Proposed Acquisition of a Portfolio of UK Oil and Gas Assets

Introduction

It was announced on 21 March 2002 that the Company's subsidiary Dana Petroleum (E&P) Limited had signed a conditional exchange agreement for the acquisition of a portfolio of UK North Sea production, development and exploration assets from Agip (U.K.) Limited and its affiliates for an aggregate consideration of between £48.15 and £54.15 million, depending on the long term performance of the Banff field. In view of the size of the Acquisition in relation to Dana and as required by the UKLA Listing Rules, the Acquisition is conditional on the approval of Shareholders which is to be sought at the Extraordinary General Meeting. I am writing to you today to give you details of the Acquisition, to explain why the Directors consider it to be in the best interests of the Company and to recommend that you vote in favour of the resolution to approve the Acquisition at the EGM. You will find the notice of the meeting set out at the end of this document.

The Acquisition

Under the terms of an agreement entered into on 20 March 2002, further details of which are contained in paragraph 3 of Part 4 of this document, Dana agreed to acquire the following portfolio of assets (the Agip Transferred Interests) through its subsidiary Dana Petroleum (E&P) Limited:

- A 19.5 per cent interest in the producing Hudson oil field and surrounding exploration blocks 210/24a and 210/24b including the 'Melville' oil discovery;
- A 12.4 per cent interest in the producing Banff oil and gas field and unit area which contains the 'MacDuff' exploration prospect;
- A circa 19.0 per cent interest in block 210/15a, including the Otter oil field which is currently under development with first oil anticipated around the end of 2002, and a 26 per cent interest in exploration block 210/20d;
- A circa 0.64 per cent interest in the Brent pipeline system and a circa 0.38 per cent interest in the Sullom Voe terminal in the Shetland Islands;
- A circa 13.5 per cent interest in exploration block 29/2a, around the Banff field, which contains the 29/2a-2 gas-condensate discovery and the 'Deep Banff' exploration prospect; and

- A circa 55.1 per cent interest in exploration block 211/8a which includes the 211/8a-2 oil discovery, immediately north of the Penguins group of oil fields currently under development, and a 25 per cent interest in block 211/11a.

The assets to be acquired are more fully described in the report from the independent expert petroleum engineering advisors, Reservoir Management Limited ("RML"), which is set out in Part 2 of this document. Shareholders should read the whole of this document and not rely solely on the summarised information set out in this letter.

In exchange for the above assets, Dana has agreed to assign to Agip a 3 per cent interest in UK North Sea P.749 Quadrant 23 exploration blocks 23/16c, 23/16d and 23/17a and pay an initial cash consideration of £48.15 million adjusted for an effective date of 1 July 2001. The initial cash consideration will be adjusted at completion to reflect both income derived from the Agip Transferred Interests, principally in the form of oil sale receipts, less any associated operating and capital expenditure incurred since that date. The Company anticipates that the income less operating expenditure derived from the Agip Transferred Interests will not be materially different to the capital expenditure incurred, primarily on the Otter field development, in the period between 1 July 2001 and completion of the Acquisition. The adjustment to the initial cash consideration is expected to increase the amount to be paid by approximately £2 million. The initial cash consideration will be met largely from a new US$75 million revolving credit facility for the Group with Barclays Capital, the investment banking division of Barclays Bank PLC. Summary details of this facility are set out in paragraph 3(a) of Part 4 of this document.

Two contingent cash payments, each of £3 million, will become payable should the Banff field produce firstly 17 million barrels of oil and secondly 30 million barrels of oil as measured from 1 July 2001. Estimated abandonment costs of the Agip Transferred Interests (net to Dana's interest) amount to £7.8 million. Dana will retain a significant 27 per cent interest in the P.749 Quadrant 23 exploration blocks where a well has recently been drilled to test the Barbara exploration prospect.

As stated in RML's report in Part 2 of this document, the net Proven and Probable Reserves associated with the new assets are estimated to be around 18.8 million barrels of oil equivalent in the Hudson, Banff and Otter fields. Significant further discovered, but as yet undeveloped, possible reserves have also been identified in the Melville field and other discoveries in Blocks 29/2a and 211/8a. In addition, a number of attractive exploration targets are present within the portfolio.

Since announcement of the Acquisition, approval from the UK Department of Trade and Industry and all consents, approvals and waivers necessary from the other licence co-venturers to the Acquisition have been obtained.

Background to and reasons for the Acquisition

Dana's strategy is to deliver strong growth in production and earnings through the development and production of a low-risk, balanced portfolio of oil and gas assets, whilst simultaneously building and executing a high-impact exploration programme in which there are numerous opportunities for step increases in value. The Group generates its production and development projects both through its own exploration success and through acquisition. In particular, acquisition is considered where the Dana Group can use its exploration licences or discoveries to trade for low cost production, thus bringing oil to market more expeditiously and at a lower cost per barrel than through organic exploration and development alone.

In line with the above strategy, the Acquisition:

- represents a major growth step for Dana, almost doubling the Group's production to approximately 11,000 boepd with the prospect of a further increase to around 20,000 boepd during 2003 when the Otter and Caledonia fields are in production;
- adds Proven and Probable Reserves of approximately 19 MMboe and proven, probable and possible reserves of approximately 50 MMboe; and
- significantly lowers the risk profile associated with Dana's asset portfolio by diversifying its sources of cashflow and increasing the proportion of the Group's earnings generated in the UK to over 90 per cent.

The Acquisition has been structured so that it will be paid for substantially from debt finance, enabling the Group to maintain an acceptable level of gearing whilst ensuring that Dana can continue to drive forward its international exploration programme. The Directors consider that the Acquisition will add significant value to the Company. This view is supported by the net present values reported in Part 2 of this document, which the Directors believe more than justifies the price being paid by the Company.

Current trading and prospects

For the year ended 31 December 2001, the Group reported a preliminary pre-tax profit of £7.7 million (2000: £7.4 million) on turnover of £27.1 million (2000: £29.9 million). Since December 2001, Dana's production from its Claymore, Victor and South Vat-Yoganskoye assets has continued at approximately 5,700 boepd.

In early 2002 a new well, C75, was drilled on the Claymore field to exploit an unswept area in the crest of the main reservoir. This well came on stream in April 2002 and is producing at a gross rate of around 6,000 bopd (448 bopd net to Dana). An appraisal well is currently being drilled into the 'Drum' accumulation west of the main reservoir, discovered in 1990. Recent work by the field operator indicates that this accumulation could be substantially larger than previously estimated.

The acquisition of a portfolio of North Sea assets from Conoco, including the Caledonia development, and the undeveloped Cavendish, Enoch and J1 fields was completed on 1 May 2002. The Caledonia field development, a subsea tie-back to the existing Britannia platform, is on track for first oil production in October 2002. Net initial production to Dana is anticipated to be 3,000 bopd. Field development options for the Cavendish gas field and Enoch oil field are being studied. In the Dutch sector of the North Sea, a field development plan for the F16-E gas development is under discussion.

A plan for the development of the Ujung Pangkah gas field in Indonesia has been submitted to the state oil and gas company, Pertamina. Project sanction is expected to take place in 2002, leading to first gas in 2004. Gross recoverable reserves are projected to be in excess of 450 bcf of liquids-rich gas. Progress is also being made on plans to develop the Sidayu oil accumulation and the oil leg of the Ujung Pangkah field.

A well to test the Barbara prospect in Block 23/16c of the Central North Sea was recently drilled. The primary well objective was to explore for hydrocarbons around a pronounced salt diapir structure, a play type which has yielded several important North Sea discoveries such as the Pierce and Mungo oil fields. At present, the well results remain confidential and an announcement is expected to be made in due course.

In Australia, Dana has negotiated an agreement with Australian companies Origin Energy Resources Limited and Voyager Energy Limited, to farm into the WA-226-P licence in the Perth Basin on a promoted basis. Preparations are underway to drill an exploration well on the 'Morangie' prospect in late 2002 and this undrilled prospect is interpreted to have the potential to contain up to 250 million barrels of oil in place. Dana will be free carried through the drilling cost whilst retaining a 30 per cent working interest in any discovery.

In Ghana, Dana is planning to drill a second exploration well in third quarter 2002, following the WT-1X oil discovery made in 2000.

In relation to the Agip Transferred Interests:

The Otter field development has progressed in line with the project schedule. Subsea facilities are fully installed and topsides modifications to the Eider platform are approaching completion. The rig has arrived on location and commenced drilling of the first development well with first oil expected before year end.

Hudson field oil production is averaging 17,500 bopd (3,500 bopd net to Dana). The Banff field is producing at around 11,000 bopd and 33 mmscfpd (2,000 boepd net to Dana) with a rig due on location shortly to spud the B5 horizontal producer. First oil from this new development well is expected by November 2002.

In view of the above, and the increase in production and opportunities expected to result from the Acquisition, the Directors are confident regarding the outlook for the Enlarged Group for the current financial year and beyond.

Extraordinary General Meeting

Set out at the end of this document is a notice convening the Extraordinary General Meeting to be held at 11.45 am on 23 July 2002, or following the conclusion of the Annual General Meeting, if later, at which an ordinary resolution will be proposed to approve the Acquisition.

At the time of the Company's placing and open offer in August last year, I stated that the Company was actively considering a consolidation of the Ordinary Shares. Since then and in particular since the announcement of the 2001 preliminary results and the proposed Acquisition, there has been considerable trading in the Company's Ordinary Shares both from retail and institutional shareholders and the Directors and the Company's advisors believe it is in the best interests of Shareholders not to consolidate at this juncture. Accordingly, the Board does not propose to take any action to consolidate the Ordinary Shares now but will review the situation from time to time.

Action to be taken

A form of proxy for use in connection with the Extraordinary General Meeting is enclosed. Whether or not you intend to attend the Extraordinary General Meeting, you are requested to complete and return the form of proxy, in accordance with the instructions contained therein to the Company's registrars, Capita IRG plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ, so as to be received as soon as possible and in any event by no later than 11.45 am on 21 July 2002. The completion and return of a form of proxy will not preclude you from attending and voting at the meeting in person should you wish to do so.

Further information

Your attention is drawn to parts 2 to 4 of this document which provide additional information relating to the Acquisition and the Group.

Recommendation

The Directors, who have been advised by Teather & Greenwood, consider that the Acquisition is in the best interests of the Company and Shareholders as a whole. In providing advice to the Company, Teather & Greenwood has taken into account the Directors' commercial assessment of the impact of the Acquisition on the Enlarged Group. Accordingly, the Directors unanimously recommend you to vote in favour of the resolution to be proposed at the Extraordinary General Meeting, as they intend to do in respect of their own beneficial shareholdings amounting in aggregate to 11,138,532 Ordinary Shares, representing 1.0 per cent of the Company's existing issued ordinary share capital.

Yours faithfully

Charles M Smith CBE

Chairman

PART 2

COMPETENT PERSON'S REPORT ON THE OIL AND GAS ASSETS COMPRISED IN THE AGIP TRANSFERRED INTERESTS

THE GEOSCIENCE & PETROLEUM ENGINEERING CONSULTANCY

Reservoir Management Limited 7 Bon Accord Square **Aberdeen** AB11 6DJ **UK**

RESERVOIR MANAGEMENT

The Directors
Dana Petroleum plc
36 Carden Place
Aberdeen AB10 1UP

The Directors
Teather & Greenwood Limited
Beaufort House
15 St Botolph Street
London EC3A 7QR

27 June 2002

Dear Sirs

In accordance with your instructions, Reservoir Management Limited ("RML") has reviewed and valued the interests that Dana Petroleum (E&P) Limited, a wholly owned subsidiary of Dana Petroleum plc ("Dana"), plans to acquire in the Hudson, Otter and Banff fields and associated discoveries and exploration prospects which are comprised in the Agip Transferred Interests. The properties evaluated are listed in the Estimation and Valuation of Reserves Section of this report. The Proven and Probable Reserves presented in this report have been prepared in accordance with the reserves definitions presented in Chapter 19 of The Listing Rules of the United Kingdom Listing Authority.

Reserves estimates presented in this report are expressed as gross and net reserves. Gross reserves are defined as the total estimated petroleum to be produced from the fields evaluated from 1st July 2001, the effective date of the proposed acquisition. Net reserves are defined as that portion of the gross reserves attributable to the interests evaluated after deducting all interests owned by others. In conducting this review we have utilised information supplied directly or indirectly by the field operators and by Dana, comprising basic engineering data, technical reports, costs, licence details and commercial data. We have reviewed the information provided, which included actual production and expenditure data through to 28 February 2002, and modified assumptions where we considered appropriate. Site visits were not considered necessary for the purposes of this report.

Standard geological and engineering techniques accepted by the petroleum industry were used in estimating recoverable hydrocarbons. These techniques rely on engineering and geoscientific interpretation and judgement; hence the reserves included in this evaluation are estimates only and should not be construed to be exact quantities. The revenues from such reserves and the actual costs related thereto could be more or less than the estimated amounts. It should be recognised that such estimates of hydrocarbon reserves and asset value may increase or decrease in future if there are changes to the technical interpretation, economic criteria or regulatory requirements. As far as RML is aware there are no special factors that would affect the operation of the assets and which would require additional information for their proper appraisal.

Economic analysis was carried out using a conventional discounted cashflow method, described in more detail under the Estimation and Valuation of Reserves Section of this report. The assumptions made in constructing the model were verified by RML and revised as required. Reserves and net present value are reported at 1 July 2001. Changes to the United Kingdom Continental Shelf ("UKCS") tax regime, announced in the Budget Statement on 17 April 2002, have been incorporated into the economic analysis.

SUMMARY

The package of assets to be acquired includes two producing oil fields – Hudson, located in UKCS Block 210/24b, and Banff, located in Blocks 22/27a and 29/2a – and one field under development, Otter, located mainly in UKCS Block 210/15a, with a small extension into Block 210/20d. The Hudson and Otter fields are located in the Northern North Sea to the Northeast of Shetland (Figures 1 and 2). The Banff field is located in the Central North Sea, approximately 200 km East of Aberdeen (Figure 5). All three fields are subsea developments. Hudson is, and Otter will be, tied back to existing platforms with oil export via the Brent Pipeline System. Banff is tied back to a Floating Production and Storage Vessel, the Ramform Banff, with oil export via shuttle tanker.

The gross and net Proven and Probable Reserves, as of 1 July 2001, of the producing fields evaluated, are estimated as follows, expressed in millions of stock tank barrels (MMstb) of oil or billions of standard cubic feet (Bcf) of gas. Total oil and gas reserves have also been expressed as millions of barrels of oil equivalent (MMboe), by dividing billions of standard cubic feet by 6, a standard industry conversion factor.

Reserves Summary (at 1 July 2001)

	Gross Reserves			*Net Reserves*		
	Oil (MMstb)	*Sales Gas (Bscf)*	*Oil Equivalent (MMboe)*	*Oil (MMstb)*	*Sales Gas (Bscf)*	*Oil Equivalent (MMboe)*
Proven	59.2	37.6	65.5	10.4	4.7	11.2
Probable	37.2	56.9	46.7	6.5	7.1	7.7
Proven plus Probable	96.5	94.4	112.2	16.9	11.7	18.8

In addition, the package includes a number of discoveries and exploration prospects. These have not been assigned any reserves or value under proven or probable categories but, where appropriate, we have commented on development potential. The operators' most likely estimates of possible recoverable hydrocarbon for the discoveries total a further 113 MMboe gross (a further 31.7 MMboe net to Dana). There is also potential for additional recoverable hydrocarbon arising from the exploration prospects within the package. RML has not independently audited these operators' estimates of possible recoverable hydrocarbon.

Estimates of the net present value of the future net revenue to be derived from the proven and proven-plus-probable reserves, from 1 July 2001, are presented below for the base case oil and gas price scenario and discount rate. Values are expressed in millions of pounds sterling. High and low price scenarios, together with a detailed explanation of future price and cost assumptions, are included under the Economic Evaluation section of this report.

The individual field net present values include a Corporation Tax (CT) charge based on that field's potential future tax liabilities (post-Budget) as a stand-alone entity, assuming no offsetting capital losses. Dana has advised us that they have capital losses to carry forward which will offset some or all corporation tax on these assets for several years. The table illustrates the effect on the calculated net present value of the Budget tax changes, together with an illustration of the pre-CT net present value.

	Net Present Value £000,000		
@ 8% discount rate & base price	*Pre-Budget*	*Post-Budget*	*Pre-CT*
Proven	38.2	34.1	55.8
Proven plus Probable	73.6	64.9	105.8

Figure 1 – Regional Setting of Hudson Field – UKCS Quads 210 & 211

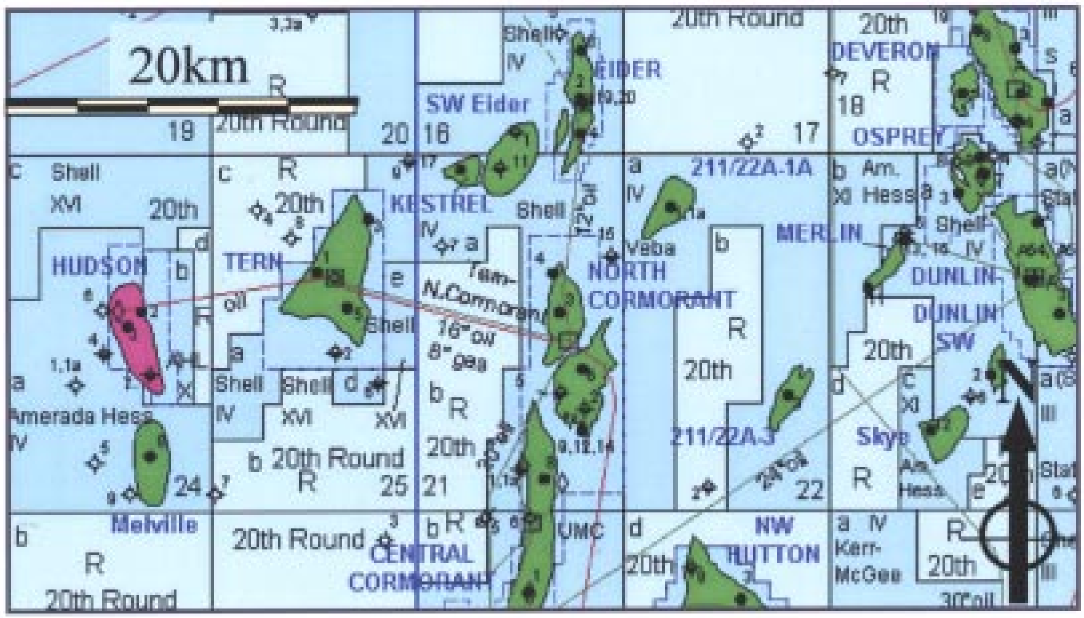
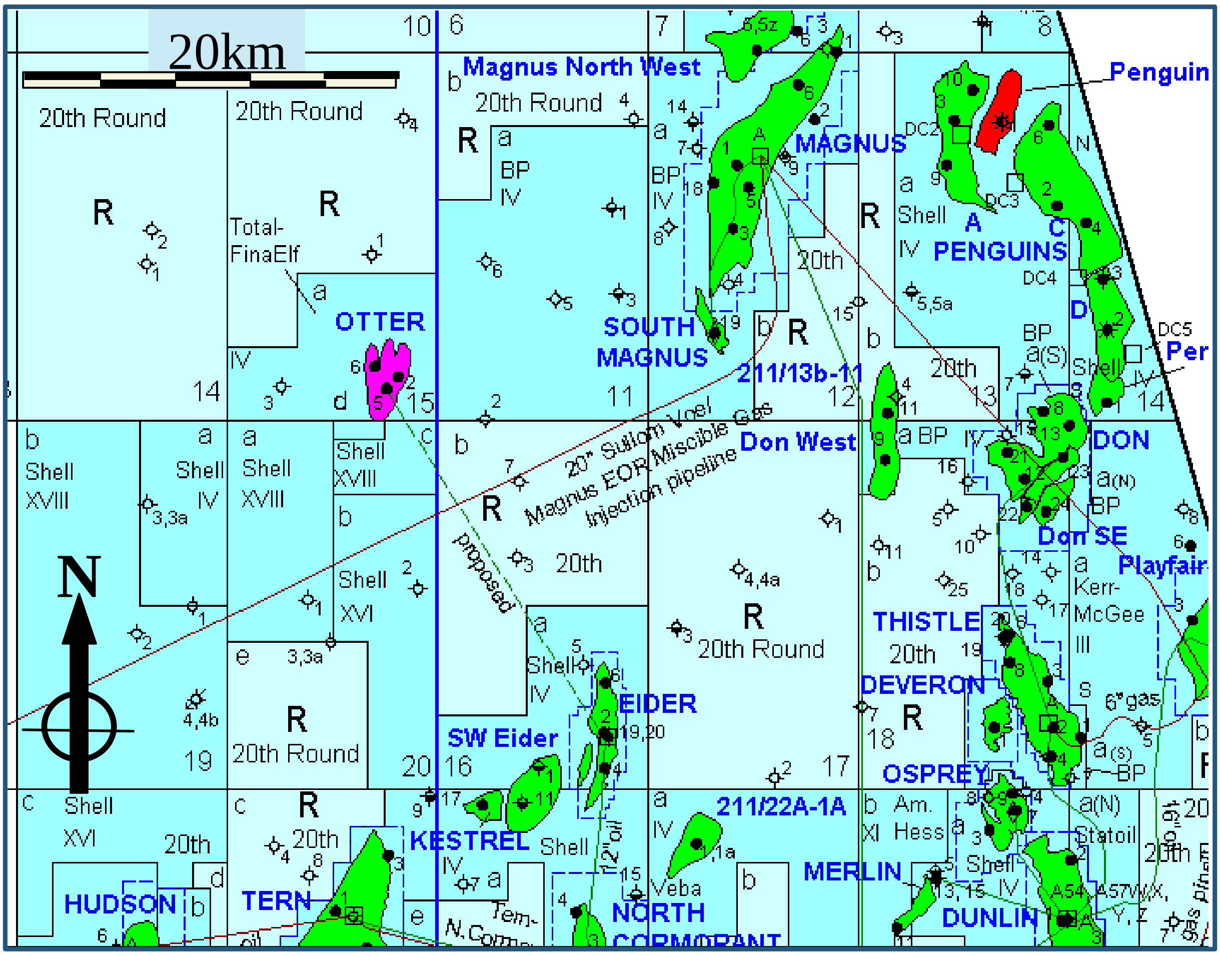


Figure 2 – Regional Setting of Otter Field – UKCS Quads 210 & 211



HUDSON FIELD

In the preparation of this evaluation of the reserves attributable to the Hudson field, RML reviewed historical production data and reports on various studies undertaken by Amerada Hess, the block operator.

The Hudson field lies in Blocks 210/24a & 210/24b, to the west of the Shell operated Tern field to which it is tied back (Figure 1). It is a subsea development. Oil is exported via the Brent pipeline system to the Sullom Voe terminal in Shetland. The current block interests are:

Company	*210/24a & 24b*
Amerada Hess Ltd	28.00000%
Cieco UK	25.76923%
AGIP (to **Dana**)	**19.50000%**
Exxon	12.88462%
Shell	12.88461%
Mobil North Sea Limited	0.50000%
Enterprise	0.46154%

The Hudson field formations lie within the Brent sequence of the middle Jurassic. Production and injection are from two principal reservoir compartments, Lower Brent (Broom, Rannoch & Etive) and Upper Brent (Main Ness, Upper Ness & Tarbert). The Lower Brent contains approximately 70% of the 201 MMstb oil in place and is a Middle Jurassic age fan-delta with the base (Broom) overlain by a prograding barrier/ shoreface sequence of shallow marine sandstones (Rannoch & Etive). The Upper Brent is described as back-barrier lagoonal shales with minor shoreface sandstones (Ness) overlain by a thin transgressive sandstone (Tarbert).

Field Development

The field was initially produced via the leased Petrojarl-1 floating production vessel, commencing in July 1993, and subsequently tied back to the Tern platform (operated by Shell-Expro) in January 1995.

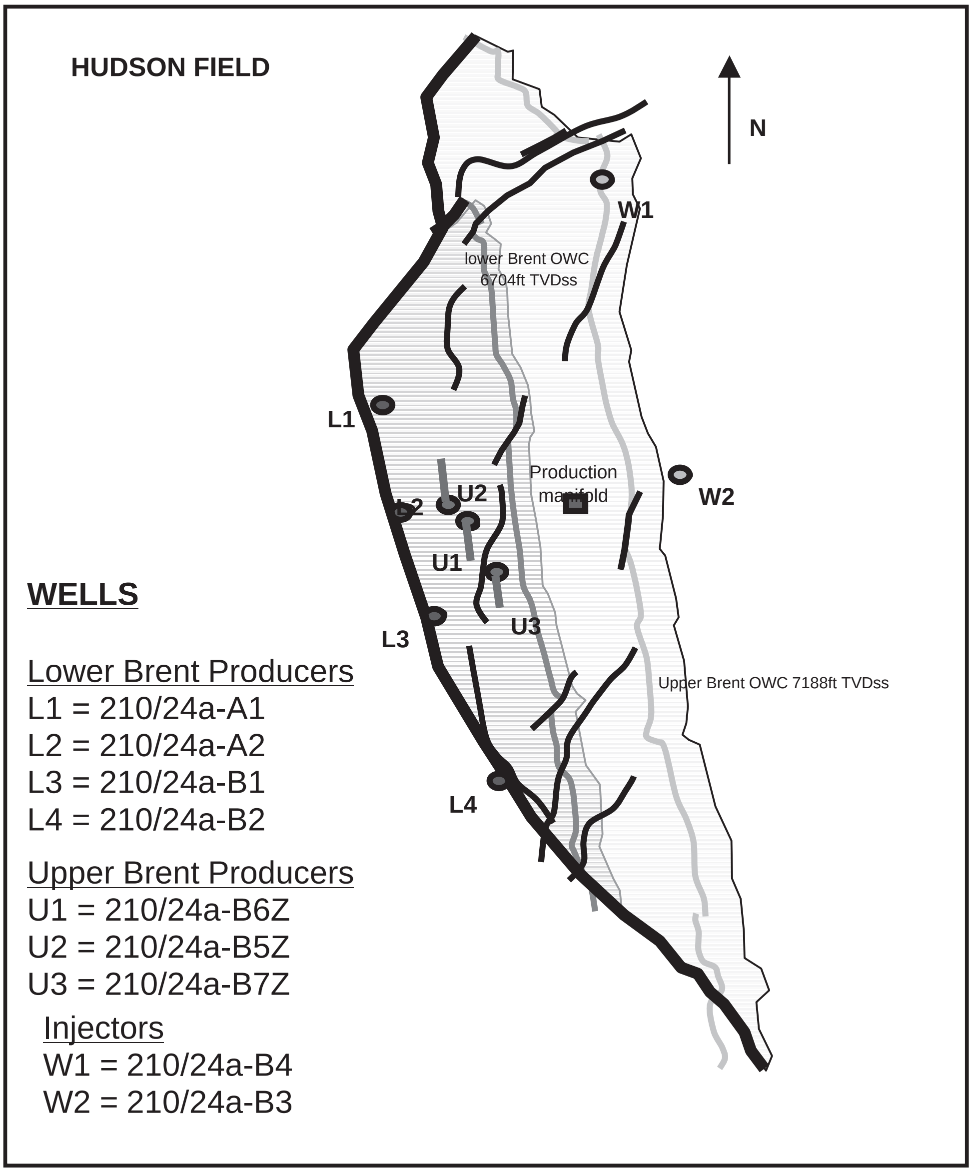
The Lower Brent has four producers, L1-L4, with L4 having been shut in at 95% water cut. L4 may be converted to injection if an economic case can be made. Remaining potential to develop unswept regions of the reservoir has been identified by the operator. One opportunity, a Rannoch horizontal well, is expected to be drilled in 2003. The Upper Brent is produced via three horizontal wells, U1-U3 (Figure 3). U1 is currently dry, but the water cut is increasing in both U2 & U3. The field water cut increased, from 45% to 60%, during 2001.

Development Plan and Reservoir Performance

The operator completed extensive sub-surface studies in 2Q 2001. These give a current view of oil initially in place (STOIIP) of 201.6 MMstb. Ultimate reserves at end of 2010 are estimated by the operator to be 107.3 MMstb, assuming an additional Rannoch producer and three successful water shut-off treatments in the Lower Brent wells. Current abandonment date for the Tern field, the host platform, is end 2010. RML estimates ultimate Proven Reserves at end 2010 to be 93.8 MMstb and Proven-plus-Probable of 106.3 MMstb. If field life is extended to end 2014, the operator's view is that ultimate recovery will be circa 110.7 MMstb. Our estimate of Proven-plus-Probable ultimate recovery is 109.6 MMstb. At 30 June 2001, 77.8MMstb of this had been produced. The reserves and profiles were generated using decline curve analysis and operator-supplied short and long term forecasts based on simulation results. The Proven production forecast was obtained from exponential decline, whilst the Proven-plus-Probable was from hyperbolic decline. The Proven-plus-Probable forecast also includes reserves from a Rannoch infill-well expected to be drilled in 2003. Actual gross production from 1 July 2001 through 28 February 2002 amounts to 4.091 MMstb, of which 0.8 MMstb is attributable to Dana.

The operator has postulated that up to an additional 2 MMstb gross reserves could be available from upside opportunities.

Figure 3 – Hudson Field Map



Block 210/24a – Melville Discovery – Jurassic

There are a number of opportunities near the Hudson field, which are collectively referred to as the Melville field. The Melville discovery is immediately south of the Hudson field, with the same ownership, and produces from the Middle Jurassic Brent Group sandstones.

The discovery well was 210/24a-8. The extent of the Melville pool is limited by dry hole 210/24a-9 to the South. The structure is highly faulted, and subdivides into a series of terraces all with some degree of prospectivity. Terrace C, to the South, has the potential for additional STOIIP of 35 MMstb with an estimated 33% probability of drilling a successful well. Further prospective terraces – JM4, NP1, NP2, and NP3 – exist to the North. The following table summarises the operator's P50 estimates of STOIIP and reserves. RML has not verified these estimates and no value has been assigned in the Proven or Probable Reserve categories.

	(P50 MMstb)	
PROSPECT	*STOIIP*	*Unrisked Reserves*
Melville (core)	11	4
Melville (C terrace)	35	11
NP3	26	9
NP2	49	17
NP1	53	18
JM4	74	26
Total	248	85

Block 210/24a – Hudson Triassic

The potential for a deep Triassic play below the producing Hudson reservoirs is indicated by successful drilling of the same horizon in the adjacent Tern field. Regional well data reportedly demonstrates a high likelihood that reservoir quality rock, equivalent to the Tern Triassic section, will occur at Hudson. New 3D seismic mapping (1999) has resulted in a P50 STOIIP estimate of 34 MMstb (operator) with an estimated probability of success of 12.5%.

OTTER FIELD

In the preparation of this evaluation of the reserves attributable to the Otter field, RML reviewed the field development plan (FDP), together with reports of studies undertaken by TotalFinaElf (TFE), the block operator.

The Otter field lies in Blocks 210/15a and 210/20d, 21km SW of the Magnus field and 21km NW of the Eider field to which it is currently being tied back (Figure 2). The Otter field was discovered by Phillips Petroleum in 1977, with the 210/15-2 well, and further appraised by Fina in 1997 and 2000 with the 210/15a-5 and 210/15a-6 wells respectively (Figure 4). The current block interests are:

Company	*210/15a*	*210/20d*
Fina Exploration Ltd	39.200%	
Fina Petroleum Development Ltd	15.096%	74.000%
AGIP (to **Dana**)	**19.004%**	26.000%
Exxon Mobil	13.350%	
Shell	13.350%	

Otter field interests have been set at those for Block 210/15a.

The reservoir in the Otter field is the Middle Jurassic Brent Group, with the trap provided by an easterly dipping tilted fault block. All three wells have encountered a common oil-water contact (OWC) at 2052m. Reservoir quality is good, with a field average net-to-gross of 90% and porosity of 24% reported in the FDP. All the Brent Formations are hydrocarbon bearing in the field though the majority of the oil is in the higher Ness and Tarbert Formations, which have slightly better reservoir quality. Both overall reservoir quality and volume in the Upper Brent is further increased by the interpretation of a large incised channel within the Ness Formation. This channel is shown as cutting through the Etive Formation and into the Rannoch. RML did not have access to sufficient data to validate the channel interpretation. The overall good reservoir quality means that the marginally better quality of the channel fill has a limited impact on STOIIP. However, permeabilities up to 5 Darcies have been reported for the channel fill and therefore the disposition of the channel and the transmissibility of the channel base will be critical to the dynamic behaviour. A number of cross faults break the field, though the three wells have all tested different segments, and demonstrated a common contact. The hydrocarbon is a light crude (36.5^{o} API) with a low GOR (443 scf/bbl), based on samples from the 210/15a-5 well.

Field Development

The FDP has been approved by the UK Department of Trade and Industry and proposes a sub-sea development with three horizontal production wells and two water injection wells. The 210/15a-5 well will be re-used as one of the injectors, whilst the rest will be new wells drilled from a single template. Artificial lift is required on the wells and electric submersible pumps (ESP) have been selected. To mitigate ESP failure, dual ESPs in a tandem configuration will be run, and horizontal Christmas trees employed to facilitate re-entry for workovers. A relatively conservative view has been taken on ESP run life and a generous allowance for workovers has been provided for in the FDP operating cost assumptions. The 21 km tie back to the Shell Expro Eider platform is through a 10" production flowline, designed for a plateau rate of 30,000 bpd. The Eider platform will receive, process and export up to 30,000 bopd. The oil will be transported to Cormorant North via the existing 12" pipeline, for onward transmission to Cormorant Alpha and the Sullom Voe terminal. The Shell Tern platform provides the water injection to the Eider platform. Otter will take some of this injection water for pressure support. Voidage replacement from start of production is planned. Drilling and installation work has commenced and the target for first oil is November 2002. Total cost for the development, as stated in the FDP, is estimated as £147.2 million. Dana's share, from 1 July 2001, amounts to £23.1 million.

Hydrocarbons in Place and Reserves

Given the relatively uniform reservoir quality and thickness, the major uncertainty in the static volumes is the seismic depth conversion. Two alternative depth conversions are presented in the FDP – an average velocity function and a constant velocity. The latter gives a larger area of closure, but is considered a relatively extreme approach and the average velocity map is therefore the more reasonable and has been favoured as the working map for the field. Using these maps, we have largely replicated the volumes described in the FDP and this shows that the key aspect in determining the most likely STOIIP is the probability assigned to the different maps. A simplified deterministic STOIIP for the V-average map gives a STOIIP of 92.8 MMstb whilst a Monte Carlo simulation treating all the segments as independent gives P90, P50 and P10 volumes of 83.3, 96.7 and 105.6 MMstb respectively. This compares with the operator volumes of 84, 107 and 125 MMstb.

The reserves reported by the operator were generated by reservoir simulation. Our Proven Reserves were calculated by using an average recovery factor of 35% applied to the RML P90 STOIIP and the operator-defined profiles were scaled to this reserve. Proven-plus-Probable recovery factor was taken as 43%, based on the average of a number of simulation runs made by the operator. This range of reserves is consistent with that seen in the Eider field, operated by Shell. Our estimates of gross Proven and Proven-plus-Probable Reserves are 29.2 and 41.3 MMstb, respectively. The operator's estimates, as presented in the FDP, are 34 & 43 MMstb.

The upside, as stated by the operator, comes from a larger potential STOIIP of 125 MMstb with a 38% recovery factor yielding a gross reserve of 47 MMstb. If the Eider recovery factor of 45% is used with the RML upside STOIIP estimate this could yield a similar reserve value.

Figure 4 – Otter Field Map

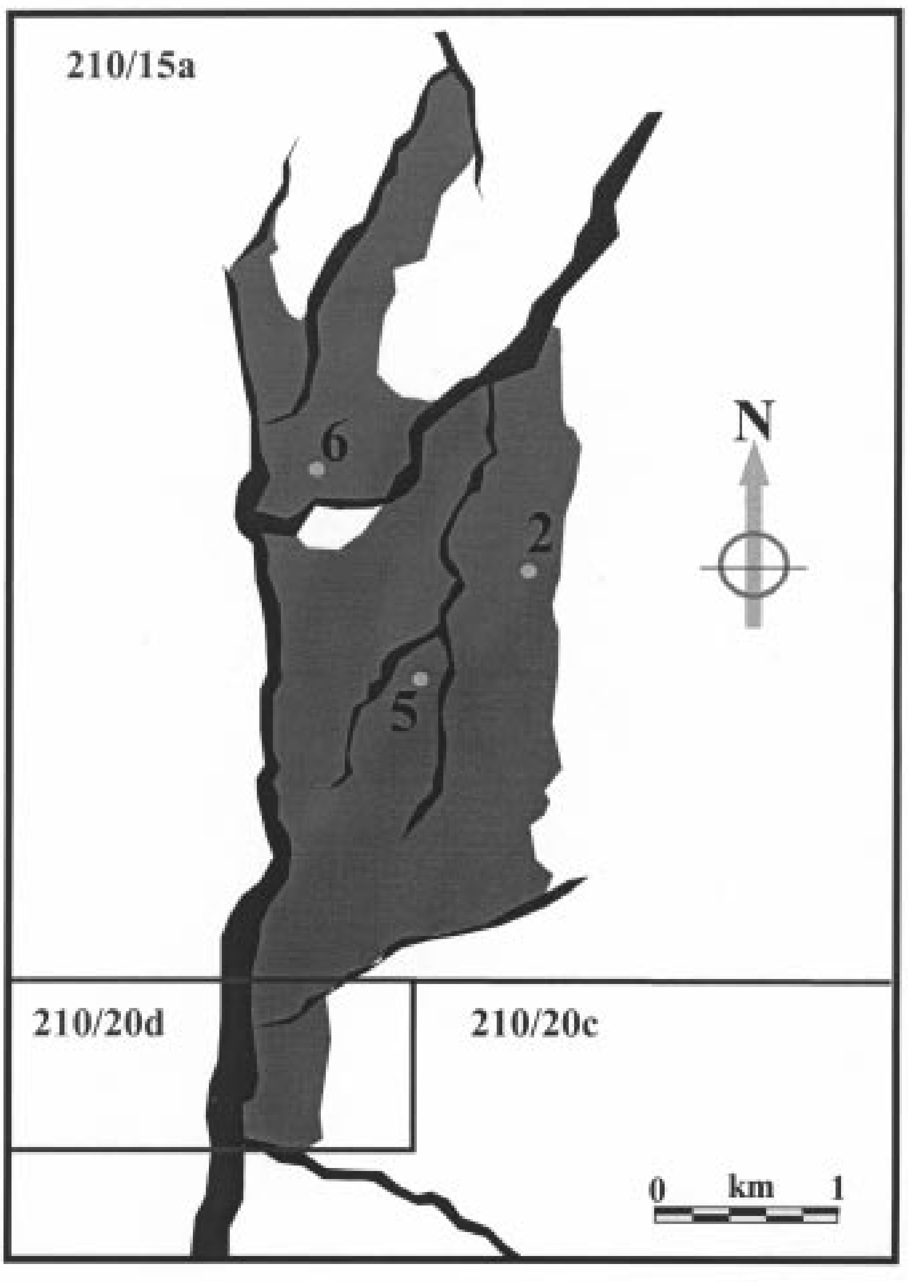


Figure 5 – Regional Setting of Banff Field – UKCS Quads 22 & 29

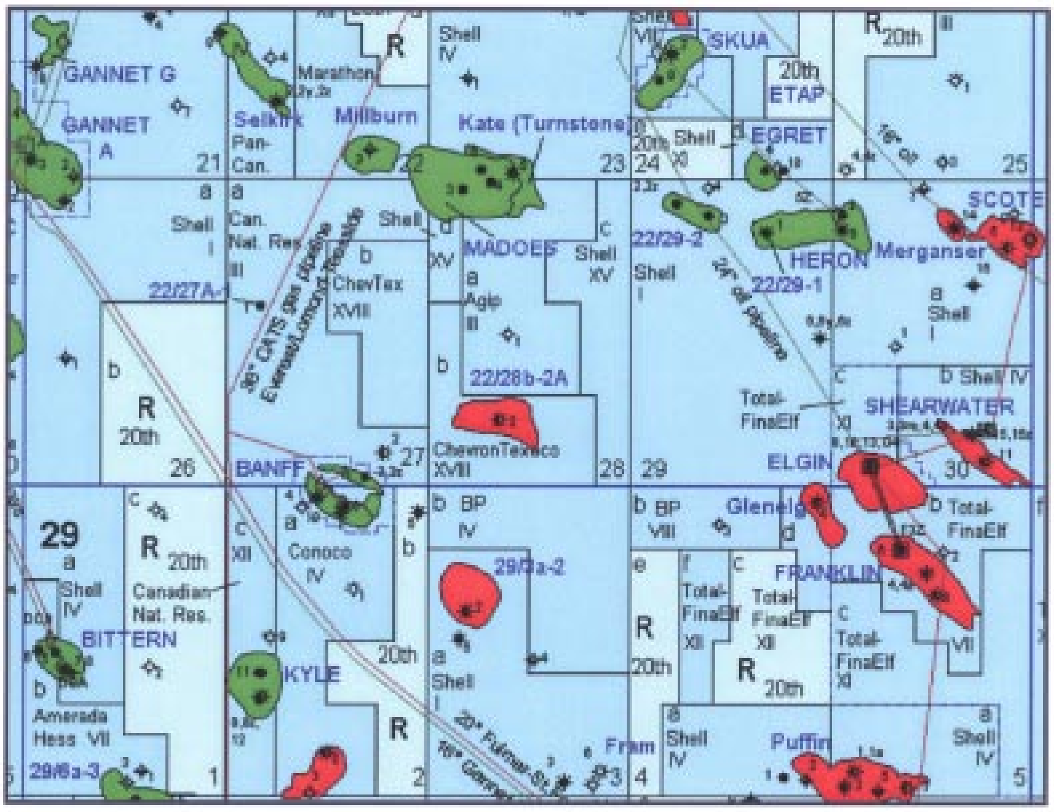
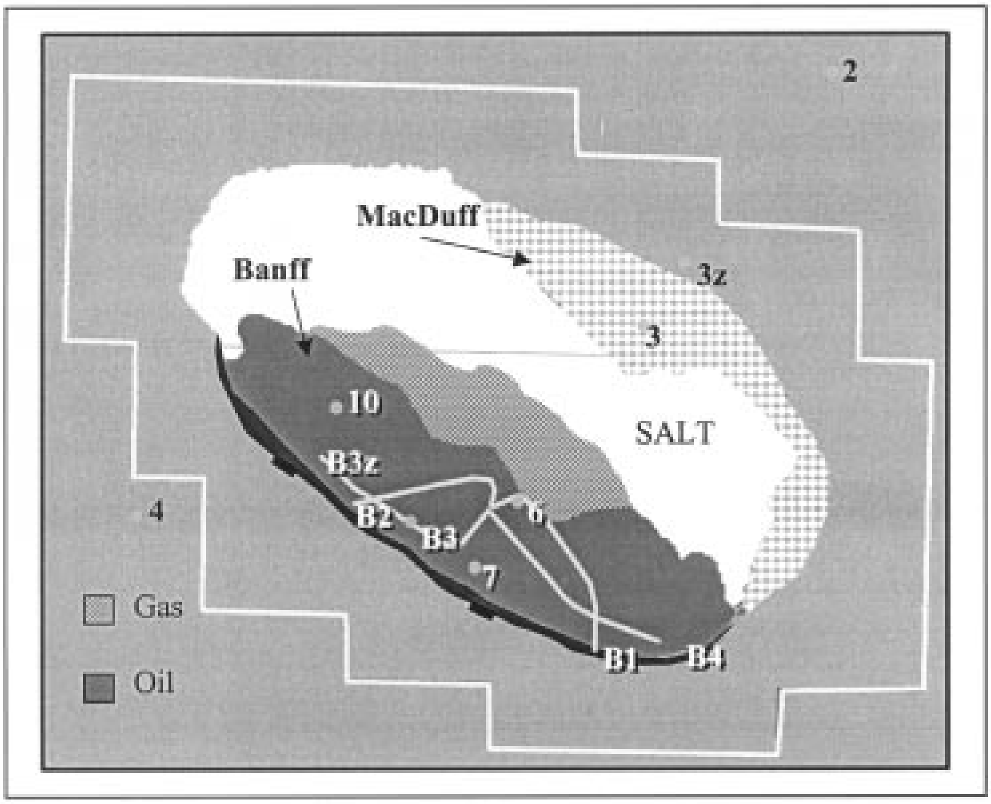


Figure 6 – Banff Field Top Ekofisk Formation Map



BANFF FIELD

The Banff field is located in the UK Central North Sea within Blocks 22/27a and 29/2a (Figure 5). Equity interests for the unitised Banff field have been fixed for the duration of field life as follows:

Company	*Interest*
Conoco (operator)	31.7%
Agip (to **Dana**)	**12.4%**
Canadian Natural Resources (CNR)	55.9%

The field is a steeply dipping raft of highly fractured Cretaceous Chalk and Palaeocene sandstone reservoirs on the flank of a large salt intrusion at depths of between 4,500 and 7,000 feet. The reservoir units include Palaeocene Sands, Ekofisk Chalk, Ekofisk Sands, Tor Chalk and the Carbonate Caprock. The field was discovered in 1991 by well 29/2a-6 which flowed 4,876 bopd of 38 degrees API crude in a post-acid drillstem test from the Ekofisk/Tor interval. The field was subsequently appraised by the 29/2a-7 and 29/2a-10 wells and is covered by several 2-D and 3-D seismic surveys. The reservoir quality and open fracture density gradually decrease with depth but also vary with chalk facies and stratigraphy.

Field Development

The field has been developed in two phases. During phase 1, two high-angle production wells (B1 and B2, see Figure 6) were drilled and used for an extended well test (EWT) for six months between September 1996 and April 1997. During this time the wells produced some 4.9 MMstb of oil at average rates of up to 40,000 stb/day. This testing phase confirmed that there was good communication both vertically and areally and indicated a connected oil volume in place between 200 and 400 MMstb.

For the main Phase 2 development, two water injection wells (B3Z and B4, see Figure 6) were drilled horizontally in the deeper part of the raft. All wells are completed subsea and tied back to the floating production vessel, the Ramform Banff, owned and operated by Petroleum Geoservices (PGS). Phase 2 production commenced on 30 January 1999. Oil is exported via shuttle tanker and associated gas is exported via a pipeline connection to the Central Area Transmission System (CATS). Conoco is the field operator and is responsible for reservoir management. PGS is the duty holder and provides all operation and production services including transportation of oil to market.

The field was shut in during October 2000 and the Ramform vessel was dry-docked for a programme of upgrades to rectify operational problems that were discovered in the early part of Phase 2 production. The facility modifications were completed in March 2001 and the vessel returned to its original design-operating envelope. Production recommenced on 28 March 2001.

Hydrocarbons-in-Place

Considerable uncertainty is associated with the GRV estimates due to poor seismic imaging of the key structural surfaces and faults. The structure was remapped in 2000 and two alternative top Ekofisk seismic picks, a High and a Low case were generated. Both these picks gave rise to volumes smaller than the previous 1999 mapping.

Total probabilistic STOIIP, estimated by the operator, is 232-308-398 MMstb, compared with the deterministic best technical case of 316 MMstb from the reservoir model. Total probabilistic GIIP is estimated at 160-247-328 Bscf compared with 268 Bscf in the deterministic model.

The relatively wide range of volumes estimated is a fair reflection of the uncertainties identified. Variations in GRV estimates are seen to have the largest effect on HCIIP, with net reservoir cut-off also being a sensitive parameter. A new seismic volume is currently being interpreted. This may resolve some of the uncertainty associated with seismic pick and fault mapping.

Development Plan and Reservoir Performance

Historical performance of the Banff field has been characterised by faster development of both water and gas production than originally envisaged. An analytical study has concluded that the historical rate of water imbibition into the matrix has been around 17,000 bpd. Much of the oil production to date has been from the (now largely swept) fracture system. The imbibition rate is expected to decline over time. Water injection has been stopped for the time being and the current reservoir management plan is to operate a "pulsed" injection scheme with injection being operated for limited periods until field water-cut builds up whereupon the injection would be suspended. The operator is also considering a gas injection scheme.

The 29/2a-B5 development well will be drilled in 2002 to access undeveloped reserves in the northwest area of the Banff field. The geological risk is low for the first 3,000 feet of reservoir, as the current seismic quality is reportedly good in the heel area with good ties to the nearby wells. The planned well hits top reservoir near the 29/2a-B2 producer and passes close to the 29/2a-10 appraisal well, which encountered 390 feet of chalk reservoir and tested 6,600 bopd. The operator estimates STOIIP of 49 MMstb in this area of the field.

The key uncertainty is whether or not any of the faults are sealing, thereby compartmentalising the northwestern part of the field. The existing well results indicate that although the raft is extensively faulted and fractured it is largely continuous and pressure communication can be assumed within the chalk reservoirs from the crest to the oil water contact, at least in the area delineated by the current development wells. Material balance work undertaken by the operator suggests that there may be about 200 MMstb in an area of good communication in the region of the four development wells, with an additional volume of some 175 MMstb (or larger) providing limited pressure support. The full field reservoir model contains some 316 MMstb. This may imply that some areas of the field may not be in good communication with the existing producers.

The operator carries both connected and compartmentalised models. These give rise to most likely incremental reserves for the new well of 5 MMboe and 7.5 MMboe respectively. The compartmentalised model gives a reserve range for the well of 5-11 MMboe. We have used the operator's production forecast for this well, scaled to match our Proven and Proven-plus-Probable Reserves estimates. We have estimated Proven reserves of 3.3 MMboe and Proven-plus-Probable Reserves of 6 MMboe. The evidence for compartmentalisation is not compelling, hence our caution in assigning too much weight to the results of the compartmentalised model results. The co-venturers are also considering drilling a second new well, B6, in the southeast area of the field.

We have used decline curve methods to forecast production profiles for the existing wells at the Proven and Proven-plus-Probable confidence levels. The Proven production profile is based on a hyperbolic decline matched to the six months' production to 28 February 2002. No water injection has taken place during this period so this method is likely to produce a downside outcome. The Proven-plus-Probable forecast is based on a lower decline rate on the expectation that resumption of water injection and/or gas injection will reduce the current rate of decline. We expect that under restricted water injection the oil production rate decline will tend to level out around the imbibition rate (currently estimated to be about 10,000 bpd). Actual gross production from 1 July 2001 through 28 February 2002 amounts to 4.716 MMstb oil plus 5.97 Bscf sales gas, of which 0.58 MMstb oil plus 0.74 Bscf gas is attributable to Dana. Expected ultimate oil recovery factor is estimated by RML to be 13.6% for the Proven-plus-Probable Reserves case.

MacDuff Prospect

The MacDuff prospect is a chalk raft located on the northeasten flank of the diapir and within the Banff unit area. The updip extent of the prospect is defined by the 22/27a-3 well which encountered only the caprock and the downdip extent by the 22/27a-3z sidetrack which encountered the Chalk reservoir but no hydrocarbons in the Chalk. Like the main Banff reservoir, considerable uncertainty is associated with the GRV estimates due to poor seismic imaging. Considerable geophysical effort has been undertaken to define the geometry of this prospect. The prospect is currently being remapped using re-processed seismic data. The operator estimates a mean STOIIP of 108 MMstb based on the current mapping. If proven by an appraisal well this prospect could be easily tied back to Banff to supplement production.

Block 29/2a Discoveries and Exploration Prospects

The 29/2a owners are:

Company	*Interest*
Conoco (operator)	34.5%
Agip (to **Dana**)	**13.5%**
Canadian Natural Resources (CNR)	52.0%

The block contains the undeveloped 29/2a-2 high pressure and temperature (HPHT) gas-condensate discovery which flowed at rates up to 27 MMscfd of gas and 1,731 b/d of condensate from a 250 feet hydrocarbon bearing column. The operator estimates a mean unrisked GIIP of 174 Bscf. The Banff co-venturers may undertake studies to examine the feasibility of developing this discovery to provide gas for re-injection into the Banff field.

In addition, the HPHT Jurassic Banff Deep prospect has been identified beneath the main Banff field. The SW flank of the prospect is considered the most attractive in terms of reservoir thickness and sand quality.

CNR estimates a mean unrisked GIIP for the SW flank of 344 Bscf, with mean reserves of 184 Bscf and 10.6 MMstb condensate. Mean unrisked GIIP for the NW flank is reported as 984 Bscf.

Block 211/11a Exploration Prospects

Block 211/11a is located 160 km northeast of the Shetland Islands, immediately west of the Magnus field, which produces from the Upper Jurassic Magnus Sandstone but not from the underlying Middle Jurassic Brent Group.

The current block interests are:

Company	*211/11a*
BP plc (operator)	72.5%
AGIP (to **Dana**)	**25.0%**
Britoil plc	2.5%

A Brent Sandstone tilted fault block prospect (J1) which straddles the boundary between block 211/11a and the Magnus block 211/12 has been identified updip from the 211/12-8 well. It has been mapped with 350 m vertical relief updip from the wet Brent penetration in 211/12-8. Reported unrisked estimates of on-block recoverable hydrocarbons range from 9 MMstb to 26 MMstb of oil.

Block 211/8a Discovery

Block 211/8a lies 20 km northeast of Magnus field, along the UK/Norway median line in the East Shetland Basin. The main objective is the Triassic Penguin 'B' horst, which trends south into Shell's Penguin field in block 211/13 and north into Norwegian waters.

The current block interests are:

Company	*211/8a*
Canadian Natural Resources (operator)	43.24%
AGIP (to **Dana**)	**55.07%**
Intrepid	1.69%

Estimates of recoverable hydrocarbons are dependent on whether or not the 211/8a-2 discovery is in communication with the 211/12-1 discovery, which is now part of the Penguin field development recently sanctioned as a subsea tie-back to Shell's Brent platform complex. If the 211/8a-2 oil sand is isolated from the Penguin field, most likely recoverable hydrocarbons are estimated by the operator to be 22 MMstb of oil and 66 Bcf of gas (17.6 MMboe net to Dana). Possible development scenarios include a subsea tie-back to either the BP operated Magnus platform or through the Penguin development.

ESTIMATION AND VALUATION OF RESERVES

The equity interests that Dana plans to acquire are as follows:

Field or Acreage	*Working Interest*
Blocks 210/24a and 210/24b – Hudson fields	19.500%
Block 210/24a – Melville discovery	19.500%
Blocks 22/27a and 29/2a – Banff field & MacDuff prospect	12.400%
Block 29/2a – 29/2a-2 discovery & Deep Banff prospect	13.500%
Blocks 210/15a – Otter field	19.004%
Blocks 210/20d – Otter field (field equity set at 19.004%)	26.000%
Block 211/8a – 211/8a-2 discovery	55.070%
Block 211/11a – exploration	25.000%

The package also includes a small interest in the Brent pipeline system and Sullom Voe terminal. These have not been included in this evaluation.

The valuation was based on RML's assessment of field reserves discussed above. The analysis was conducted for the three producing fields individually. Future gross revenue (revenue derived from sale of net reserves) was calculated using the production forecasts for the Proven and Proven-plus-Probable cases. Future net revenue was calculated using the production forecasts for the Proven and Proven-plus-Probable cases. Future net revenue was calculated by deducting from the future gross revenue direct operating expenses, capital costs, taxes, tariffs and all interests attributable to others. Direct operating expenses include items such as operating costs, processing costs, costs of chemicals, etc. Capital costs include items such as wells, pipelines, control systems and process equipment.

Future tax expenses were taken into account using the post-Budget tax regime and assuming that each field is liable to tax as a stand-alone entity. No allowance was made for any tax losses which Dana may be able to set against the future tax liabilities of the fields but an illustration of the pre-tax NPV has been shown as a sensitivity to the base case. Net present value is defined as the future net revenue derived from the Proven and Proven-plus-Probable Reserves, discounted at a specified arbitrary discount rate over the expected life of the fields. Net present values were determined for the Dana interest from 1 July 2001 to the end of economic field life, using discount rates of 6 per cent, 8 per cent and 10 per cent. High and low sensitivity cases assume product prices +/– 20 per cent of the base case prices.

Plant and equipment owned or to be acquired by Dana have not been assigned any value for the purposes of this report as the Directors do not consider them to be of material importance to an investor's assessment of Dana's operations.

A range of net present values of the Proven and Proven-plus-Probable Reserves has been determined for a base case and two sensitivity cases. The base case price scenario is as follows:

Year	*Brent Oil Price (US$/bbl)*	*Assumed Gas Price (p/th)*
2001 (6 months)	22.3	21.3
2002	24.0	+ 2% per annum
2003	23.0	
2004	22.0	
2005→	+ 2.5% per annum	

Cost data for the Proven and Proven-plus-Probable cases were provided by Dana. The capital investment and operating cost assumptions were reviewed in detail and modified in accordance with our production forecasts. For Otter, we have verified that expenditure to date on the development is within budget. Costs have been escalated at 2.5% per annum. Abandonment costs were included in the analysis.

Capital investments, excluding abandonment costs, net to Dana's prospective working interests, total £26 million for development of the proven reserves and £29.4 million for the Proven-plus-Probable Reserves. Estimated abandonment costs, net to Dana's interest, amount to £7.8 million.

The currency exchange rate used for this evaluation is UK£1 equals US$1.45 throughout.

RML's estimates of gross and net reserves, together with revenue summaries, for the producing assets, are as follows:

Gross Reserves

	Proven			*Proven plus Probable*		
Gross Reserves Summary	*Oil MMstb*	*Gas Bcf*	*Boe MMboe*	*Oil MMstb*	*Gas Bcf*	*Boe MMboe*
Hudson	15.6	0.0	15.6	31.1	0.0	31.1
Banff	14.5	37.6	20.7	24.1	94.4	39.8
Otter	29.2	0.0	29.2	41.3	0.0	41.3
Total	59.2	37.6	65.5	96.5	94.4	112.2

Net Reserves

	Proven			*Proven plus Probable*		
Net Reserves Summary	*Oil MMstb*	*Gas Bcf*	*Boe MMboe*	*Oil MMstb*	*Gas Bcf*	*Boe MMboe*
Hudson	3.0	0.0	3.0	6.1	0.0	6.1
Banff	1.8	4.7	2.6	3.0	11.7	4.9
Otter	5.5	0.0	5.5	7.8	0.0	7.8
Total	10.4	4.7	11.2	16.9	11.7	18.8

Revenue Summary (fully taxed) for Base Case Proven Reserves

NPV Summary		*Proven*		
£ millions	*Net Cash*	*Discount Rate*		
@ base price	*Flow*	*6%*	*8%*	*10%*
Hudson	11.8	12.0	12.0	11.9
Banff	9.8	9.4	9.3	9.2
Otter	19.2	14.2	12.8	11.4
Total	40.8	35.7	34.1	32.5

Revenue Summary (fully taxed) for Base Case Proven-plus-Probable Reserves

NPV Summary		*Proven plus Probable*		
£ millions	*Net Cash*	*Discount Rate*		
@ base price	*Flow*	*6%*	*8%*	*10%*
Hudson	24.1	21.0	20.1	19.2
Banff	23.7	20.5	19.6	18.8
Otter	36.0	27.6	25.2	22.9
Total	83.8	69.1	64.9	60.9

Revenue Summary (fully taxed) for Low Price Case Proven Reserves

NPV Summary		*Proven*		
£ millions	*Net Cash*	*Discount Rate*		
@ low price case	*Flow*	*6%*	*8%*	*10%*
Hudson	6.2	6.9	7.1	7.2
Banff	4.9	5.0	5.0	5.0
Otter	9.9	6.8	5.8	5.0
Total	21.0	18.7	17.9	17.1

Revenue Summary (fully taxed) for Low Price Case Proven-plus-Probable Reserves

NPV Summary		*Proven plus Probable*		
£ millions	*Net Cash*	*Discount Rate*		
@ low price case	*Flow*	*6%*	*8%*	*10%*
Hudson	12.8	12.1	11.8	11.5
Banff	14.5	12.7	12.2	11.7
Otter	22.8	17.1	15.4	13.9
Total	50.0	42.0	39.5	37.1

Revenue Summary (fully taxed) for High Price Case Proven Reserves

NPV Summary		*Proven*		
£ millions	*Net Cash*	*Discount Rate*		
@ low price case	*Flow*	*6%*	*8%*	*10%*
Hudson	17.5	17.1	16.9	16.7
Banff	14.7	13.9	13.6	13.3
Otter	29.8	22.8	20.7	18.9
Total	62.0	53.8	51.3	48.9

Revenue Summary (fully taxed) for High Price Case Proven-plus-Probable Reserves

NPV Summary		*Proven plus Probable*		
£ millions	*Net Cash*		*Discount Rate*	
@ high price case	*Flow*	*6%*	*8%*	*10%*
Hudson	35.5	29.9	28.4	26.9
Banff	32.8	28.3	27.0	25.8
Otter	51.0	39.5	36.3	33.3
Total	119.4	97.7	91.6	86.0

Base Case Proven Reserves

Corporation Tax Sensitivities

		Proven	
NPV Summary		*Tax Model*	
£ millions		*Post-*	
@ 8% discount rate & base price	*Pre-Budget*	*Budget*	*Pre-CT*
Hudson	12.7	12.0	17.8
Banff	9.6	9.3	13.8
Otter	15.9	12.8	24.2
Total	38.2	34.1	55.8

Base Case Proven-plus-Probable Reserves

Corporation Tax Sensitivities

		Proven plus Probable	
NPV Summary		*Tax Model*	
£ millions		*Post-*	
@ 8% discount rate & base price	*Pre-Budget*	*Budget*	*Pre-CT*
Hudson	21.9	20.1	31.0
Banff	21.5	19.6	30.5
Otter	30.2	25.2	44.3
Total	73.6	64.9	105.8

PROFESSIONAL QUALIFICATIONS

RML is an independent consultancy specialising in petroleum reservoir engineering, geology and geophysics and economics. Except for the provision of professional services on a fee basis, RML has no commercial arrangement with any person or company involved in the interest that is the subject of this report.

RML is a privately owned company which was established in 1990 and has offices in both Aberdeen and London. The company specialises in the provision of sub-surface expertise to the oil and gas industry through multi-disciplinary integrated teams with core skills in geophysics, geology, petrophysics, reservoir engineering, production technology and training. All of these services are supplied under an accredited ISO9001 quality assurance system.

Andrew William Pollard Thomson is the Managing Director of RML and has been responsible for supervising this evaluation. He is a professional petroleum engineer with over 20 years of oil industry experience gained in major international companies and within RML. He is a chartered engineer and holds a Masters degree in petroleum engineering. He is a member of the Institution of Mining and Metallurgy and of the Society of Petroleum Engineers.

Yours faithfully,

Andrew W.P. Thomson

Managing Director
Reservoir Management Limited

PART 3

PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

1. Basis of preparation

Set out below is the unaudited pro forma statement of net assets of the Enlarged Group, prepared on the basis of the notes set out below, to illustrate how the Acquisition might have affected the net assets of the Group if it had occurred on 31 December 2001, the date to which the last audited consolidated balance sheet of the Group was prepared. The pro forma net asset statement has been compiled for illustrative purposes only and, because of its nature, it may not give a true picture of the financial position of Dana upon completion of the Acquisition.

2. Unaudited pro forma statement of net assets

	Dana Petroleum plc as at 31 December 2001 £'000[1]	*Adjustment £'000*	*Note*	*Pro forma combined net assets £'000*
Fixed assets				
Oil and gas assets	110,630	61,300	3	171,930
Investments	14,557	—		14,557
	125,187	61,300		186,487
Current assets				
Stocks	140	—		140
Debtors	5,754	70	4(c)	5,824
Investments	12	—		12
Cash at bank in hand	30,192	(10,599)	4	19,593
	36,098	(10,529)		25,569
Creditors (amounts falling due within one year)	(10,604)	2,900	5	(7,704)
	25,494	(7,629)		17,865
Total assets less current liabilities	150,681	53,671		204,352
Creditors (amounts falling due after more than one year)	(9,129)	(48,921)	5	(58,050)
Provision for liabilities and charges	(4,242)	(4,750)	3(c)	(8,992)
Accruals and Deferred Income	(5,320)	—		(5,320)
	131,990	0		131,990

Notes:

(1) Extracted without material adjustment from the audited consolidated balance sheet of the Group as at 31 December 2001.

(2) No account has been taken of trading results or any other activities of the Group since 31 December 2001.

(3) This adjustment reflects the cost of the Agip Transferred Interests to be acquired and comprises the initial purchase consideration and completion adjustment thereto, contingent consideration, capitalised transaction fees and abandonment costs as follows:

	£000	*£000*
Purchase consideration attributable to the Agip Transferred Interests	48,470	
Disposal of a three percent interest in P.749 Quadrant 23 Blocks[a]	(320)	
Initial purchase consideration	48,150	
Interest on initial purchase consideration[b]	200	
Consideration adjustment[c]	2,000	
Consideration payable on completion		50,350
Contingent consideration (two cash payments of £3 million each[d])		6,000
Abandonment costs[e]		4,750
Advisors and circular fees[f]		200
Total cost of assets acquired		61,300

(a) Being the relevant proportion of the book value of the Quadrant 23 assets.
(b) Interest will accrue on the cash consideration of £48,150,000 at 3 month LIBOR plus 1% for the period ending on the completion of the Acquisition and commencing on the date on which all necessary consents to the Acquisition are received from both the Secretary of State for Trade and Industry and the co-venturers in the relevant assets.
(c) The initial purchase consideration was based on an effective acquisition date of 1 July 2001. This consideration is therefore subject to adjustment to take into account net cash flows from the Agip Transferred Interests between the effective acquisition date and completion. The consideration adjustment of £2 million above is based on the estimated consideration adjustment that would be payable should the acquisition be completed on 1 September 2002.
(d) Two additional contingent payments of £3 million each are payable based on the achievement of 17 mmbbls (gross) and 30 mmbbls (gross) of cumulative production from the Banff field.
(e) Abandonment costs (£4.75 million) relate to Dana's estimated net, future liability for abandonment costs in relation to the Agip Transferred Interests. Provision for abandonment costs is recognised in full at the acquisition date. The amount recognised of £4.75 million is the present value of the estimated future expenditure determined in accordance with statutory conditions and requirements, estimated to total the sum of £7.8 million. A corresponding tangible fixed asset of an amount equivalent to the provision is also created at the outset. This is subsequently depleted as part of the capital costs of the relevant producing assets.
(f) Advisors and circular fees of £0.2 million comprise advisors fees directly attributable to the acquisition of the assets and the preparation of the shareholders' circular, other than those in relation to the raising of debt finance.

(4) The net cash movement arising from the acquisition comprises:

	£000
Purchase consideration financed from Dana cash balances[(a)]	6,849
Advisors and circular fees (Note 3(f))	200
Facility arrangement fees[(b)]	510
Recurring facility administration fees[(c)]	70
Repayment of existing loan[(d)]	2,970
Net cash movement	10,599

(a) Relates to \$10 million (converted at \$1.46/£1) of the purchase consideration financed from existing Dana cash balances.
(b) Relates to bank facility arrangement fees which are capitalised and amortised over the loan period.
(c) Relates to recurring bank facility administration fees prepaid annually in advance and included in prepayments.
(d) Relates to repayment of existing loan facility of Dana with Barclays Bank prior to draw down of the new facility.

(5) The net movement in Group creditors arising from the acquisition comprises:

	£000
Draw down against new revolving credit facility[(a)]	43,501
Repayment of existing loan (Note 4(d))	(2,970)
Contingent consideration (Note 3(d))	6,000
Facility arrangement fees (Note 4(b))	(510)
	46,021
Analysed:	
Creditors (amounts falling due within one year)	(2,900)
Creditors (amounts falling due after more than one year)	48,921
	46,021

(a) The purchase consideration payable on completion of £50.35 million is partially financed from existing Dana cash balances (£6.8 million) with the remainder of £43.5 million being drawn down against the new revolving credit facility of \$75 million (£51.4 million converted at \$1.46/£1). The remainder of the revolving credit facility can be drawn down on the day subsequent to completion to satisfy the ongoing working capital requirements of the business.
(b) Creditors (amounts falling due within one year) comprise amounts falling due on or before 31 December 2002.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
32 Albyn Place
Aberdeen AB10 1YL

The Directors
Dana Petroleum plc
36 Carden Place
Aberdeen AB10 1UP

The Directors
Teather & Greenwood Limited
Beaufort House
15 St Botolph Street
London EC3A 7QR

27 June 2002

Dear Sirs

Dana Petroleum plc ("the Company")

We report on the pro forma statement of net assets of the Enlarged Group set out in Part 3 of the Company's circular dated 27 June 2002. The pro forma statement of net assets of the Enlarged Group has been prepared, for illustrative purposes only, to provide information about how the proposed acquisition of a portfolio of UK oil and gas assets from Agip (U.K.) Limited might have affected the audited consolidated balance sheet of the Company as at 31 December 2001.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the pro forma statement of net assets of the Enlarged Group in accordance with paragraph 12.29 of the Listing Rules of the UK Listing Authority.

It is our responsibility to form an opinion, as required by the Listing Rules of the UK Listing Authority, on the pro forma statement of net assets of the Enlarged Group and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma statement of net assets of the Enlarged Group with the directors of the Company.

Opinion

In our opinion:

(a) The pro forma statement of net assets of the Enlarged Group has been properly compiled on the basis stated;

(b) Such basis is consistent with the accounting policies of the Company; and

(c) The adjustments are appropriate for the purposes of the pro forma statement of net assets of the Enlarged Group as disclosed pursuant to paragraph 12.29 of the Listing Rules of the UK Listing Authority.

Yours faithfully

PricewaterhouseCoopers
Chartered Accountants

PART 4

ADDITIONAL INFORMATION

1. Directors' and Other Interests

(a) As at 25 June 2002 (being the latest practicable date prior to the printing of this document), the interests (all of which are beneficial except as noted) in the securities of the Company of (i) the Directors which have been notified to the Company pursuant to Section 324 or 328 of the Act or which are required to be entered in the register maintained by the Company pursuant to Section 325 of the Act; and (ii) persons connected with the Directors (within the meaning of Section 346 of the Act) known to a Director (following reasonable enquiry) which would, if such persons were a Director, be required to be notified to the Company pursuant to Section 324 or 328 of the Act or entered in the register maintained pursuant to Section 325 of the Act, were as follows:

Name of Director	*No. of Ordinary Shares*	*Percentage of issued share capital*
Charles Mayfield Smith	2,220,179	0.20
Thomas Patrick Cross	6,540,778	0.59
Graham Duncan Stewart	62,566	0.01
Andrew Mark Bostock	273,009	0.02
Angus Maitland Pelham Burn	2,000,000	0.18
Colin Robert Goodall (appointed 14 June 2002)	42,000	0.00

(b) Details of the share options granted to the Directors are as follows:

	Options granted as at the date of this document ('000)	*Exercise price (p)*	*Exercisable from*	*Expiry date*
Thomas Patrick Cross	1,200	21.50	26.03.98	25.03.04
	1,200	21.50	26.03.99	25.03.04
	1,600	21.50	26.03.00	25.03.04
	4,968	21.50	26.04.01	25.04.08
	3,491	8.50	15.05.02	14.05.09
	8,286	15.75	31.12.02	30.12.09
	6,436	13.75	27.07.03	27.07.10
	12,514	10.50	28.12.04	27.12.11
Graham Duncan Stewart	1,432	21.50	26.04.01	25.04.08
	1,545	8.50	15.05.02	14.05.09
	3,324	15.75	31.12.02	30.12.09
	2,945	13.75	27.07.03	27.07.10
	5,971	10.50	28.12.04	27.12.11
Andrew Mark Bostock	1,900	13.75	27.07.03	27.07.10
	776	12.50	22.12.03	22.12.10
	4,271	10.50	28.12.04	27.12.11
Charles Mayfield Smith	—	—	—	—
Angus Maitland Pelham Burn	—	—	—	—
Colin Robert Goodall	—	—	—	—
	61,859			

The agreements covering these options are available for inspection at the Company's headquarters at 36 Carden Place, Aberdeen AB10 1UP. The Company's register of Directors' interests (which is also open to inspection) contains full details of the Directors' shareholdings and options to subscribe.

In total, the Company has outstanding options granted under the Employee Share Schemes to executive Directors and employees to subscribe for 80,927,841 Ordinary Shares, which are exercisable up to 2011, at prices between 8.5p and 21.5p.

Under the Sharesave Scheme, the Company has outstanding options granted to Andrew Mark Bostock and employees to subscribe for 1,488,002 shares (which figure includes options in respect of 80,729 shares granted to Andrew Mark Bostock), which are exercisable between 2003 and 2006, at prices between 10.5p and 13.25p.

(c) Save as disclosed in paragraph 1(a) or (b) none of the Directors nor any person connected with them (within the meaning of Section 346 of the Act) has any interest in the securities of any member of the Group.

(d) So far as the Company is aware, as at 25 June 2002, the following persons were interested, directly or indirectly, in three per cent or more of the issued share capital of the company:

Name	*No. of Ordinary Shares*	*Percentage of issued share capital*
MHR[(1)]	216,225,678	19.54
Standard Life Investment Limited	41,515,886	3.75
Gartmore Investment Management	34,079,841	3.08

(1) As at the date of this document, the 1999 Convertible Loan Notes entitle MHR to exercise voting rights in respect of its B Shares which, when aggregated with its holding of Ordinary Shares, would amount to a total number of 268,539,821 Ordinary Shares (representing 23.17 per cent of the issued ordinary share capital of the Company)

(e) Save as disclosed in paragraph 1 (d) above, as at 25 June 2002 (being the latest practicable date prior to the printing of this document), the Company had not been notified of any interests, direct or indirect, in three per cent or more of the then issued share capital of the Company.

(f) No Director has or has had any direct or indirect interest in any transaction which is or was unusual in its nature or condition or significant to the business of the Group and which has been effected by any member of the Group during the current or the immediately preceding financial year or during an earlier financial year and which remains in any respect outstanding or unperformed.

2. Directors' Service Agreements and Terms of Appointment

(a) The non-executive Directors have signed letters of appointment with the Company and Thomas Patrick Cross and Graham Duncan Stewart have entered into rolling service contracts dated 1 May 1997 and 1 November 1998, respectively. Andrew Mark Bostock, who was co-opted to the Board on 13 August 2001, is currently employed under Dana's standard terms of employment. The key terms of these service contracts, terms of employment and remuneration for 2001 were as follows:

Director	*Annual Salary £'000*	*Pension Contribution £'000*	*Benefits in kind £'000*	*Notice Period*
Thomas Patrick Cross	320	64	25	2 years
Graham Duncan Stewart	155	31	17	6 months
Andrew Mark Bostock (from 13.8.01)	45	9	5	3 months

The executive Directors are entitled to the following benefits: paid holiday, company car allowance, company sick pay, private medical insurance for themselves and immediate family, life assurance, permanent health insurance, pension contribution by the Company at the level of the respective percentages of salary set out above and participation in the Employee Share Schemes. Based on individual performance, an annual bonus payment may be made to each of the executive Directors at the discretion of the Remuneration Committee. The annual bonuses for Thomas Patrick Cross and Graham Duncan Stewart were £128,000 and £62,000 respectively for the financial year ending 31 December 2001.

The employing company is entitled under the service contracts to terminate the executive Directors' employment with immediate effect by making a payment in lieu of notice based on the salary and benefits that would have been payable during that period.

The service contracts also contain restrictive covenants preventing the Directors from soliciting key employees and clients and candidates of the employing company and Group companies for six months following termination of employment.

(b) Pursuant to the terms of their letters of appointment dated 21 December 1998, 1 November 1999 and 14 June 2002 respectively, Charles Mayfield Smith, Angus Maitland Pelham Burn and Colin Robert Goodall agreed to act as non-executive Directors. The non-executive Directors' annual fees are currently as follows:

Charles Mayfield Smith	£33,000
Angus Maitland Pelham Burn	£20,000
Colin Robert Goodall	£20,000

In addition, the non-executive Directors are entitled to be reimbursed for reasonable expenses incurred in respect of the provision of their services. Non-executive Directors' appointments are subject to the provisions of the Articles.

3. Material Contracts

(a) The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the publication of this document and are, or may be, material or have been entered into by members of the Group and contain any provision under which any member of the Group has any obligation or entitlement which is or may be material to the Group as at the date of this document:

I. The following agreements described in the circular dated 30 August 2001 and previously on display:

(i) The Placing Agreement dated 30 August 2001 between the Company and Investec Bank (UK) Limited (acting through its division Investec Henderson Crosthwaite), pursuant to which Investec Henderson Crosthwaite conditionally agreed as agent for the Company to make an Open Offer to Qualifying Shareholders for the purposes of a Placing; and

(ii) The 1999 Convertible Loan Notes.

II. The Barclays Facility

On 26 June 2002 the Company, Dana Petroleum (E&P) Limited and Dana Petroleum (North Sea) Limited (the ''original borrowers'') signed a Credit Facility Agreement with Barclays Capital (the investment banking division of Barclays Bank PLC) as arranger and Barclays Bank PLC as the original lender and facility agent (the ''facility agreement'') that will provide the original borrowers with banking facilities of up to an initial maximum amount of US$75,000,000. The facility agreement contains (i) certain conditions precedent (including the provision of security comprising assignments in security, fixed and floating charges over the assets of the original borrowers and charges over accounts and pledges over shares of the original borrowers (excluding the Company)) and evidence that US$10,000,000 of the consideration under the Acquisition Agreement will be contributed by the Company, (ii) financial and general covenants to be observed by the original borrowers, and (iii) events of default under which the facilities under the facility agreement may be withdrawn.

The banking facilities are made available for (i) Dana Petroleum (E&P) Limited to refinance existing banking facilities with Barclays Bank PLC; (ii) paying part of the consideration under the Acquisition Agreement; and (iii) for general corporate purposes. The maximum amount available under the facility agreement reduces periodically as follows: to US$65,000,000 on 31 December 2004 to US$55,000,000 on 30 June 2005, to US$45,000,000 on 31 December 2005, to US$35,000,000 on 30 June 2006, to US$25,000,000 on 31 December 2006, to US$15,000,000 on 30 June 2007, to US$10,000,000 on 31 December 2007 with the latest final repayment being made on 30 June 2008.

The amount available for drawdown under the facility agreement is at any time the lower of the maximum amount available of US$75,000,000 (reducing as described above) and the net present value divided by 1.5 (as calculated by the facility agent on a six monthly basis or as otherwise agreed) of the proven reserves of those fields accepted as borrowing base fields. The Directors anticipate that the amount available under the facility agreement will be sufficient to fund the balance of the consideration under the Acquisition Agreement and to refinance the existing facility from Barclays Bank PLC.

Interest is payable at LIBOR plus a margin of 1.35 per cent per annum until (and including) 30 June 2006; and 1.60 per cent per annum from (and including) 1 July 2006.

Drawdowns can be made in United States dollars and pounds sterling.

III. The Acquisition Agreement dated 20 March 2002

The Acquisition Agreement between the Agip Companies (1) and Dana Petroleum (E&P) Limited (2), was entered into on 20 March 2002 pursuant to which Dana agreed to acquire the Agip Transferred Interests and Agip agreed to acquire the Dana Transferred Interests.

The consideration payable by Dana is as follows:

(i) the transfer to Agip of the Dana Transferred Interests;

(ii) cash consideration of £48,150,000 payable at completion of the Acquisition;

(iii) a conditional cash payment of £3,000,000 payable within 30 days of gross production from the Banff field reaching 17,000,000 bbls, as measured from 1 July 2001; and

(iv) a further conditional cash payment of £3,000,000 payable within 30 days of gross production from the Banff field reaching 30,000,000 bbls, as measured from 1 July 2001.

The consideration payable will be adjusted to reflect all post tax income, receipts, payments (including taxation) and liabilities assumed attributable to the respective Transferred Interests in the period from 1 July 2001 (the "Effective Date") to completion of the Acquisition (the "Interim Period").

Interest will accrue on the cash consideration of £48,150,000 at 3 month LIBOR plus 1% for the period ending on the completion of the Acquisition and commencing on the date on which all necessary consents to the Acquisition are received from both the Secretary of State for Trade and Industry and the co-venturers in the relevant assets. The Acquisition Agreement is also specifically stated to be conditional on receipt of consent from Dana's shareholders. In the event that the conditions precedent are not satisfied by 30 September 2002, despite all reasonable endeavours having been made, either Agip or Dana may terminate the Acquisition Agreement.

During the Interim Period Agip and Dana are obliged to continue their respective activities in a proper and prudent manner, consult with and keep each other informed on all material proposals and decisions relating to the respective Transferred Interests and maintain appropriate insurance cover.

Indemnity provisions allocate most liabilities as at the Effective Date and warranty provisions in the usual form are included whereby the parties make certain representations and warranties to each other in respect of the Transferred Interests, including their respective title to the assets being transferred. Should a breach of warranty with potential liability in excess of £2,000,000 or resulting in a party being unable to perform material obligations occur during the Interim Period and remain unremedied, the other party may be entitled to rescind the Acquisition Agreement. Otherwise warranty claims have a floor level of £250,000 and are capped by reference to the cash consideration. Liability for consequential loss is excluded.

Routine provisions are also included to address taxation, confidentiality, stamp duty, and applicable law.

(b) There are no contracts in respect of the Agip Transferred Interests, other than the Acquisition Agreement (not being contracts entered into in the ordinary course of business), which have been entered into in respect of the Agip Transferred Interests within the two years immediately preceding the publication of this document and which are, or may be, material or have been entered into in respect of the Agip Transferred Interests and contain any provision under which any obligation or entitlement arises in respect of the Agip Transferred Interests which is or may be material to the Agip Transferred Interests as at the date of this document.

4. Litigation

(a) There are no legal or arbitration proceedings nor, so far as the Directors are aware, are there any such proceedings pending or threatened which may have, or have had, in the recent past (including at least the 12 months immediately preceding the date of this document) a significant effect on the financial position of the Group.

(b) There are no legal or arbitration proceedings nor, so far as the Directors are aware, are there any such proceedings pending or threatened which may have, or have had, in the recent past (including at least the 12 months immediately preceding the date of this document) a significant effect on the financial position of the Agip Transferred Interests.

5. Working Capital

The Company is of the opinion that, after taking into account available bank facilities, the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

6. Significant Changes

(a) Save as disclosed in the section headed "Current trading and prospects" in Part 1 of this document, there has been no significant change in the financial or trading position of the Dana Group since 31 December 2001, the date to which the most recent results of the Group have been published.

(b) Save as disclosed in the section headed "Current trading and prospects" in Part 1 of this document, there has been no significant change in the financial or trading position of the Agip Transferred Interests since 28 February 2002, the date to which the Competent Person's report in Part 2 of this document was prepared.

7. Consents

Teather & Greenwood, PricewaterhouseCoopers and RML have given and not withdrawn their written consents to the inclusion in this document of their respective letters and reports and the references to their names in the form and context in which they appear.

8. Documents Available for Inspection

Copies of the following documents will be available for inspection at the offices of Allen & Overy, One New Change, London EC4M 9QQ during usual business hours on any Monday to Friday inclusive (excluding public holidays) until the conclusion of the Extraordinary General Meeting:

(a) the memorandum and articles of association of the Company;

(b) the letter of appointment for Colin Robert Goodall referred to in paragraph 2(b) above;

(c) the material contracts referred to in paragraph 3 above including the material contracts previously on display referred to in paragraph 3(a) I;

(d) the circular dated 30 August 2001 referred to in paragraph 3 above;

(e) the audited consolidated accounts of the Group for the two financial years ended 31 December 2001;

(f) the Competent Person's Report on the oil and gas assets of the Agip Transferred Interests in Part 2 of this document;

(g) the letters referred to in paragraph 7 above; and

(h) a copy of this document.

27 June 2002

DANA PETROLEUM PLC

(Registration England and Wales No. 3456891)

Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of Dana Petroleum plc (the "Company"), will be held at the offices of College Hill Associates, 78 Cannon Street, London EC4N 6HH at 11.45 am on 23 July 2002 or following the conclusion of the Annual General Meeting, if later, for the purpose of considering and if thought fit, passing the following resolution which will be proposed as an ordinary resolution:

THAT the acquisition of certain interests in licences P.188, P.212, P.224, P.226, P.472, P.570 and P.1021 and in the Brent pipeline system and the Sullom Voe terminal, and associated joint operating and other agreements by the Company's wholly-owned subsidiary Dana Petroleum (E&P) Limited pursuant to the Acquisition Agreement dated 20 March 2002 and described in the circular to shareholders dated 27 June 2002 (the "Acquisition") be and is hereby approved and the directors of the Company (or a duly authorised committee of the directors) be and are hereby authorised to take all necessary steps to complete the Acquisition and at their discretion (but without materially altering the terms of the Acquisition) to amend, vary, revise and to extend any of the terms and conditions thereof in whatever way they consider necessary or desirable and to procure such other deeds or things as may be necessary or desirable in connection therewith.

By order of the Board,

John J Arnton LLB
Company Secretary

Rolls House
7 Rolls Buildings
Fetter Lane
London
EC4A 1NH

27 June 2002

Notes:

1. Only persons entered on the register of members not later than 48 hours before the time appointed for the meeting are entitled to attend, speak and vote at the meeting.
2. A member entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him. A proxy need not also be a member.
3. Forms of proxy should be completed in accordance with the notes on the enclosed from and should be received by the Company's registrars, Capita IRG plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1NQ not later than 48 hours before the time appointed for the meeting.
4. Completing and returning a form of proxy will not prevent a member from attending in person at the meeting and voting should the member so wish.
5. The Company, pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, specifies that only those shareholders registered in the Register of Members of the Company as of 11.45 am on 21 July 2002 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time.

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