



Dana Petroleum PLC
(“Dana”, “the Company” or “the Group”)

Interim Results for the Six Months Ended 30 June 2010

Dana Petroleum, the independent oil and gas exploration and production company focused on growth through international exploration and the development of production in the North Sea and Egypt, reports its interim results for the first half of 2010.

HIGHLIGHTS

Strong Financial Performance

- Total income for half year of £266.9 million, comprising revenue of £185.7 million and underlifted production of £81.2 million
- Pre-tax profit of £82.0 million, up 274%, and exceeding 2009 full year equivalent
- £191.5 million cash generated from operations, up 221%
- Net bank debt of £8.6 million and convertible debt of £121.8 million at 30 June
- Significant financial flexibility due to headroom within new US\$900 million facility

Significant Reserves Growth

- 2010 exploration discoveries to date have added approximately 23 mmboe to 2P reserves representing a reserves replacement ratio through exploration drilling of over 300%
- 2P reserves of 31 mmboe and 3P reserves of 51 mmboe added via the acquisition of Petro Canada Netherlands BV (“PCN”)

Increasing Production

- First half production average of 37,215 boepd (including effects of accelerated annual maintenance shutdowns)
- PCN first half production average of 10,825 boepd
- Following the acquisition of PCN and the successful development of Babbage the Group’s total number of producing fields has increased to 55 from 36
- Strong production performance from the UK Northern North Sea oil fields, the Greater Kittiwake Area oil fields and the Cavendish gas fields
- Babbage development delivered first gas on 10 August 2010
- Ettrick has seen a significant rise in oil production following the tie-in of two further development wells
- Group production for 2010, following the PCN acquisition now estimated to average 40,000 to 45,000 boepd
- Production guidance for the Group, prior to the PCN acquisition, remains unchanged at 37,000 to 41,000 boepd
- 2010 exit rate of over 51,000 boepd expected



Strong Development Portfolio Delivering Near Term Production

- Near term production upside from four development projects in the UK, the Netherlands and Egypt
- The Arran and Western Isles operated development projects in the UK will add to production in 2012 and 2013 respectively
- Project sanction anticipated on Arran by the end of the year following the submission of a draft field development plan (“FDP”) in the first half of 2010
- Selected preferred development concept for Western Isles with formal project sanction anticipated early 2011
- Medway project sanction expected in Q4 2010 with first production in early 2012
- Production anticipated around year end from the fast-track development of North Zeit Bay

Successful and Extensive International Exploration Programme

- Six oil and gas discoveries made in Egypt and the UK already in 2010
- Including significant discoveries at Papyrus, Platypus, Lorcan and Fin
- Currently drilling wells in the Faroe Islands (Anne-Marie) and Egypt (Nefertiti)
- Six further wells to be spudded in the remainder of the year including the East Beni Suef exploration concession, North Zeit Bay and the major Cormoran target in Mauritania
- In total, 22 exploration wells (including 2 PCN exploration wells) being drilled in 2010 with all rigs contracted
- Acquisition of a 50% interest in the El Manzala Offshore Area Concession, alongside BG group

Acquisition of Petro Canada Netherlands BV

- Successfully completed the acquisition of PCN in August 2010
- Fourth international acquisition in three years and largest transaction to date
- Added interests in 18 producing fields over four key production hubs
- Short term development potential at Medway and significant exploration upside
- PCN 2010 average full year production c.10,700 boepd
- The acquisition of PCN significantly enhances the Group’s North Sea operating capability

Increased Financial Strength

- Successful corporate refinancing securing a new US\$900 million facility from Royal Bank of Canada (“RBC”) with a 4 to 5 year tenure
- Fully funds PCN acquisition, all planned development projects and has capacity to re-pay the Group’s convertible bond in July 2012, if required



Outlook

- Currently drilling two wells and six further wells planned for the remainder of 2010
- Up to 15 wells already planned for 2011 with key wells offshore Guinea, Nile Delta, Egypt, Norway and Morocco
- Near term production gains from development projects
- Acquisition of PCN increases production capacity to over 50,000 boepd with further M&A growth opportunities identified
- New US\$900 million bank facilities provide strong funding base for future growth and significant headroom

Tom Cross, Chief Executive of Dana, commented:

“Dana performed very strongly in the first half. We have delivered interim profits which are in excess of full year 2009, we have also grown reserves by 54 million barrels of oil equivalent through new discoveries and via acquisition. The Dana team is delivering the most successful phase of growth in the Company's history. With a full programme of exploration, production growth and development activity planned for the second half, this trajectory is set to continue upward. Moreover, after securing substantial new debt facilities and with our rising production generating strong cashflows, we are very well financed to deliver our growth plans.”

Event post period end:

The Board of Dana has noted KNOC's unsolicited cash offer for Dana at 1800 pence per share, made post period end. The Board of Dana has not recommended this offer. Dana will present its detailed response, including information on the value of its assets, by no later than 8 September 2010, and the Board urges Dana shareholders and bond holders to take no action prior to that date.

27 August 2010

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DANA PETROLEUM PLC

Interim Results for the Six Months Ended 30 June

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT

OVERVIEW

It is pleasing to report that excellent progress has been made across all the key areas of the Company's business during the first half of 2010. This has led to the delivery of strong interim results which, on an underlying basis, exceed the results achieved for the 2009 full year. In addition, Dana has completed a significant corporate acquisition and has successfully put in place substantial new bank facilities for the Group, which provides a strong and flexible financing base for future growth.

The acquisition of Petro Canada Netherlands BV ("PCN"), which completed on 13 August 2010, is the Company's fourth international acquisition in three years and largest transaction to date. The acquisition will create significant production growth, adding interests in 18 producing fields over four key production hubs, and provides near term development potential and significant exploration upside.

2010 will be the most active year of exploration in the Company's history with a total of 22 exploration and appraisal wells (including two PCN wells) scheduled. Significant exploration drilling success has already been achieved in 2010 with six discoveries from 12 wells drilled to date, adding approximately 23 mmboe of 2P reserves net to Dana. The Company is currently drilling two wells, the high profile Anne-Marie (in Faroes) and Nefertiti (in Egypt). Dana plans to spud a further six wells before the year end, including the exciting Cormoran target, the largest prospect in Dana's 2010 exploration campaign which is due to begin in September.

Group production exit rate for 2010, including the benefit of the PCN acquisition, is expected to be over 51,000 boepd.

RESULTS

The Group delivered a very strong financial performance during the first half of the year with excellent cashflow generation and a significant rise in profitability, exceeding the 2009 full year comparator.

Net average working interest production to Dana for the period was 37,215 boepd despite the impact of some annual maintenance production shutdowns, which were brought forward into this period, and is broadly in line with expectations. Allied to the strong recovery in commodity prices during the first half of 2010, this had a positive impact on the Group's income statement with revenue at £185.7 million and an underlifted production position of £81.2 million (See note 6 to the Group Interim Financial Statements). Together these items reflect a 50% increase over the comparative period last year.

Profit before tax for the period increased by 274% to £82.0 million (1H09 - £21.9 million). This significant improvement was achieved after net exploration write-offs



of £23.0 million reflecting unsuccessful exploration expenditure, principally in Egypt and UK offset by the receipt of an out-of-court settlement in respect of the Kenya farm-in agreement with Woodside.

The Group's effective tax rate for the period was in line with expectations at 56.7% resulting in a significant increase in profit after tax to £35.5 million (1H09 - £2.4 million). After allowing for the Company's post tax share of the losses from Associates, the profit for the financial period was £31.4 million (1H09 loss: £3.6 million), resulting in earnings per share of 33.96p.

Cashflow generated from operations for the period also improved significantly by 221% to a very healthy £191.5 million (1H09 - £59.7 million) as a result of cash largely having been received for the underlifted production position. £119.1 million was applied as capital expenditure on the Group's upstream assets in the period; £19.2 million was expended on the Group's full participation in the Faroe Petroleum rights issue during the period and £19.1 million was applied to debt reduction and other financing activities. The Group closed the period under review with cash resources of £68.5 million and total net debt, including the convertible bond of £130.4 million, and gearing improved to 18% (2009: 22%).

REVIEW OF OPERATIONS

Production

Dana's working interest production for the first half of 2010 has averaged 37,215 boepd, including the impact of accelerated annual maintenance shutdowns, which is a similar level to the 2009 full year average and within the Group's initial 2010 guidance range. Second half production, excluding the benefit of the PCN acquisition, is expected to be at the higher end of the previous guidance range (37,000 to 41,000 boepd) with key maintenance shutdowns having taken place in the first half of 2010 and with the addition of production from the newly onstream Babbage gas field.

The North Sea accounts for 81% of production with the balance of production from Egypt, pre acquisition of PCN. At the beginning of 2010 Dana was producing from a total of 36 fields, which increased to 55 following the completion of the acquisition of PCN and the successful development of the Babbage gas field.

In the UK, there has been continued strong production from the Northern North Sea oil fields, the Greater Kittiwake Area oil fields and the Cavendish gas fields. The Dana operated Hudson oil field has experienced strong uptime performance and continues to perform ahead of budget. Brent crude from these fields is currently sold at a premium. A recent workover in the Otter field is also expected to boost production in the second half of the year.

In the early part of 2010, the Etrick field experienced unexpected FPSO commissioning issues which meant the facility restricted production. However, following the recent tie-in of two further development wells (E3Z and E7) to the Etrick FPSO and the successful resolution of the FPSO topside issues, the oil production rate from the Etrick field has increased significantly from around 22,000 barrels of oil per day to approximately 27,000-30,000 barrels per day.



In the Greater Kittiwake Area (Dana 50%), Dana has sanctioned an additional well at Goosander to be drilled in Q1 2011 targeting new oil reserves and production from this well is expected in Q3 2011. In addition, approval has also been granted for a Whitethroat exploration well in the area which, if successful, would be tied back to Kittiwake. The Noble Ton van Langeveld rig has been secured for drilling these two wells by the operator, Centrica. Dana believes the Greater Kittiwake Area has significant upside potential and the Company continues to identify further oil targets in the area for future tie back to the Kittiwake platform.

At the East Zeit field in Egypt (Dana 100%), two workovers have been successfully completed adding production of approximately 550 barrels per day. Both workovers were completed within schedule and budget. Further workovers are planned for later this year. New modelling work is ongoing for the field with completion planned by the end of the year. One new infill target has been identified and a tender exercise carried out for a rig to drill the well, early in 2011.

Following a waterflood project in the Wadi Ryan Field, in the Qarun production Hub (Dana 25%), the field experienced a 100% increase in production levels. Following from this success, Apache, the operator, is planning further waterflood projects in Qarun SW and North Harun. On the East Beni Suef concession (Dana 50%), Apache are also planning waterflood projects in Azhar and Yusif, with the potential to increase the oil recovery factor by approximately 10-12%.

Back in the UK, Dana has sanctioned an additional well on the Cavendish field with incremental production from this well expected in Q4 2010. The EnSCO 72 rig is now on location for this work. Two further wells are planned for the Claymore field and partner approval has been received for the investment in a new compressor to improve future uptime and extend field life.

A number of further infill drilling targets have been identified and are being considered in the Johnston, Otter and E18 fields and in each of the Egyptian concessions.

Following the acquisition of PCN, the Group's full year 2010 production is expected to average between 40,000 and 45,000 boepd, with a 2010 year end exit rate of over 51,000 boepd.

The Company remains un-hedged with respect to its oil and gas sales and has gained maximum benefit from the recovery in commodity prices experienced to date in 2010.

Development Projects

The Babbage gas field in the UK Southern North Sea (Dana 40%) achieved production from its first well on 10 August 2010. The next two wells will be brought on stream in sequence over the coming months. Plateau production is currently anticipated to be approximately 12,000 boepd, thus yielding up to 4,800 boepd net to Dana in due course. Following evaluation of the initial production wells, a decision will be made on the sanctioning of Babbage Phase II, with two further wells planned.

During the first half of 2010, the Company has been progressing a number of developments in the UK and Egypt.



Dana, as operator, has submitted an Environmental Statement and a draft Field Development Plan (“FDP”) to the UK Government for the Arran development in the UK Central North Sea (previously referred to as the Barbara/ Phyllis development). The Arran field is to be developed as a three well subsea tie back to a new Bridge Linked Platform (BLP) to be installed adjacent to the BG operated Lomond platform. Arran is a gas condensate field with mid case recoverable reserves of approximately 230 bcf of gas plus associated condensate. FEED studies are ongoing on each of the key areas, including BLP design, subsea infrastructure and the host platform. The development is targeting Project Sanction in 2010 with first gas in late 2012.

Dana continues to drive forward the Western Isles oil project in the UK Northern North Sea. Substantial progress has been made during the first half of the year with a floating production system being selected as the preferred development concept in January 2010 and an invitation to tender was issued to several companies in April. Tenders were received in July and are currently being evaluated prior to moving forward into FEED in Q4 2010. In addition, subsurface evaluation of the field is nearing completion and the FDP and Environmental Statement are being prepared for submission to the UK Government later in the year. Formal project sanction is expected early 2011 with first oil scheduled for 2013.

On the back of successful discoveries in 2010, Dana is progressing the joint development of the Lorcan and Fin oil fields in North Zeit Bay, Egypt. A drilling rig has been contracted for further drilling in the area in Q4 2010, and oil production is anticipated around the end of the year as part of an early stage development of the project subject to appropriate government consents.

In addition, the acquisition of PCN provides near term production potential through the Medway development project. The Medway project covers the development of the Van Nes gas discovery and the Van Ghent oil and gas discovery. The integrated oil and gas project will utilise the existing De Ruyter facilities. Project Sanction is expected to be in Q4 2010, with first production in early 2012. In addition, a number of discoveries and exploration prospects have been identified in the area that could potentially be developed as satellite fields. The Medway infrastructure is being designed to accommodate the tie-in of future fields.

Exploration and Appraisal

A substantial and balanced portfolio of drilling for new reserves continues to be central to Dana’s business model. This programme has been achieved by applying extensively for licenses in government bid rounds as well as undertaking commercial transactions and asset trades to leverage into additional drilling opportunities.

Dana embarked on an active drilling programme in 2010 with a total of 22 exploration and appraisal wells scheduled for the year. The Company has already drilled a total of 12 exploration wells in 2010 resulting in six discoveries:

- Gas discovery at Papyrus in the West El Burullus concession, offshore Nile Delta, Egypt, discovering approximately 75 bcf of gas, in line with the pre-drill prognosis. Following Dana’s first gas discovery at WEB-1, the Company is now evaluating the development of the two Pliocene gas discoveries in this concession.



- The Platypus well in the UK Southern North Sea discovered approximately 130 bcf of gas in line with pre-drill estimates. Dana is undertaking technical work to fully evaluate the well results and integrate them into a development study, building on its experience in the area, in order to commercialise the discovery.
- Successful appraisal of the Blackbird oil field in the UK Central North Sea. The appraisal well encountered a substantial oil column at Blackbird which has proven up additional oil reserves that are expected to be produced efficiently across the existing Etrick facilities in due course.
- Two oil discoveries, Lorcan and Fin-1x, in the North Zeit Bay PSC. Dana, as 100% stakeholder and operator, has submitted a preliminary development plan to the Egyptian General Petroleum Corporation (EGPC) for agreement.
- A small oil discovery made at Fayoum-2x in East Beni Suef, onshore Egypt. Apache, as operator, is currently progressing plans to bring this new discovery onstream in Q3 2010.

Dana estimates it has added approximately 23 mmboe of oil and gas resources, net to Dana, through exploration drilling to date in 2010. This represents a reserves replacement ratio of over 300%.

Of the remaining wells drilled in the first half of 2010, hydrocarbons were discovered in sub-commercial quantities in Monkwell and K3-4 and there were unsuccessful exploration wells at Bamboo and RAD-1x in Egypt and Storkollen in Norway.

Drilling at the Tolmount prospect commenced in June 2010. However, the initial well and the subsequent side track both experienced stability issues in the Upper Jurassic section. As a result operator Eon-Ruhrgas 50%, made a recommendation to abandon well operations and consider an appropriate revised plan for re-drilling the Tolmount target in the future.

The Company is currently drilling exploration wells in the Faroe Islands and Egypt and will be participating in six further wells in 2010. These include the high impact Anne-Marie and Cormoran wells in the Faroes and Mauritania respectively.

Drilling began at the Anne Marie prospect, in the Faroe Islands, on 26 July 2010. Dana holds a direct 25% interest in the Anne Marie prospect. In addition, Faroe Petroleum plc, in which Dana is the largest shareholder with a 27.5% stake, has a 12.5% interest in Anne Marie. The Anne Marie well follows on from Dana's and Faroe Petroleum's recent successes in the UK West of Shetland area, including the two significant discoveries at Tornado and Glenlivet made in the second half of 2009. Anne Marie is one of the largest prospects being drilled by Dana this year with mapped reserves in the range 90-300 mmboe.

In May, Faroe Petroleum plc undertook a significant equity fund raising and Dana took up its rights in full, at £1.00 per share, at a cost of £19.2 million. Since then Dana has been pleased to note the announcement by Faroe Petroleum of a significant discovery at the Maria prospect in Norway. Overall, Dana has seen more than a 70% increase in the value of its investment in this rights issue.

The Maersk Deliverer rig is currently en route to Mauritania to drill the Cormoran prospect. Cormoran is the largest prospect in Dana's 2010 exploration campaign and



is in Block 7, near to Dana's existing Pelican discovery. The well is expected to spud in September 2010 and, based on 3D seismic mapping, Cormoran has a target reserves range of between 400 and 780 mmbob.

Good progress is being made offshore Morocco. Following the discovery of the Anchois gas field, with Dana's first well in 2009, the joint-venture group, led by Repsol, has acquired 1,336 sq km of 3D seismic and has also acquired 3D controlled source electromagnetic surveys ("CSEM") during the first half of 2010. These new data sets cover the majority of identified prospects and leads within the Tanger-Larache concession and will be used to rank the most attractive prospects for drilling in mid 2011. The 2011 exploration programme currently comprises a firm exploration well plus a contingent exploration well and also a contingent drill stem test on the Anchois-1 well, which was suspended for future use following the gas discovery.

Dana continues to build its exploration portfolio through licence round applications and commercial transactions. The Company was awarded interests in nine new blocks under six new Production Licences by the Norwegian Ministry of Petroleum and Energy. These awards have been made through the 2009 Norwegian APA Licensing Round, on the Norwegian Continental Shelf. In addition, the Company has also been awarded two further blocks, 43/17a and 43/18a, in the UK Southern North Sea, which it applied for in the UK 25th Licensing Round. Dana has also bid for a number of licences in the UK 26th Round and expects to be notified of the results in Q3 2010. The Company also intends to bid for licences in the forthcoming Norwegian 2010 APA round and is actively pursuing new opportunities in Egypt.

BUSINESS AND CORPORATE DEVELOPMENT

Acquisition of Petro Canada Netherlands BV

The acquisition of PCN, which completed on 13 August 2010, represents the Company's largest acquisition in its history and the Dana Board believes that the acquisition provides significant operational and financial benefits, including:

- providing Dana with a significant growth step and a complementary asset base in the North Sea
- providing Dana with an additional 31 mmbob of 2P reserves and 51 mmbob of 3P reserves at 31 December 2009, and unrisks prospective resources of up to a further 67 mmbob across the PCN portfolio (20 mmbob on a risks basis)
- PCN's net production for the first half of 2010 averaged 10,825 boepd
- Dana estimates that Group production will increase by 8,000-9,000 boepd in 2011, equivalent to a 20-25% increase in previous guidance for the Dana Group, with a production increase of 10,000-14,000 boepd in 2012 as new projects are brought onstream in The Netherlands
- increasing Dana's total number of producing fields to include a further 15 new offshore fields and 3 new onshore fields
- bringing to Dana an experienced Dutch management team, with significant regional North Sea operating experience, based in The Hague



- has a purchase price equivalent to approximately US\$12.16 per barrel of 2P reserves, based on the adjusted consideration and excluding the Alkmaar (PGI) project which has no underlying reserve component

PCN has interests in a number of currently producing fields, namely the De Ruyter (54.07%) and Hanze (45%) oil fields which are both operated by PCN, the PCN operated Hanze gas field (27%) and a number of non-operated gas interests in the L05b&c (30%) and L08b area (25-27%) operated by Wintershall, and the P15 area (6-11%) and P18 area (0.7-4%) operated by the Abu Dhabi National Energy Company ("TAQA"). In addition, PCN has a 12% equity interest in the Alkmaar ("PGI") gas storage project operated by TAQA. Gas production in the Netherlands has the added benefit of a strong oil price linkage in the commercial gas sales agreements.

50/50 Joint Venture with BG in El Manzala Offshore Area Concession

Dana announced, in July 2010, that the Company has signed an agreement with BG International Limited to acquire a 50% interest in the El Manzala Offshore Area Concession, covering some 630 sq km and situated in the prolific offshore Nile Delta area of Egypt. Dana will fund the cost of the next exploration well up to an agreed cap of US\$24 million in order to earn the 50% interest. Dana has assessed that the area is very prospective in the Pliocene play. The identified prospects are analogous to the Company's two gas discoveries in the West El Burullus concession, but Dana considers the prospects in El Manzala to be substantially larger than those targeted in West El Burullus. Further prospectivity has also been identified in the deeper high pressure horizons.

Acquisition of Seismic Survey covering Guinea Offshore PSC

In West Africa, Dana is now strategically positioned offshore Guinea in a vast offshore PSC spanning over 24,000 sq km, equivalent to over 110 blocks in the UK North Sea, following recent approval of Dana's entry to this highly prospective area through Presidential Decree. A large 3,500 sq km 3D seismic survey contract commenced in August 2010 to obtain detailed imaging of the multiple prospects which were identified from the existing 2D seismic data. Processing is expected to be completed by year-end allowing target selection for drilling in 2011.

New US\$900 million Bank Facilities

Finance for the acquisition of PCN and for the Group's ongoing corporate requirements has been provided by the Royal Bank of Canada ('RBC'), through a new US\$900 million facility comprising a four year term loan of US\$300 million and a five year US\$600 million revolving credit facility. To date RBC has been joined by four further banks, BoS, DNB, RBS and Barclays, all members of the previous facility ahead of a wider general syndication. The facility has been sized to provide funding for the Company's anticipated spend profile over the coming years including development of the Western Isles and Arran projects in the UK; to provide capacity to re-finance the Group's convertible bond should bondholders exercise the investor put in July 2012; to provide for up to US\$50 million of letters of credit and for general corporate purposes. This facility replaced the previous facility with the Bank of Scotland which has been repaid and cancelled. There is significant headroom in the new facility to allow for further growth activities.



FINANCIAL COMMENTARY

Product Prices

The Group realised an average price of US\$74.36 per barrel of crude sold during the first half of the year (1H09 :US\$50.33 per barrel) and a gas price of 36.7p per therm (1H09 : 34.4p per therm). This compares to the average Brent price in the period of US\$77.27 per barrel (1H09 :US\$52.14 per barrel) and an average NBP price of 36.5p per therm (1H09 : 37.2p per therm). Overall, the Group realised a revenue per boe produced of US\$42.17 (1H09 :US\$34.92) but with a further US\$18.45 per boe underpinned by the Group's net under-lifted production position during the period which is included as a credit to cost of sales in the income statement pending recognition in revenue once lifted.

Operating Metrics

Cost of sales, excluding the £81.2 million benefit (1H09: £13.4 million charge) for the period movement in production inventories, was £21.12 per boe and is broadly in line with guidance previously provided for the full year (2009: £20.57 per boe).

As flagged in the 2009 Annual Report, IFRS 3 Business Combinations (Revised) became applicable for the Company with effect from 1 January 2010. This standard requires that transaction costs in connection with a business combination be charged to the income statement. Accordingly, costs of £1.2 million incurred to the mid year in respect of the acquisition of Petro Canada Netherlands B.V. have been duly expensed in the period. This contrasts with the capitalisation of such similar costs in 2009 in connection with the Bow Valley acquisition.

Similarly, increased time and costs incurred on other corporate activities together with national insurance costs incurred in connection with the vesting of Long Term Incentive Plan ("LTIP") awards on 1 February this year, have resulted in administrative expenses at £1.21 per boe (1H09: £0.77 per boe) being higher than anticipated. Absent these specific items however, administrative costs were broadly in line with the 2008 comparator, 2009 having been reduced by the effects of a falling share price on the accrual for cash settled share incentive scheme awards.

Balance Sheet

During the period, the Group took up its rights in full in relation to the Faroe Petroleum rights issue at 100 pence per share at a total cost of £19.2 million and as a result, the Group maintained its position as the largest shareholder in that company with 27.5% equity.

2010 has also seen the re-emergence of an active market for Canadian, Class A, B and C Notes, which Dana acquired as part of the Bow Valley acquisition in 2009. In Sterling valuation terms, and based on the latest market data, Dana's holding has increased by around 64% since the acquisition to £15.4 million.

Net capital expenditure on the organic work programme during the period was £115.9 million (1H09: £142.0 million) with £80.6 million invested in exploration and appraisal activity and £35.3 million in production and development projects. Following the PCN acquisition, the Group continues to see a 2010 full year capital spend outturn of approximately £250 million.



OUTLOOK

In the first half of 2010, Dana has made significant progress across all key areas of the Company's business and delivered an excellent set of interim results. The Company has achieved substantial exploration success in Egypt and the UK, replacing production by more than 300%. It has also progressed new field developments, with the delivery of Babbage first gas in August 2010. In addition, the Company completed its largest corporate acquisition to date and strengthened its financial position through securing a major new corporate debt facility.

We look forward to Dana's continued progress during the rest of the year, which includes near term high impact exploration drilling in the Faroe Islands and in Mauritania, driving ahead with Dana's valuable development projects and further potential commercial opportunities.

Group average production guidance for the 2010 full year, following the PCN acquisition, will be in the range of 40,000 to 45,000 boepd. Group production exit rate for 2010, including the benefit of the PCN acquisition, is expected to be over 51,000 boepd.



GROUP INCOME STATEMENT
for the six months to 30 June 2010

	Note	Unaudited Six months to 30 June 2010 £'000	Unaudited Six months to 30 June 2009 £'000	Audited Year to 31 December 2009 £'000
Revenue	5,6	185,665	165,114	397,267
Net Under/(Over) Lifted Production Movement	6	81,231	13,376	15,607
Cost of Sales		(142,276)	(135,147)	(290,111)
Gross Profit		124,620	43,343	122,763
Exploration & Evaluation: Gain	10	2,834	728	757
Exploration & Evaluation: Expense	10	(25,803)	(14,606)	(49,095)
Foreign Exchange Gain		865	3,653	7,994
Administrative Expenses		(8,152)	(5,403)	(10,225)
IFRS 3 Business Combination Acquisition Costs		(1,220)	–	–
Operating Profit on Ordinary Activities before Interest and Taxation		93,144	27,715	72,194
Interest Income		253	1,021	1,806
Finance Costs		(11,394)	(6,844)	(17,571)
Profit on Ordinary Activities before Taxation	5	82,003	21,892	56,429
Taxation	9	(46,499)	(19,523)	(31,343)
Profit for the Financial Period before Share of Post Tax Losses of the Associate		35,504	2,369	25,086
Share of Post Tax Losses of the Associate	12	(4,142)	(5,957)	(2,512)
Profit/(Loss) for the Financial Period attributable to the Equity Holders of the Company		31,362	(3,588)	22,574
Earnings per Share – basic	7	33.96p	(4.08p)	25.19p
Earnings per Share – diluted	7	33.68p	(0.72p)	24.66p



**GROUP CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME
for the six months to 30 June 2010**

	Note	Six months to 30 June 2010 £'000	Six months to 30 June 2009 £'000	Year to 31 December 2009 £'000
Profit/(Loss) for the Period		31,362	(3,588)	22,574
Currency Translation Adjustments		14,642	(37,854)	(25,699)
Fair Value Movements on Available-for-sale Financial Assets	12	3,217	–	1,733
Taxation thereon		(901)	–	(487)
Associate Net Asset Movement Recognised Directly in Equity	12	1,067	1,067	477
Other Comprehensive Income/(Loss) for the period, net of tax		18,025	(36,787)	(23,976)
Total Comprehensive Income/(Loss) for the period, net of tax Attributable to Equity Holders of the Parent		49,387	(40,375)	(1,402)



GROUP BALANCE SHEET
as at 30 June 2010

	Note	At 30 June 2010 £'000	At 30 June 2009 £'000	At 31 December 2009 £'000
Non-Current Assets				
Intangible Assets	10	553,324	455,681	493,269
Property, Plant and Equipment	11	597,162	623,151	607,478
Deferred PRT/NPI		9,786	8,295	7,595
Investments	12	70,641	44,944	50,395
		1,230,913	1,132,071	1,158,737
Current Assets				
Inventories		14,583	15,352	15,640
Trade and Other Receivables		210,286	125,199	116,078
Derivative Financial Instruments		–	383	–
Cash and Cash Equivalents	15	68,547	73,031	67,550
		293,416	213,965	199,268
Total Assets	5	1,524,329	1,346,036	1,358,005
Current Liabilities				
Trade and Other Payables		216,786	138,567	105,903
Current Tax		11,095	26,642	11,022
		227,881	165,209	116,925
Non-current Liabilities				
Trade and Other Payables		3,451	4,237	4,054
Borrowings and Financial Liabilities	14	198,983	210,728	211,304
Provision for Deferred Taxation		281,543	251,172	265,206
Provision for Liabilities and Charges		105,366	100,174	103,408
		589,343	566,311	583,972
Net Assets		707,105	614,516	657,108
Equity				
Called-up Share Capital		13,881	13,688	13,801
Share Premium		136,556	134,949	136,519
Other Reserves		131,265	127,703	128,949
Cumulative Translation Reserve		73,352	46,555	58,710
Retained Earnings		352,051	291,621	319,129
Total Equity Attributable to Equity Holders		707,105	614,516	657,108



GROUP STATEMENT OF CHANGES IN EQUITY
for the six months to 30 June 2010

(All Figures are in £'000)	Share Capital	Share Premium	Other Reserves	Cumulative Translation Reserve	Retained Earnings	Total Equity
Equity at 1 January 2009	13,034	81,066	127,703	84,409	289,990	596,202
Loss for the Financial Period	–	–	–	–	(3,588)	(3,588)
Other Comprehensive (Loss)/ Income	–	–	–	(37,854)	1,067	(36,787)
Total Comprehensive Loss	–	–	–	(37,854)	(2,521)	(40,375)
Employee Share Scheme Credits	–	–	–	–	1,663	1,663
Taxation thereon	–	–	–	–	2,489	2,489
New Shares Issued	654	53,883	–	–	–	54,537
Equity at 30 June 2009	13,688	134,949	127,703	46,555	291,621	614,516
Profit for the Financial Period	–	–	–	–	26,162	26,162
Other Comprehensive Income/(Loss)	–	–	1,246	12,155	(590)	12,811
Total Comprehensive Income	–	–	1,246	12,155	25,572	38,973
Employee Share Scheme Credits	–	–	–	–	1,909	1,909
Taxation thereon	–	–	–	–	27	27
New Shares issued	113	1,570	–	–	–	1,683
Equity at 31 December 2009	13,801	136,519	128,949	58,710	319,129	657,108
Profit for the Financial Period	–	–	–	–	31,362	31,362
Other Comprehensive Income	–	–	2,316	14,642	1,067	18,025
Total Comprehensive Income	–	–	2,316	14,642	32,429	49,387
Employee Share Scheme Credits	–	–	–	–	990	990
Taxation thereon	–	–	–	–	(497)	(497)
New Shares Issued	80	37	–	–	–	117
Equity at 30 June 2010	13,881	136,556	131,265	73,352	352,051	707,105



GROUP CASH FLOW STATEMENT
for the six months to 30 June 2010

	Note	Six months to 30 June 2010 £'000	Six months to 30 June 2009 £'000	Year to 31 December 2009 £'000
Operating Activities				
Cash Generated from Operations	16	191,536	59,723	164,727
Terminated Rig Contract Payment		–	(4,888)	(4,888)
Taxation Paid		(29,157)	(14,660)	(21,518)
Interest Income		253	1,021	1,806
Interest Paid		(2,988)	(2,400)	(7,932)
Net Cash from Operating Activities		159,644	38,796	132,195
Investing Activities				
Expenditure on Intangible and Property, Plant & Equipment Assets		(119,138)	(147,298)	(236,195)
Receipts on Sale of asset held for sale		–	19,213	20,505
Payments to Acquire shares in Associate Undertaking	12	(19,221)	–	–
Payments to Acquire Subsidiaries		–	(24,662)	(24,662)
Payments to settle Working Capital Balances on Acquired Subsidiary		–		(19,268)
Net Cash Invested In Investing Activities		(138,359)	(152,747)	(259,620)
Financing Activities				
Issue of Ordinary Share Capital		117	54,538	55,306
Drawdown of Borrowings		20,173	116,228	137,647
Repayment of Borrowings		(37,331)	(132,138)	(156,332)
Interest Paid on Convertible Bonds		(2,052)	(2,052)	(4,104)
Net Cash Flow (used in)/from Financing Activities		(19,093)	36,576	32,517
Currency Translation Differences		(1,195)	(8,542)	3,510
Net Increase/(Decrease) in Cash and Cash Equivalents	17	997	(85,917)	(91,398)
Cash and Cash Equivalents at the Beginning of the Period		67,550	158,948	158,948
Cash and Cash Equivalents at the End of the Period	15	68,547	73,031	67,550



NOTES TO THE GROUP INTERIM FINANCIAL STATEMENTS

1. Corporate Information

Dana Petroleum plc is a public limited company incorporated in England and Wales and domiciled in Scotland. The Company's shares are publicly traded on the London Stock Exchange.

The principal activities of the Company and its subsidiaries are oil and gas exploration and production.

2. Basis of preparation and accounting policies

Basis of preparation

This financial information comprises, the Group Balance Sheets as of 30 June 2010, 30 June 2009 and 31 December 2009 and related Group Income Statements, Group Consolidated Statements of Comprehensive Income, Statements of Changes in Equity and Cash Flow Statements for the six months ended 30 June 2010 and 30 June 2009 and for the year ended 31 December 2009 and notes to the Group interim financial statements of Dana Petroleum plc (hereinafter referred to as 'financial information').

The financial information has been prepared in accordance with the Listing Rules of the Financial Services Authority and in accordance with IAS34 – Interim Financial Reporting ('IAS34').

The financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements for the year to 31 December 2009.

The financial information contained in this announcement does not constitute statutory financial statements within the meaning of Section 240 of the Companies Act 1985.

Statutory accounts for the year ended 31 December 2009, on which the auditors gave an unqualified audit report, have been filed with the Registrar of Companies.

Significant accounting policies

The financial information has been prepared in accordance with IAS34 and the accounting policies adopted in the preparation of the financial information are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2009, except for the adoption of new standards and interpretations as of 1 January 2010 which were detailed in those statements and had no impact on the financial position or performance of the Group.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

3. Estimates

The preparation of the financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were, unless otherwise disclosed, the same as those that applied to the Group consolidated financial statements as at and for the year ended 31 December 2009.

4. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the Group consolidated financial statements as at and for the year ended 31 December 2009.



5. Segment information

For management purposes, the Group is organised into business units based on their geographic location and value-chain activity. The Group has three reportable operating segments as follows:

- Europe – The Group is currently involved in the exploration, development and production of hydrocarbons in this geographic location.
- Egypt - The Group is currently involved in the exploration, development and production of hydrocarbons in this geographic location.
- Other International - The Group is currently only involved in the exploration of hydrocarbons in this geographic location.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the economic evaluation of the reserve and resource potential and growth in each segment. Group financing (including finance costs and interest income), foreign exchange and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

Operating Segments

The following tables present revenue and profit/(loss) information regarding the Group's operating segments for the six months ended 30 June 2010 and 30 June 2009 and for the year ended 31 December 2009 respectively.

Six months ended 30 June 2010	Europe	Egypt	Other International	Adjustments and Eliminations	Total
	£'000	£'000	£'000	£'000	£'000
Revenue (1)	154,397	31,268	–	–	185,665
Results					
Segment profit/(loss) before taxation	88,771	1,643	1,865	(10,276) (2)	82,003

1. All revenue is derived from third party sales.
2. The profit/(loss) before tax for each operating segment does not include interest income (£253,000), finance costs (£11,394,000) or foreign exchange gain (£865,000).



Six months ended 30 June 2009	Europe	Egypt	Other International	Adjustments and Eliminations	Total
	£'000	£'000	£'000	£'000	£'000
Revenue (1)	147,671	17,443	–	–	165,114
Results					
Segment profit/(loss) before taxation	46,155	(20,407)	(1,686)	(2,170) (2)	21,892

1. All revenue is derived from third party sales.
2. The profit/(loss) before tax for each operating segment does not include interest income (£1,021,000), finance costs (£6,844,000) or foreign exchange gain (£3,653,000).

Year ended 31 December 2009	Europe	Egypt	Other International	Adjustments and Eliminations	Total
	£'000	£'000	£'000	£'000	£'000
Revenue (1)	349,822	47,445	–	–	397,267
Results					
Segment profit/(loss) before taxation	108,668	(25,204)	(19,264)	(7,771) (2)	56,429

1. All revenue is derived from third party sales.
2. The profit/(loss) before taxation for each operating segment does not include interest income (£1,806,000), finance costs (£17,571,000) or foreign exchange gain (£7,994,000).

The following table presents segment assets of the Group's operating segments as at 30 June 2010 and 31 December 2009:

	Europe	Egypt	Other International	Adjustments and Eliminations	Total
	£'000	£'000	£'000	£'000	£'000
Segment Assets					
At 30 June 2010	984,373	389,728	71,895	78,333 (1)	1,524,329
At 31 December 2009	906,519	323,663	52,678	75,145 (2)	1,358,005

1. Segment assets do not include deferred PRT/NPI (£9,786,000) or cash and cash equivalents (£68,547,000).
2. Segment assets do not include deferred PRT/NPI (£7,595,000) or cash and cash equivalents (£67,550,000).



6. Net Under/(Over) lifted production movement

In line with the Group's accounting policy, the net underlifted production movement during the six months to 30 June 2010 has been credited to cost of sales in the income statement pending recognition as revenue once lifted. The movement during the period is unusually large due to the underlifted position of the Greater Kittiwake Area ('GKA'). On 30 November 2009, Dana entered into a new contract for the sale of GKA crude with a new buyer realising an improved premium for GKA crude. To date, the buyer has not lifted any amounts of crude but has paid in full for crude delivered. The amount included in the underlift movement in the income statement in relation to GKA is £78,185,000. The buyer has an obligation under the sales contract to minimise the inventory levels held by the end of the year. This position is therefore expected to unwind in the second half of the year. Discussions are also underway to revise the sales contract to ensure the obligation to minimise underlifted crude will also, in future, apply to the half year.

7. Earnings per share

The earnings per ordinary share of 33.96p (1H 2009 – (4.08)p) is calculated on the profit of £31,362,000 (1H 2009 loss - £3,588,000) and on a weighted average of 92,360,438 ordinary shares (1H 2009 – 87,909,591).

The diluted earnings per share of 33.68p (1H 2009 – (0.72)p) is calculated on the profit for the period of £31,362,000 (1H 2009 diluted loss of £705,000 being the loss for the period of £3,588,000 plus the convertible bond interest (net of tax) of £2,883,000) divided by 93,106,821 dilutive potential ordinary shares (1H 2009 – 98,205,041), calculated as follows:

	Six Months to 30 June 2010	Six Months to 30 June 2009
	'000'	'000'
Basic weighted number of shares	92,360	87,910
Dilutive potential ordinary shares:		
- Share option schemes	747	1,693
- Convertible bonds	-	8,602
	93,107	98,205

The 8,601,824 potential ordinary shares in relation to the convertible bonds were anti-dilutive during the period.



8. Dividends paid and proposed

No dividend was paid or is proposed.

9. Income tax

The major components of income tax expense in the consolidated income statement are:

	Six months to 30 June 2010 £'000	Six months to 30 June 2009 £'000	Year to 31 December 2009 £'000
Current Taxation			
PRT/NPI	3,324	(441)	1,468
Corporation tax	32,508	1,055	(4,022)
Current tax charge	35,832	614	(2,554)
Deferred Taxation			
Deferred corporation tax	12,858	19,119	33,407
Deferred PRT/NPI	(2,191)	(210)	490
Deferred tax charge	10,667	18,909	33,897
Total tax charge in the income statement	46,499	19,523	31,343

10. Intangible Assets

Exploration and evaluation assets

During the six months ended 30 June 2010, the Group incurred expenditure of £80,628,000 (1H 2009-£95,872,000) on exploration and evaluation assets.

Foreign Exchange Movements

During the six months ended 30 June 2010, the intangible assets balance increased by £3,052,000 (1H 2009 decrease - £23,970,000) due to movements in foreign exchange.

Unsuccessful exploration and evaluation

During the six months ended 30 June 2010, following completion of geotechnical evaluation activity, certain licences were declared unsuccessful in line with the Group's accounting policy and accordingly the related licence expenditures were expensed. The impact of the exploration write-offs however, was partially mitigated by a receipt of USD 6 million from Woodside Energy as its share of an out-of-court settlement in respect of a farm-in agreement between Dana, Woodside and Global Petroleum as a result of Woodside's decision not to drill a second exploratory well in the project area, offshore Kenya. In total, the net amount expensed for the six months ended 30 June 2010 was £22,969,000 (1H 2009 - £14,606,000).



11. Property, plant and equipment

Development and production assets

During the six months ended 30 June 2010, the Group incurred expenditure of £35,273,000 (1H 2009 - £46,101,000) on development and production assets.

Foreign exchange movements

During the six months the property, plant and equipment balance increased by £9,656,000 (1H 2009 decreased – £24,331,000) due to movements in foreign exchange.

Abandonment asset recognition

No abandonment asset additions (1H 2009 - £7,499,000) were recognised during the six months to 30 June 2010.

12. Investments

Investment in Associate

During the six months ended 30 June 2010, the Group recognised £4,142,000 (2009 - £5,957,000) being the Group's share of the reported and anticipated losses of Faroe Petroleum plc ('Faroe Petroleum'), an AIM listed company in which the Group holds a 27.5% equity position, and also recognised a net asset movement of Faroe Petroleum directly in equity of £1,067,000 (2009 - £1,067,000). Also, during the period, the Group took up its rights in relation to the Faroe Petroleum Rights Issue at a total cost of £19,200,000 and as a result, the Group retained its 27.5% equity interest in Faroe Petroleum.

Other Investments

During the six months ended 30 June 2010, the liquidity in the market for the Class A, B and C notes continued with an improvement in trading valuations, increasing the fair value of the notes to C\$24,440,000 (£15,373,000).

13. Shared-based payments

On 1 February 2010, the 1 February 2007 award under the 2006 Long Term Incentive Plan ('LTIP') vested. A new award of 604,998 options was granted on the 29 January 2010 under the 2006 LTIP. The share price at date of grant was £10.44. The terms and conditions of the 2006 LTIP are described in the Group's financial statements for the year ended 31 December 2009. The fair value of the options granted is estimated at the date of grant using a Monte Carlo model, taking into account the terms and conditions upon which the options were granted using the following assumptions:

Dividend yield	0.00%
Expected volatility	49.02%
Exercise price	£0.00
Risk free interest rate	2.0466%
Vesting period	3 years
Expected life	3 years
Forfeiture rate per annum	5.00%

The share option expense recognised in the income statement for the six months ended 30 June 2010 in relation to the grant above was £510,000.



14. Borrowings and financial liabilities

During the period the Group made a net loan repayment of £17,200,000. The amount drawn down on the facility at 30 June 2010 is £77,120,000.

15. Cash and cash equivalents

For the purpose of the interim consolidated cash flow statement, cash and cash equivalent are comprised of the following:

	Six months to 30 June 2010 £'000	Six months to 30 June 2009 £'000	Year to 31 December 2009 £'000
Cash at bank and in hand	68,547	28,092	16,794
Short term deposits	–	44,939	50,756
	68,547	73,031	67,550

16. Net cash flows from operating activities for the six months to 30 June 2010

	Six months to 30 June 2010 £'000	Six months to 30 June 2009 £'000	Year to 31 December 2009 £'000
Profit/(loss) for the financial period	31,362	(3,588)	22,574
Depreciation	55,184	52,250	107,204
Asset impairment	–	–	7,944
Deferred income	–	(196)	(391)
Interest income	(253)	(1,021)	(1,806)
Interest expense	9,157	5,096	14,368
Finance fees	2,237	1,748	3,203
Taxation	46,499	19,523	31,343
Employee share scheme charge	2,310	1,041	3,638
Egypt tax in kind	(6,092)	2,383	(3,084)
Translation differences	(865)	(3,653)	(7,994)
Net Exploration and evaluation	26,944	13,442	48,338
Release of abandonment provision on disposal of asset	–	(2,028)	(2,028)
Fair value movements on derivatives	–	766	1,149
Share of loss in associate undertaking	4,142	5,957	2,512
Movements in Working Capital:			
Inventory movement	1,057	3,134	2,842
Receivables movement	(94,232)	(43,386)	(39,426)
Payables movement	114,086	8,255	(25,659)
Cash generated from operating activities	191,536	59,723	164,727



17. Reconciliation of net cash flow to movement in net (debt)/funds for the six months to 30 June 2010

	Six months to 30 June 2010 £'000	Six months to 30 June 2009 £'000	Year to 31 December 2009 £'000
Increase/(decrease) in cash and cash equivalents	997	(85,917)	(91,398)
Cash inflow from drawdown of borrowings	(20,173)	(116,228)	(137,647)
Cash outflow from repayment of borrowings	37,331	132,138	156,332
Debt acquired on Acquisition of BVEL	–	(118,937)	(118,937)
Unwinding of convertible bond debt component	(4,127)	(4,004)	(8,125)
Cash outflow from repayment of convertible bond financing	2,052	2,052	4,104
Exchange (losses)/gains on borrowings	(2,762)	10,018	8,736
Movement in net (debt)/funds	13,318	(180,878)	(186,935)
Net (debt)/funds at beginning of period	(143,754)	43,181	43,181
Net (debt)/funds at end of period	(130,436)	(137,697)	(143,754)

18. Capital commitments

At 30 June 2010, the Group has capital commitments of £172,600,000 (31 December 2009–£186,200,000) which represent the Group's share of obligations under existing Sale and Purchase contracts and Joint Ventures.

19. Post balance sheet events

On the 13 August 2010, the Group (through its subsidiary Dana Petroleum (E&P) Limited) acquired the entire issued share capital of Petro Canada Netherlands BV ("Petro Canada Netherlands") from Petro Canada (International) Holdings B.V, a wholly owned subsidiary of Suncor Energy Inc. ("Suncor") for a provisional net cash consideration on completion of €16.3 million. The sale of Petro Canada Netherlands by Suncor was part of its publically announced divestment programme following its merger with Petro-Canada in 2009. Petro-Canada Netherlands is an upstream oil and gas exploration and production company operating in the Dutch sector of the North Sea. The acquisition significantly adds to the Group's reserves and production, introduces further diversity into Dana's existing portfolio of assets and provides a focused entry into a new geography with immediate scale, existing infrastructure and operating capability.

The acquisition did not complete during the interim period, and therefore, the results of Petro-Canada Netherlands have not been recognised in these interim condensed consolidated financial statements. In accordance with IFRS 3 (revised), transaction costs prior to the end of the interim period of £1.2 million have been recognised in administrative expenses in the income statement during the interim period. Due to the fact that the acquisition has only very recently been completed, the acquisition accounting has not been finalised and therefore the disclosures required under IFRS 3 (revised) appendix B, paragraph 64 (e-m) have not been presented.

Finance for the acquisition and for the Group's ongoing corporate requirements has been provided by the Royal Bank of Canada ('Rbc'), through a US\$900 million facility comprising a four year term loan of US\$300 million and a five year US\$600 million revolving credit facility. To date Rbc has been joined by four further banks, all members of the previous facility ahead of a wider general syndication. The facility has been sized to provide funding for the Company's anticipated development spend profile over the coming years in connection with the Western Isles and Arran projects in the UK; to provide capacity to re-finance the Group's convertible bond should bondholders exercise the investor put in July 2012; to provide for up to \$50 million of letters of credit and for general corporate purposes. This Facility replaced the previous facility with the Bank of Scotland which has been repaid and cancelled.



Principal risks and uncertainties

The Group's principal business risks and uncertainties for the remaining six months of the year are unchanged from those disclosed throughout the Dana Petroleum plc Annual Report and Accounts 2009.

Statement of directors' responsibilities

The Directors confirm that, to the best of their knowledge, the condensed group financial statements for the six months ended 30 June 2010 have been prepared in accordance with IAS 34 'Interim Financial Reporting', and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The Directors of Dana Petroleum plc are as listed in the *Dana Petroleum plc Annual Report and Accounts 2009*.

By order of the Board

Thomas P Cross
Chief Executive

David A MacFarlane
Finance Director

27 August 2010



Reproduced below is the review report of Ernst & Young LLP on the condensed set of financial statements for the six months ended 30 June 2010. Ernst & Young LLP has given and not withdrawn its consent to the publication of this review report in this announcement in order to satisfy Rule 28.3(b) of The City Code on Takeovers and Mergers.

INDEPENDENT REVIEW REPORT TO DANA PETROLEUM PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 which comprises Group Income Statement, Group Consolidated Statement of Comprehensive Income, Group Statement of Changes in Equity, Group Balance Sheet, Group Statement of Cash Flows and the related notes 1-18. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
Aberdeen
26 August 2010



The Directors
Dana Petroleum plc
17 Carden Place
Aberdeen
AB10 1UR

27 August 2010

Dear Sirs

Report by the financial advisers to Dana Petroleum plc in connection with the unaudited profit figures contained within the unaudited interim results for the six month period ended 30 June 2010

We refer to the unaudited profit figures (the "Unaudited Profit Figures") contained within the announcement dated 27 August 2010 of the unaudited interim results of Dana Petroleum plc (the "Company") and its subsidiaries for the six month period ended 30 June 2010 (the "Interim Results").

We have read the Interim Results including the independent review report of the Interim Results prepared by Ernst & Young LLP, auditors to the Company (the "Independent Review Report"). We have discussed the Interim Results and the Independent Review Report with the directors of the Company. We have relied upon the accuracy and completeness of all the financial and other information provided by or on behalf of the Company and have assumed such accuracy and completeness for the purposes of delivering this letter.

On the basis of the foregoing, we consider that the Unaudited Profit Figures, for which you in your capacity as directors of the Company are solely responsible, for the purposes of the City Code on Takeovers and Mergers, have been compiled by the directors with due care and consideration.

This letter is provided to you solely in connection with Rule 28.3(b) of the City Code on Takeovers and Mergers and for no other purpose. Accordingly, save for any responsibility that we may have to the Company, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person for any loss suffered by any such person as a result of, or in connection with, this letter.

Each of RBS Hoare Govett Limited, Royal Bank of Canada Europe Limited and Morgan Stanley & Co. Limited has given and not withdrawn its consent to the publication of the Interim Results dated 27 August 2010 with the inclusion of this letter and the references to its name in the form and context in which they appear.

Yours faithfully,
for and on behalf of

**RBS Hoare Govett Limited Royal Bank of Canada Europe Morgan Stanley & Co. Limited
Limited**

RBS Hoare Govett Limited, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting as financial adviser to the Company and no one else in connection with the offer from Korea National Oil Corporation (the "Offer") and will not be responsible to anyone other than the Company for providing the protections afforded to clients of RBS Hoare Govett or for providing advice in relation to the Offer or for any other matter referred to herein.

Royal Bank of Canada Europe Limited, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting as financial adviser to the Company and no one else in connection with the offer from Korea National Oil Corporation (the "Offer") and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Royal Bank of Canada Europe Limited or for providing advice in relation to the Offer or for any other matter referred to herein.



Morgan Stanley & Co. Limited, which is authorised and regulated by the Financial Services Authority in the United Kingdom, is acting as financial adviser to the Company and no one else in connection with the offer from Korea National Oil Corporation (the "Offer") and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Morgan Stanley & Co. Limited or for providing advice in relation to the Offer or for any other matter referred to herein.