

Country-by-Country Report 2014

In line with regulatory developments in the European Union, the Norwegian government has introduced country-by-country reporting requirements, taking effect from the 2014 financial year, for multinational companies with activities in the extractive industries. Such companies are required to report on activities in each country of operation, including information on investments, sales revenue, production volumes, purchases of goods and services, number of employees in each country and subsidiaries. Among other requirements, total payments to government authorities during the financial year must be broken down by country and by payment type.

This is the first time DNO ASA is publishing the country-by-country report as a separate report. Additional information about the countries performance can be found in the 2014 Annual Report and accounts in Note 2.

The DNO group primarily produces and sells oil and gas. The payment mechanism for oil export sales in the Kurdistan region of Iraq is still developing and currently does not follow

the Production Sharing Contract (PSC) terms.

As a result, there is uncertainty related to both timing and level of payments. Until a payment mechanism is well established, the recognition of export revenues is therefore done upon receipt of payment. Under the current payment mechanism for local sales in Kurdistan, DNO may not receive its full entitlement share in each period. Any imbalance between entitlement share and payments received is booked as under and/or overlift.

During 2014, oil was sold locally to several customers in Kurdistan. In Oman, gas and LPG was sold to one customer with the oil sold to multiple buyers on a bidding basis. Oil produced in Yemen was sold to one customer.

	1	2	3	4	5	6	7	8	9	10
USD mill DNO share	DNO WI Royalty	DNO WI Revenues	Company tax	Special tax	Investments	Purchase of other goods and services	Contractual bonuses	Contractual social con- tributions	Land owner compen- sation	Number of employees
Tawke	52.8	595.2	-	291.0	153.5	46.5	0.5	0.5	0.6	
Erbil	0.2	2.6	-	0.2	11.6	18.3	0.4	0.2	0.2	
Dohuk	-	-	-	-	89.4	8.9	0.4	-	-	
Total Kurdistan	53.0	597.8	-	291.2	254.6	73.6	1.2	0.7	0.8	595
Block 8	-	155.2	31.1	68.0	18.2	4.0	0.1	-	-	
Block 36	-	-	-	-	0.3	0.1	0.3	-	-	
Total Oman	-	155.2	31.1	68.0	18.6	4.0	0.4	-	-	46
Block 32	0.5	16.3	1.2	3.2	0.3	10.4	0.2	-	-	
Block 43	0.9	28.6	2.0	8.7	0.7	15.3	0.3	-	-	
Block 47	-	-	-	-	3.0	3.1	0.2	-	-	
Block 53	1.3	39.4	2.6	14.2	3.5	20.9	0.1	-	-	
Block 72	-	-	-	-	0.3	1.0	0.1	-	-	
Total Yemen	2.8	84.4	5.8	26.1	7.8	50.6	0.9	-	-	254
Saleh	-	-	-	-	-0.3	0.6	-	-	-	
Onshore	-	-	-	-	-	0.7	-	-	-	
RAK B	-	-	-	-	-	-	-	-	-	
Total Ras Al Khaimah	-	-	-	-	-0.3	1.4	-	-	-	12
Fkirine	-	-	-	-	-	0.1	-	-	-	
Hammamet	-	-	-	-	-	0.4	-	-	-	
SFAX	-	-	-	-	7.0	13.4	-	-	-	
Ras El Bech	-	-	-	-	-	0.2	-	-	-	
Total Tunisia	-	-	-	-	7.0	14.1	-	-	-	44
Somaliland	-	-	-	-	0.2	-	-	-	-	7
Other *	-	-	-	-	9.5	-	-	-	-	149
GRAND TOTAL	55.8	837.3	36.9	385.3	297.3	143.6	2.5	0.7	0.8	1107

* Other includes DNO ASA and DNO Middle East

1 Royalty is a fraction of gross oil production, before any attribution to cost oil, payable to a governmental body.

2 WI revenues by segment

3/4 Profit oil taken in kind by government equals the sum of company tax and special tax

5 Capital expenditures

6 Purchase of goods and services are allocated based on invoice address

7 Contractual bonuses including environment fund, training fund and production rental

8 Contractual social contributions and committed community support

9 Land owner compensation

10 Number of employees per location at the end of the year

Gross production

The table reflects gross production from each country. Kurdistan figures include both local sales and exported volumes.

(boepd)	Year	
	2014	2013
Kurdistan	95,011	39,433
Oman	15,678	21,473
Yemen	6,793	9,708
Total production (barrels of oil equivalent per day)	117,482	70,614

Company Working Interest (CWI) production

The table reflects DNO's total working interest production including diesel. Kurdistan figures include both local sales and exported volumes.

(boepd)	Year	
	2014	2013
Kurdistan	58,414	24,526
Oman	7,839	10,736
Yemen	2,705	3,907
Total production (barrels of oil equivalent per day)	68,958	39,170

Net entitlement production

The table reflects DNO's net entitlement production including diesel. Net entitlement from past exports from Tawke has been estimated based on the contractual provisions but the company has not received payments for the full net entitlement production.

(boepd)	Year	
	2014	2013
Kurdistan	23,746	12,679
Oman	4,160	5,733
Yemen	1,876	2,543
Total production (barrels of oil equivalent per day)	29,782	20,956