

**DNO ASA**

Interim Results

**Third Quarter 2018**



# Key figures

USD million	Quarters		First nine months		Full-Year
	Q3 2018	Q3 2017	2018	2017	2017
<b>Key financials</b>					
Revenues	171.2	73.0	460.5	231.3	347.4
Gross profit	76.9	-6.4	216.7	86.2	145.2
Profit/-loss from operating activities	70.6	468.8	146.8	495.4	521.1
Net profit/-loss	63.0	462.7	124.0	464.5	495.0
EBITDA	142.7	563.3	334.0	674.4	735.6
Netback	142.7	25.1	334.0	135.0	231.8
Acquisition and development costs	41.3	29.6	91.5	102.4	130.4
Exploration costs expensed	7.2	5.9	45.1	8.9	33.0
<b>Key performance indicators</b>					
Lifting costs (USD/boe)	2.9	6.4	2.7	3.8	3.6
Netback (USD/boe)	19.0	3.5	15.6	6.8	8.6

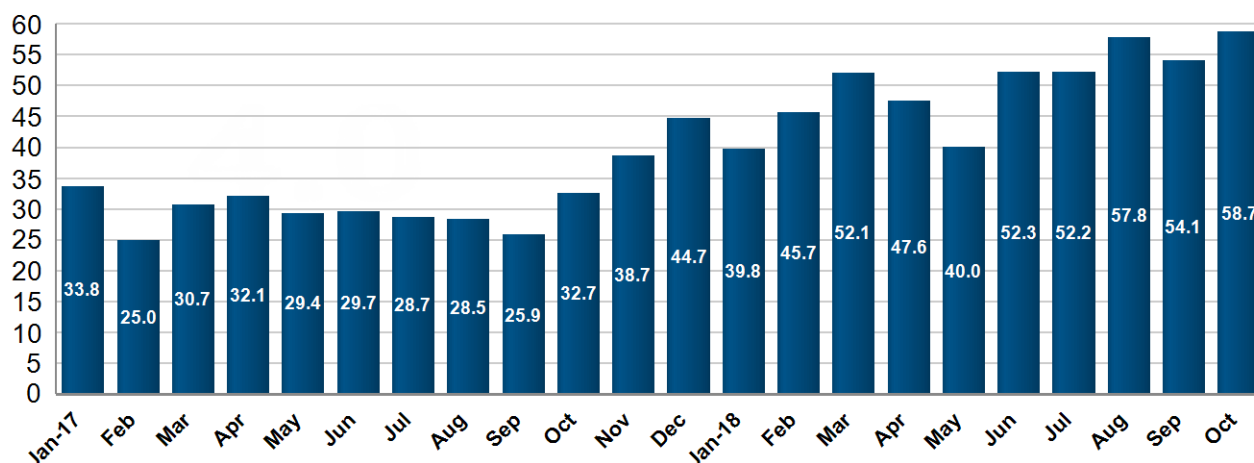
For more information about key figures, please see alternative performance measures.



## Q3 2018 operational and financial highlights

- Net profit of USD 63 million during Q3 2018, up from USD 43 million in Q2 2018
- Revenues of USD 171 million during Q3 2018 on back of solid production, regular export payments and higher oil prices, up from USD 147 million in Q2 2018
- Operated production averaged 117,600 barrels of oil equivalent per day (boepd) and 81,500 boepd on a company working interest basis
- Received three monthly export payments totaling USD 164 million in Kurdistan during Q3 2018
- Exited Q3 2018 with cash balance of USD 640 million (USD 430 million at year-end 2017), plus USD 335 million in marketable securities and treasury shares (USD 58 million at year-end 2017)
- Company ramped up production from Peshkabir field in Kurdistan to more than 50,000 barrels of oil per day (bopd) less than 18 months after commencing operations
- At Tawke field, two shallow Jeribe wells, Tawke-50 and Tawke-51, brought onstream during October
- Spud Baeshiqa-1 exploration well to test the Cretaceous at the Baeshiqa structure in mid-October; back-to-back well to test deeper Jurassic and Triassic on same structure will follow in December
- Elsewhere, the Rungne prospect offshore Norway was spud last month by operator Faroe Petroleum; DNO holds a 10 percent interest in the license

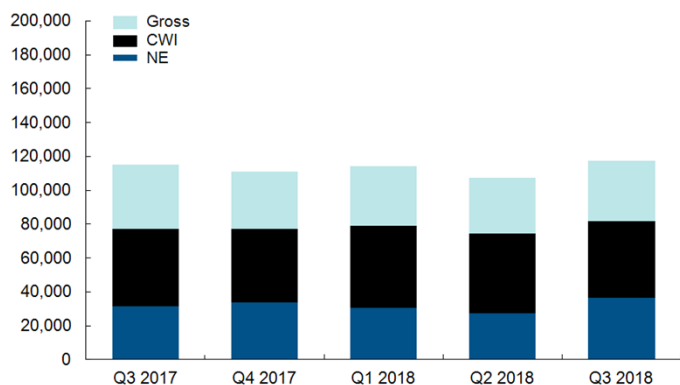
**Kurdistan export payments net to DNO by month received**  
**January 2017 - October 2018**  
 USD million



# Operational review

## Production

### Quarterly production (boepd)



Gross production averaged 117,578 boepd during the third quarter, of which 113,175 boepd was in Kurdistan and 4,403 boepd in Oman.

Company Working Interest (CWI) production during the third quarter stood at 81,526 boepd, up from 74,470 boepd in the previous quarter. In Kurdistan, CWI production averaged 79,766 boepd, up from 72,216 boepd in the previous quarter. In Oman, CWI production averaged 1,760 boepd, down from 2,254 boepd in the previous quarter.

The Company's entitlement production averaged 36,287 boepd during the third quarter, up from 27,346 in the previous quarter.

### Gross production

boepd	Quarters		First nine months		Full-Year
	Q3 2018	Q3 2017	2018	2017	2017
Kurdistan	113,175	110,470	108,393	109,960	109,047
Oman	4,403	4,726	4,539	4,474	4,484
<b>Total</b>	<b>117,578</b>	<b>115,196</b>	<b>112,931</b>	<b>114,434</b>	<b>113,530</b>

### Company Working Interest (CWI) production

boepd	Quarters		First nine months		Full-Year
	Q3 2018	Q3 2017	2018	2017	2017
Kurdistan	79,766	74,636	76,386	70,246	71,436
Oman	1,760	2,363	2,004	2,237	2,243
<b>Total</b>	<b>81,526</b>	<b>76,999</b>	<b>78,390</b>	<b>72,483</b>	<b>73,679</b>

### Entitlement production

boepd	Quarters		First nine months		Full-Year
	Q3 2018	Q3 2017	2018	2017	2017
Kurdistan	35,522	29,900	30,672	25,424	27,033
Oman	764	1,637	763	1,650	1,675
<b>Total</b>	<b>36,287</b>	<b>31,537</b>	<b>31,435</b>	<b>27,073</b>	<b>28,708</b>

# Activity overview

## Kurdistan region of Iraq

### Tawke license

Gross production from the Tawke license, containing the Tawke and Peshkabir fields, averaged 113,082 bopd during the third quarter of 2018.

The Company has ramped up production from the Peshkabir field to more than 50,000 bopd from six wells less than 18 months after commencement of operations, beating its end-2018 target ahead of schedule and below budget. Six wells are currently producing from Peshkabir, and the seventh, Peshkabir-8, will shortly commence test production. Peshkabir-9 will spud in mid-November.

At the Tawke field, two shallow Jeribe wells, Tawke-50 and Tawke-51, were brought onstream during October. The Tawke-49 well, drilled to the deeper Cretaceous, will follow later this month. The well has been drilled utilizing underbalanced technology, the first on the license, and is producing from the target zone while drilling. The Tawke-52 Cretaceous well will be spud by the end of November. Tawke is currently producing at an average rate of 80,000 bopd.

### Erbil license

Testing is ongoing at the Hawler-1A well at the Benenan heavy oil field in the Erbil license. Estimates of oil-in-place at Benenan stand at more than two billion barrels.

### Baeshiqa license

In mid-October, the Company spud the Baeshiqa-1 exploration well to test the Cretaceous at the Baeshiqa structure. A back-to-back well to test the deeper Jurassic and Triassic on the same structure will follow in December. A third well will test the Jurassic and Triassic on a separate structure during 2019.

DNO acquired a 32 percent interest and operatorship of the Baeshiqa license in 2017. Partners include ExxonMobil with 32 percent, Turkish Energy Company with 16 percent and the Kurdistan Regional Government with 20 percent.

## Norway

The Rungne prospect offshore Norway, where DNO holds a 10 percent interest, was spud last month by operator Faroe Petroleum. The Company will participate in at least five additional wells offshore Norway next year.

The Company recently added six new exploration licenses offshore Norway, including the 20 percent interest in a Barents Sea license recently acquired from Chevron containing the Korpffjell prospect. Subject to government approval, DNO will then hold 21 Norway licenses.

## Oman

Offshore at Block 8, the Bukha and West Bukha fields produced an average of 4,403 boepd during the third quarter of 2018. The Company plans to relinquish the asset upon expiry of the license on 4 January 2019.

## Yemen

Activity at the Yaalen field at Block 47 remains on hold as operations are suspended.

## United Kingdom

The Company currently holds interests in three offshore exploration licenses in the United Kingdom.

# Financial review

## Revenues, profits and cash flow

Revenues in the third quarter stood at USD 171.2 million, compared to USD 147.0 million in the previous quarter. Kurdistan contributed revenues of USD 164.1 million, with Oman contributing USD 7.1 million.

DNO reported an operating profit of USD 70.6 million in the third quarter, up from USD 51.2 million in the previous quarter.

The Company ended the quarter with USD 640.2 million in cash and cash equivalent and USD 334.6 million in market value of treasury shares and marketable securities. This was up from USD 430.2 million in cash and USD 58.0 million in market value of treasury shares and marketable securities at yearend 2017.

## Cost of goods sold

In the third quarter, the cost of goods sold was USD 94.2 million, compared to USD 74.1 million in the previous quarter.

## Lifting costs

Lifting costs stood at USD 22.1 million in the third quarter, up from USD 20.5 million in the previous quarter. In Kurdistan, the average lifting cost during the third quarter stood at USD 2.7 per barrel of oil equivalent (boe). In Oman, the average lifting cost during the third quarter stood at USD 16.5 per boe.

### Lifting costs

USD million	Quarters		First nine months		Full-Year
	Q3 2018	Q3 2017	2018	2017	2017
Kurdistan	19.5	32.3	50.6	56.5	72.4
Oman	2.7	13.3	7.7	18.1	23.7
Other	-	-	0.2	-	-
<b>Total</b>	<b>22.1</b>	<b>45.6</b>	<b>58.5</b>	<b>74.6</b>	<b>96.1</b>

(USD/boe)	Quarters		First nine months		Full-Year
	Q3 2018	Q3 2017	2018	2017	2017
Kurdistan	2.7	4.7	2.4	2.9	2.8
Oman	16.5	61.0	14.1	29.6	29.0
Other	-	-	-	-	-
<b>Average</b>	<b>2.9</b>	<b>6.4</b>	<b>2.7</b>	<b>3.8</b>	<b>3.6</b>

## Depreciation, depletion and amortization (DD&A)

DD&A for assets in operation amounted to USD 71.7 million in the third quarter compared to USD 53.2 million in the previous quarter.

### DD&A

USD million	Quarters		First nine months		Full-Year
	Q3 2018	Q3 2017	2018	2017	2017
Kurdistan	71.7	32.9	183.8	67.9	102.9
Oman	-	-	-	-	-
<b>Total</b>	<b>71.7</b>	<b>32.9</b>	<b>183.8</b>	<b>67.9</b>	<b>102.9</b>

(USD/boe)	Quarters		First nine months		Full-Year
	Q3 2018	Q3 2017	Q3 2018	Q3 2017	2017
Kurdistan	21.9	12.0	21.9	9.8	10.4
Oman	-	-	-	-	-
<b>Average</b>	<b>21.5</b>	<b>11.4</b>	<b>21.4</b>	<b>9.2</b>	<b>9.8</b>

## Exploration costs expensed

Expensed exploration costs of USD 7.2 million in the third quarter were mainly related to exploration activities in Norway.

### Exploration costs expensed

USD million	Quarters		First nine months		Full-Year
	Q3 2018	Q3 2017	2018	2017	2017
Kurdistan	0.4	-	0.8	-	-
Oman	-0.1	-0.5	0.1	-0.1	-0.4
Tunisia	-	0.4	16.6	2.6	5.5
Norway	6.7	5.1	20.9	5.1	22.9
Other	0.2	0.9	6.7	1.3	5.0
<b>Total</b>	<b>7.2</b>	<b>5.9</b>	<b>45.1</b>	<b>8.9</b>	<b>33.0</b>

## Acquisition and development costs

Capital expenditures were USD 41.3 million in the third quarter.

### Acquisition and development costs

USD million	Quarters		First nine months		Full-Year
	Q3 2018	Q3 2017	2018	2017	2017
Kurdistan	40.8	28.1	90.3	59.2	87.2
Oman	-	-	-	41.8	41.8
Norway	1.0	-	1.1	-	-
Other	-0.4	1.5	0.0	1.4	1.4
<b>Total</b>	<b>41.3</b>	<b>29.6</b>	<b>91.5</b>	<b>102.4</b>	<b>130.4</b>

## Consolidated statements of comprehensive income

(unaudited, in USD million)	Note	Quarters		First nine months		Full-Year 2017
		Q3 2018	Q3 2017	2018	2017	
Revenues	2,3	171.2	73.0	460.5	231.3	347.4
Cost of goods sold	4	-94.2	-79.4	-243.8	-145.1	-202.2
<b>Gross profit</b>		<b>76.9</b>	<b>-6.4</b>	<b>216.7</b>	<b>86.2</b>	<b>145.2</b>
Other operating income	3	6.1	-	4.7	1.5	1.5
Other income past oil sales		-	556.0	-	556.0	556.0
Administrative expenses		-8.2	-12.0	-23.7	-23.9	-33.2
Other operating expenses		3.0	-2.3	-3.9	-7.1	-7.0
Impairment oil and gas assets	7	-	-60.6	-1.9	-108.4	-108.4
Exploration costs expensed	5	-7.2	-5.9	-45.1	-8.9	-33.0
<b>Profit/-loss from operating activities</b>		<b>70.6</b>	<b>468.8</b>	<b>146.8</b>	<b>495.4</b>	<b>521.1</b>
Financial income		3.9	3.4	8.1	9.5	11.8
Financial expenses	10	-17.0	-14.6	-47.1	-44.8	-57.9
<b>Profit/-loss before income tax</b>		<b>57.5</b>	<b>457.6</b>	<b>107.8</b>	<b>460.2</b>	<b>475.1</b>
Tax income/-expense	6	5.6	5.0	16.2	4.3	20.0
<b>Net profit/-loss</b>		<b>63.0</b>	<b>462.7</b>	<b>124.0</b>	<b>464.5</b>	<b>495.0</b>
<b>Other comprehensive income</b>						
Currency translation differences		0.3	0.5	0.3	0.5	-0.4
<b>Items that may be reclassified to profit or loss in later periods</b>		<b>0.3</b>	<b>0.5</b>	<b>0.3</b>	<b>0.5</b>	<b>-0.4</b>
Net fair value changes from financial instruments	8	35.3	6.4	54.4	5.6	3.4
<b>Items that are not reclassified to profit or loss in later periods</b>		<b>35.3</b>	<b>6.4</b>	<b>54.4</b>	<b>5.6</b>	<b>3.4</b>
<b>Total other comprehensive income, net of tax</b>		<b>35.7</b>	<b>6.9</b>	<b>54.7</b>	<b>6.1</b>	<b>3.0</b>
<b>Total comprehensive income, net of tax</b>		<b>98.7</b>	<b>469.6</b>	<b>178.7</b>	<b>470.6</b>	<b>498.0</b>
Net profit/-loss attributable to:						
Equity holders of the parent		63.0	462.7	124.0	464.5	495.0
Total comprehensive income attributable to:						
Equity holders of the parent		98.7	469.6	178.7	470.6	498.0
Earnings per share, basic		0.06	0.43	0.12	0.43	0.47
Earnings per share, diluted		0.06	0.43	0.12	0.43	0.47

# Consolidated statements of financial position

<b>ASSETS</b> (unaudited, USD million)		At 30 Sept		At 31 Dec
	Note	2018	2017	2017
<b>Non-current assets</b>				
Deferred tax assets	6	6.0	4.1	3.5
Other intangible assets	7	30.2	33.7	31.4
Property, plant and equipment	7	770.4	843.5	863.3
Financial investments	8	262.6	19.6	17.4
Other non-current assets		0.5	-	0.5
Tax receivables	6	15.0	17.4	-
<b>Total non-current assets</b>		<b>1,084.7</b>	<b>918.3</b>	<b>916.0</b>
<b>Current assets</b>				
Inventories	4	7.6	28.3	7.4
Trade and other receivables	9	38.9	40.1	27.8
Tax receivables	6	33.8	33.9	33.7
Cash and cash equivalents		640.2	399.0	430.2
<b>Total current assets</b>		<b>720.5</b>	<b>501.3</b>	<b>499.1</b>
<b>TOTAL ASSETS</b>		<b>1,805.2</b>	<b>1,419.6</b>	<b>1,415.1</b>
<b>EQUITY AND LIABILITIES</b> (unaudited, USD million)		At 30 Sept		At 31 Dec
	Note	2018	2017	2017
<b>Equity</b>				
Share capital		35.0	35.0	35.0
Other reserves		238.0	263.2	262.7
Retained earnings		755.8	550.3	578.2
<b>Total equity</b>		<b>1,028.8</b>	<b>848.5</b>	<b>875.9</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	10	584.0	384.1	372.8
Provisions for other liabilities and charges	11	49.9	35.7	45.7
<b>Total non-current liabilities</b>		<b>633.9</b>	<b>419.8</b>	<b>418.5</b>
<b>Current liabilities</b>				
Trade and other payables		100.0	107.1	99.6
Income tax payable	6	0.7	0.4	0.7
Current interest-bearing liabilities	10	32.1	32.2	17.6
Provisions for other liabilities and charges	11	9.7	11.5	2.7
<b>Total current liabilities</b>		<b>142.5</b>	<b>151.3</b>	<b>120.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,805.2</b>	<b>1,419.6</b>	<b>1,415.1</b>



# Consolidated cash flow statement

(unaudited, in USD million)	Note	Quarters		First nine months		Full-Year
		Q3 2018	Q3 2017	2018	2017	2017
<b>Operating activities</b>						
Profit/-loss before income tax		57.5	457.6	107.8	460.2	475.1
<b>Adjustments to add/-deduct non-cash items:</b>						
Depreciation, depletion and amortization	4	72.1	33.8	185.3	70.5	106.1
Impairment oil and gas assets	7	-	60.6	1.9	108.4	108.4
Non-cash Kurdistan Receivables Settlement Agreement		-	-556.0	-	-556.0	-556.0
Other *		10.4	29.7	35.1	50.4	64.4
<b>Change in working capital items and provisions:</b>						
- Inventories		-1.4	3.9	-1.6	5.6	5.9
- Trade and other receivables		-8.5	8.6	-11.1	54.3	72.4
- Trade and other payables		11.8	-9.4	0.4	61.6	54.1
- Provisions for other liabilities and charges		-8.9	10.5	6.9	14.5	8.4
<b>Cash generated from operations</b>		<b>132.9</b>	<b>39.3</b>	<b>324.8</b>	<b>269.5</b>	<b>338.8</b>
Income taxes received/-paid		-	-1.2	-	-2.4	-2.4
Tax refund received		-	-	-	-	33.2
Net interests received/-paid		-6.7	-	-22.0	-17.5	-32.3
<b>Net cash from/-used in operating activities</b>		<b>126.2</b>	<b>38.1</b>	<b>302.7</b>	<b>249.6</b>	<b>337.4</b>
<b>Investing activities</b>						
Purchases of intangible assets	7	-2.1	-1.3	-2.2	-1.3	-1.3
Purchases of tangible assets	7	-39.2	-28.3	-89.3	-101.1	-129.1
Acquisition of subsidiary net of cash acquired		-	-	-	2.6	2.6
Acquisition of financial investments	8	-4.8	-	-190.8	-	-
<b>Net cash from/-used in investing activities</b>		<b>-46.1</b>	<b>-29.6</b>	<b>-282.2</b>	<b>-99.8</b>	<b>-127.8</b>
<b>Financing activities</b>						
Proceeds from borrowings net of issue costs	10	2.0	12.2	215.4	12.2	14.5
Repayment of borrowings	10	-	-	-	-	-30.9
Purchase of treasury shares, including options		-	-2.2	-	-24.1	-24.1
Paid dividend		-25.8	-	-25.8	-	-
<b>Net cash from/-used in financing activities</b>		<b>-23.8</b>	<b>10.0</b>	<b>189.5</b>	<b>-11.9</b>	<b>-40.5</b>
<b>Net increase/-decrease in cash and cash equivalents</b>		<b>56.3</b>	<b>18.5</b>	<b>210.0</b>	<b>137.9</b>	<b>169.1</b>
Cash and cash equivalents at beginning of the period		584.0	380.5	430.2	261.1	261.1
<b>Cash and cash equivalents at the end of the period</b>		<b>640.2</b>	<b>399.0</b>	<b>640.2</b>	<b>399.0</b>	<b>430.2</b>
Of which restricted cash		2.7	3.8	2.7	3.8	3.9

\* Net interest income/-expense and amortization of bond issue costs are included in the line Other.

## Consolidated statement of changes in equity

(unaudited, in USD million)	Share capital	Other reserves	Retained earnings	Total equity
<b>Total equity at 1 January 2017</b>	<b>35.8</b>	<b>286.4</b>	<b>79.8</b>	<b>401.9</b>
Fair value changes from equity instruments	-	-	5.6	5.6
Currency translation differences	-	0.5	-	0.5
Other comprehensive income/-loss	-	0.5	5.6	6.1
Profit/-loss for the period	-	-	464.5	464.5
Total comprehensive income	-	0.5	470.1	470.6
Issue of share capital	-	-	-	-
Purchase of treasury shares	-0.8	-23.3	-	-24.1
Sale of treasury shares	-	-	-	-
	-0.8	-23.3	-	-24.1
<b>Total equity at 30 September 2017</b>	<b>35.0</b>	<b>263.2</b>	<b>550.3</b>	<b>848.5</b>

(unaudited, in USD million)	Share capital	Other reserves	Retained earnings	Total equity
<b>Total equity at 1 January 2018</b>	<b>35.0</b>	<b>262.7</b>	<b>578.2</b>	<b>875.9</b>
Fair value changes from equity instruments	-	-	54.4	54.4
Currency translation differences	-	1.1	-0.7	0.3
Other comprehensive income/-loss	-	1.1	53.6	54.7
Profit/-loss for the period	-	-	124.0	124.0
Total comprehensive income	-	1.1	177.7	178.7
Issue of share capital	-	-	-	-
Purchase of treasury shares	-	-	-	-
Sale of treasury shares	-	-	-	-
Payment of dividend	-	-25.8	-	-25.8
	-	-25.8	-	-25.8
<b>Total equity at 30 September 2018</b>	<b>35.0</b>	<b>238.0</b>	<b>755.8</b>	<b>1,028.8</b>

# Notes to the interim consolidated financial statements

## Note 1 | Basis of preparation and accounting policies

The interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and IFRS standards issued and effective at date of reporting as adopted by the EU. The interim report has also been prepared in accordance with Oslo Stock Exchange regulations.

The interim consolidated financial statements do not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the group's Annual Report and Accounts for 2017. The interim financial information for 2018 and 2017 is unaudited.

The interim consolidated financial statements have been prepared on a historical cost basis, with the following exception: liabilities related to share-based payments and financial assets classified as equity instruments are recognized at fair value.

A detailed description of the accounting policies applied is included in the DNO Annual Report and Accounts for 2017. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the group's annual accounts for 2017.

The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding.

### *IFRS 15 Revenue from contracts with customers*

IFRS 15 covers the recognition of revenue in the financial statements and related disclosure, and has replaced existing revenue recognition guidance, including IAS 18 Revenue. DNO has applied the modified retrospective transition approach when implementing IFRS 15 with no restatement of prior reporting periods as allowed by the standard. Revenue from contracts with customers in the scope of IFRS 15 is recognized when the customer obtains control of the oil and gas, which normally will be when title passes at point of delivery. Adjustments for imbalances between oil and gas production and sales previously included in revenues under the entitlement method do not qualify as revenue from contracts with customers and is presented as other revenue. DNO combines "Revenues from contracts with customers" and "Other revenues" into a single line item (i.e. "Revenues") in the consolidated statement of comprehensive income with details provided in the note disclosures. The transition to IFRS 15 will not affect the revenues from Kurdistan as these revenues are currently recognized upon cash receipt.

### *IFRS 9 Financial instruments*

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement. DNO has implemented the IFRS 9 retrospective with no restatement of comparative information in accordance with the standard. The group has not identified any significant impacts on the measurement of its financial assets and financial liabilities as a result of the classification and measurement requirements of the new standard when reclassifying financial instruments into the new categories. However, for existing equity instruments classified as available-for-sale under IAS 39 Financial Instruments, the group has chosen to continue recognizing the fair value changes through other comprehensive income (FVTOCI). Prospectively, fair value changes on new equity instruments may be recognized either through profit and loss or through other comprehensive income as an election on an instrument-by-instrument basis on initial recognition.

### *IFRS 16 Leases*

IFRS 16 replaces IAS 17 Leases and provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The standard will be implemented on 1 January 2019. Implementation process is progressing according to plan.

## Note 2 | Segment information

From the first quarter of 2018, DNO is reporting the following three operating segments: Kurdistan (KUR), Oman (OMAN) and Norway (NOR). The operating segments Yemen (YEM), Ras Al Khaimah (UAE), Tunisia (TUN) and United Kingdom (UK) are included in the reporting segment Other based on a materiality assessment. For the operating segment UAE, all licenses have previously been relinquished. The segment assets do not include internal receivables. During the third quarter of 2018, DNO sold its Tunisia subsidiary, DNO Tunisia AS, to Oslo-listed Panoro Energy.

Three months ending 30 September 2018 USD million	Note	KUR	OMAN	NOR	Other	Total reporting segments	Un- allocated/ eliminated	Total Group
<b>Income statement information</b>								
Revenues*	3	164.1	7.1	-	-	171.2	-	171.2
Inter-segment revenues		-	-	-	0.2	0.2	-0.2	-
Cost of goods sold	4	-91.2	-2.7	-0.1	-0.0	-94.0	-0.2	-94.2
<b>Gross profit</b>		<b>72.9</b>	<b>4.4</b>	<b>-0.1</b>	<b>0.2</b>	<b>77.4</b>	<b>-0.4</b>	<b>76.9</b>
<b>Other operating income</b>					<b>6.1</b>			<b>6.1</b>
<b>Profit/-loss from operating activities</b>		<b>74.1</b>	<b>5.4</b>	<b>-7.3</b>	<b>4.2</b>	<b>76.5</b>	<b>-5.8</b>	<b>70.6</b>
Financial income/-expense (net)								-13.1
Tax income/-expense		-	-0.0	5.6	-	5.6	-	5.6
<b>Net profit/-loss</b>								<b>63.0</b>
<b>Total assets</b>		<b>964.7</b>	<b>18.3</b>	<b>67.1</b>	<b>3.4</b>	<b>1,053.4</b>	<b>751.8</b>	<b>1,805.2</b>

\* For more information, see Note 1 and 3.

Three months ending 30 September 2017 USD million	Note	KUR	OMAN	NOR	Other	Total reporting segment	Un- allocated/ eliminated	Total Group
<b>Income statement information</b>								
Revenues	3	70.2	2.7	-	-	73.0	-	73.0
Inter-segment revenues		-	-0.3	-0.2	0.4	-0.1	0.1	-
Cost of goods sold	4	-65.2	-13.3	-0.1	-0.1	-78.6	-0.7	-79.4
<b>Gross profit</b>		<b>5.0</b>	<b>-10.8</b>	<b>-0.2</b>	<b>0.3</b>	<b>-5.7</b>	<b>-0.7</b>	<b>-6.4</b>
<b>Other operating income</b>		<b>556.0</b>						<b>556.0</b>
<b>Profit/-loss from operating activities</b>		<b>500.7</b>	<b>-9.9</b>	<b>-7.1</b>	<b>-5.6</b>	<b>478.1</b>	<b>-9.2</b>	<b>468.8</b>
Financial income/-expense (net)								-11.2
Tax income/-expense		-	-1.0	6.0	-	5.0	-	5.0
<b>Net profit/-loss</b>								<b>462.7</b>
<b>Total assets</b>		<b>921.9</b>	<b>22.3</b>	<b>61.9</b>	<b>17.1</b>	<b>1,023.2</b>	<b>396.4</b>	<b>1,419.6</b>

## Note 2 | Segment information (continued)

First nine months ending 30 September 2018 USD million	Note	KUR	OMAN	NOR	Other	Total reporting segment	Un- allocated/ eliminated	Total Group
<b>Income statement information</b>								
Revenues*	3	441.6	18.9	-	-	460.5	-	460.5
Inter-segment sales		-	-	0.1	0.7	0.8	-0.8	-
Cost of goods sold	4	-234.4	-7.7	-0.1	-0.1	-242.3	-1.4	-243.8
<b>Gross profit</b>		<b>207.3</b>	<b>11.1</b>	<b>-0.0</b>	<b>0.6</b>	<b>218.9</b>	<b>-2.2</b>	<b>216.7</b>
<b>Other operating income</b>				<b>-1.4</b>	<b>6.1</b>			<b>4.7</b>
<b>Profit/-loss from operating activities</b>		<b>204.8</b>	<b>10.9</b>	<b>-23.9</b>	<b>-27.0</b>	<b>164.7</b>	<b>-17.9</b>	<b>146.8</b>
Financial income/-expense (net)								-39.0
Tax income/-expense		-	-1.3	17.8	-	16.4	-0.3	16.2
<b>Net profit/-loss</b>								<b>124.0</b>
<b>Total assets</b>		<b>964.7</b>	<b>18.3</b>	<b>67.1</b>	<b>3.4</b>	<b>1,053.4</b>	<b>751.8</b>	<b>1,805.2</b>

First nine months ending 30 September 2017 USD million	Note	KUR	OMAN	NOR	Other	Total reporting segment	Un- allocated/ eliminated	Total Group
<b>Income statement information</b>								
Revenues	3	219.0	12.3	-	-	231.3	-	231.3
Inter-segment sales		-	-	-0.2	-	-0.2	0.2	-
Cost of goods sold	4	-124.4	-18.2	-0.1	-0.2	-142.8	-2.3	-145.1
<b>Gross profit</b>		<b>94.7</b>	<b>-5.9</b>	<b>-0.2</b>	<b>-0.2</b>	<b>88.4</b>	<b>-2.1</b>	<b>86.2</b>
<b>Other Operating income</b>		<b>556.0</b>		<b>1.5</b>		<b>557.5</b>		<b>557.5</b>
<b>Profit/-loss from operating activities</b>		<b>588.4</b>	<b>-55.4</b>	<b>-5.6</b>	<b>-12.9</b>	<b>514.5</b>	<b>-19.5</b>	<b>495.4</b>
Financial income/-expense (net)								-35.3
Tax income/-expense		-	-1.5	6.0	-	4.5	-0.2	4.3
<b>Net profit/-loss</b>								<b>464.5</b>
<b>Total assets</b>		<b>921.9</b>	<b>22.3</b>	<b>61.9</b>	<b>17.1</b>	<b>1,023.2</b>	<b>396.4</b>	<b>1,419.6</b>



## Note 3 | Revenues

USD million	Quarters		First nine months		Full-Year
	Q3 2018	Q3 2017	2018	2017	2017
Sale of petroleum products	165.3	73.0	452.6	231.3	347.4
<b>Revenue from contracts with customers</b>	<b>165.3</b>	<b>73.0</b>	<b>452.6</b>	<b>231.3</b>	<b>347.4</b>
Other revenues	5.9	-	7.9	-	-
<b>Total revenues</b>	<b>171.2</b>	<b>73.0</b>	<b>460.5</b>	<b>231.3</b>	<b>347.4</b>

During the third quarter of 2018, DNO received a total of USD 213.1 million from the Kurdistan Regional Government as payment for crude oil deliveries to the export market from the Tawke license, of which USD 164.1 million was net to DNO.

Other revenues reflect revenue adjustments for imbalances between oil and gas production and sales related to Oman Block 8 following implementation of IFRS 15. See Note 1 for more information.

Other operating income of USD 6.1 million in the third quarter of 2018 relates to an accounting gain recognized following the completion of a transaction in which DNO sold its Tunisia subsidiary, DNO Tunisia AS, to Panoro Energy. There was no consideration involved in the transaction. Panoro retained a cash balance of USD 8.6 million and assumed all permit interests, rights and remaining work obligations held by DNO Tunisia AS. As part of the transaction, DNO subscribed to shares in Panoro Energy ASA, see Note 8. Other operating income during the first nine months of 2018 includes adjustments of USD -1.4 million related to provisional amounts made during the measurement period for the acquisition of Origo Exploration Holding AS (Origo).

## Note 4 | Cost of goods sold/ inventory

USD million	Quarters		First nine months		Full-Year
	Q3 2018	Q3 2017	2018	2017	2017
Lifting costs	-22.1	-45.6	-58.5	-74.6	-96.1
Depreciation, depletion and amortization	-72.1	-33.8	-185.3	-70.5	-106.1
<b>Total cost of goods sold</b>	<b>-94.2</b>	<b>-79.4</b>	<b>-243.8</b>	<b>-145.1</b>	<b>-202.2</b>

Lifting costs consist of expenses related to the production of oil and gas, including operation and maintenance of installations, well intervention workover activities and insurances. The lifting costs in 2017 included a provision for obsolete inventory of USD 19.0 million related to Kurdistan, booked in the third quarter of 2017.

USD million	At 30 Sept		At 31 Dec
	2018	2017	2017
Spare parts	7.6	28.3	7.4
<b>Total inventory</b>	<b>7.6</b>	<b>28.3</b>	<b>7.4</b>

Total inventory of USD 7.6 million is entirely related to Kurdistan. During the second quarter of 2018 spare parts of USD 3.9 million were reclassified to Property, Plant and Equipment (PP&E) in Kurdistan. At yearend 2017, spare parts of USD 19.6 million were reclassified to PP&E in Kurdistan.

## Note 5 | Exploration expenses

USD million	Quarters		First nine months		Full-Year
	Q3 2018	Q3 2017	2018	2017	2017
Exploration expenses (G&G and field surveys)	-2.1	-0.9	-9.5	-1.8	-3.1
Seismic costs	-2.9	-2.5	-8.4	-2.5	-19.7
Exploration costs capitalized this year carried to cost	-	-0.3	-4.4	-0.3	-3.6
Other exploration cost expensed	-2.4	-2.1	-22.7	-4.3	-6.6
<b>Total exploration cost expensed</b>	<b>-7.2</b>	<b>-5.9</b>	<b>-45.1</b>	<b>-8.9</b>	<b>-33.0</b>

For details on geographic spread of exploration costs expensed, see the Financial review section. In 2018, the Company presents its administrative and other expenses related to the Norwegian and UK activities based on the functions in exploration, development and production activities respectively.

## Note 6 | Income taxes

USD million	Quarters		First nine months		Full-Year
	Q3 2018	Q3 2017	2018	2017	2017
<b>Tax income/-expense</b>					
Change in deferred taxes	-0.2	0.5	2.3	0.5	2.3
Income tax receivable/-payable	5.7	4.5	13.9	3.8	17.7
<b>Total tax income/-expense</b>	<b>5.6</b>	<b>5.0</b>	<b>16.2</b>	<b>4.3</b>	<b>20.0</b>

USD million	At 30 Sept		At 31 Dec
	2018	2017	2017
<b>Income tax receivable/-payable</b>			
Tax receivables (non-current)	15.0	17.4	-
Tax receivables (current)	33.8	33.9	33.7
Income tax payable	-0.7	-0.4	-0.7
<b>Net tax receivable/-payable</b>	<b>48.1</b>	<b>50.9</b>	<b>33.1</b>
<b>Deferred tax asset/-liability</b>			
Deferred tax asset on losses carried forward NCS	6.0	4.1	3.5
<b>Total deferred tax asset/-liability</b>	<b>6.0</b>	<b>4.1</b>	<b>3.5</b>

The tax income, tax receivable and deferred tax asset mainly relate to activity on the Norwegian Continental Shelf (NCS) subject to the Norwegian Petroleum Taxation Act. DNO Norge AS is not yet in a tax payable position and can claim a 78 percent refund of the exploration costs limited to taxable losses for the year. The refund is usually paid out in November-December in the subsequent year.

Under the terms of the Production Sharing Contracts in the Kurdistan region of Iraq, the Company is not required to pay any taxes. The share of profit oil of which the government is entitled to is deemed to include a portion representing the notional corporate income tax paid by the government on behalf of DNO. No tax has been presented in relation to operations in Kurdistan as it is considered there is currently no established tax regime for international oil companies.

From 2013, Norway introduced new rules for upstream petroleum activities abroad which exempt Norwegian entities conducting such activities abroad from taxation except for financial items which will still be taxable in accordance with the ordinary tax rules.

There are no tax consequences attached to items recorded in other comprehensive income.

## Note 7 | Property, plant and equipment/ Other intangible assets

USD million	Quarters		First nine months		Full-Year
	Q3 2018	Q3 2017	2018	2017	2017
Additions of PP&E*	39.2	485.7	89.3	559.0	593.8
Additions of Other intangible assets**	2.1	1.3	2.2	1.3	1.1
Impairment oil and gas assets	-	-60.6	-1.9	-108.4	-108.4

USD million	At 30 Sept		At 31 Dec
	2018	2017	2017
PP&E	770.4	843.5	863.3
Other intangible assets	30.2	33.7	31.4

\* Additions of PP&E are related to development assets, assets in operation and other PP&E. For additions during the full-year 2017, see DNO's Annual Report and Accounts for 2017.

\*\* Additions of Other intangible assets are related to capitalized exploration costs and license interests.

In the first nine months of 2018, the total impairment charge of USD 1.9 million relates to the SL18 exploration license in Somaliland (USD 0.4 million) and the Sfax Offshore Exploration Permit in Tunisia (USD 1.5 million).

In 2017, the total impairment charge of USD 108.4 million was related to Oman Block 8 (47.8 million), the Erbil license in Kurdistan (USD 59.1 million) and the Sfax Offshore Exploration Permit in Tunisia (USD 1.6 million).

## Note 7 | Property, plant and equipment/ Other intangible assets (continued)

### Impairments

Impairment tests of individual cash-generating units are performed when impairment triggers are identified. During the first nine months of 2018, a total impairment charge of USD 1.9 million was recognized and related to the Sfax Offshore Exploration Permit in Tunisia (USD 1.5 million) and SL18 exploration licence in Somaliland (USD 0.4 million).

USD million	First nine months ending 30 September 2018		Full-Year ending 31 December 2017	
	Impairment charge (-)/ reversal (+)	Recoverable/ carrying amount	Impairment charge (-)/ reversal (+)	Recoverable/ carrying amount
Erbil, Kurdistan	-	23.2	-59.1	20.7
Block 8, Oman	-	-	-47.8	-
Somaliland	-0.4	-	-	0.4
Sfax Offshore Exploration Permit, Tunisia	-1.5	-	-1.6	1.5
<b>Total</b>	<b>-1.9</b>	<b>23.2</b>	<b>-108.4</b>	<b>22.6</b>

The table shows the recoverable/carrying amount for the cash generating units which have been impaired in 2017 and 2018. Of the impairment charge of USD 1.9 million in first nine months 2018, USD 1.5 million was recognized on inventories.

## Note 8 | Financial investments

Financial investments are related to equity instruments and are recorded at fair value (market price, where available) at the end of each period. Fair value changes are included in other comprehensive income (FVTOCI). See Note 1 for more details.

USD million	Quarters		First nine months		Full-Year
	Q3 2018	Q3 2017	2018	2017	2017
Beginning of the period	223.1	13.2	17.4	14.0	14.0
Additions	4.2	-	190.9	-	-
Fair value changes through OCI	35.3	6.4	54.4	5.6	3.4
<b>Total financial investments end of the period</b>	<b>262.6</b>	<b>19.6</b>	<b>262.6</b>	<b>19.6</b>	<b>17.4</b>
Non-current portion	262.6	19.6	262.6	19.6	17.4
Current portion	-	-	-	-	-

Financial investments include the following:

USD million	At 30 Sept 2018	At 31 Dec 2017
<b>Listed securities:</b>		
- RAK Petroleum plc	26.7	19.6
- Faroe Petroleum plc	228.5	-
- Panoro Energy ASA	7.4	-
<b>Total financial investments</b>	<b>262.6</b>	<b>19.6</b>

DNO has a total of 15,849,737 shares in RAK Petroleum plc. All shares have been acquired in open market transactions. RAK Petroleum plc is listed on the Oslo Stock Exchange. Through its subsidiary, RAK Petroleum Holdings B.V., RAK Petroleum plc is the largest shareholder in DNO with 40.45 percent of the total issued shares. DNO's Executive Chairman Bijan Mossavar-Rahmani, the largest shareholder in RAK Petroleum plc, also serves as Executive Chairman of RAK Petroleum plc.

During April 2018 DNO ASA acquired 105,247,866 shares in Faroe Petroleum plc which represents 28.22 percent of the outstanding shares. Total acquisition price for the shares was USD 186.7 million. Faroe Petroleum is an independent oil and gas company listed on the UK's Alternative Investment Market (AIM) of the London Stock Exchange and focuses on exploration, appraisal and production activities in Norway and the United Kingdom.

On 30 July 2018, DNO ASA subscribed to 2,641,465 shares in Oslo-listed Panoro Energy ASA, representing 5.65 percent of the outstanding shares, at a price of NOK 12.82 per share. Total acquisition price for the shares was USD 4.2 million. The share subscription follows completion of a transaction in which DNO sold to Panoro Energy its Tunisia subsidiary, DNO Tunisia AS. Panoro Energy is an independent oil and gas company with exploration, development and production assets in Africa.

## Note 9 | Trade and other short-term receivables

USD million	At 30 Sept 2018	At 30 Sept 2017	At 31 Dec 2017
Underlift	14.0	3.7	7.8
Other short-term receivables	24.9	36.4	20.0
<b>Total trade and other short-term receivables</b>	<b>38.9</b>	<b>40.1</b>	<b>27.8</b>

The outstanding underlift receivable at 30 September 2018 relates to Block 8 in Oman. Other short-term receivables relate mainly to items of working capital in oil and gas licenses.

## Note 10 | Interest-bearing liabilities

### Interest-bearing liabilities

USD million	Ticker	Facility currency	Facility amount	Interest	Maturity	At 30 Sept 2018	At 30 Sept 2017	At 31 Dec 2017
<b>Non-current</b>								
Bond loan (ISIN NO0010740392)	DNO01	USD	200.0	8.75%	18/06/20	200.0	400.0	400.0
Bond loan (ISIN NO0010823347)		USD	400.0	8.75%	31/05/23	400.0	-	-
Borrowing issue costs related to bonds						-26.6	-30.0	-27.2
Exploration financing facility		NOK	500.0	see below	see below	10.6	14.0	-
<b>Total non-current interest-bearing liabilities</b>						<b>584.0</b>	<b>384.1</b>	<b>372.8</b>
<b>Current</b>								
Exploration financing facility		NOK	500.0	see below	see below	32.1	32.2	17.6
<b>Total current interest-bearing liabilities</b>						<b>32.1</b>	<b>32.2</b>	<b>17.6</b>
<b>Total interest-bearing liabilities</b>						<b>616.2</b>	<b>416.3</b>	<b>390.4</b>

### Security and pledges

USD million	At 30 Sept 2018	At 30 Sept 2017	At 31 Dec 2017
Exploration tax refund	48.8	51.3	33.7
Restricted cash	0.9	0.7	0.7
<b>Total book value of assets pledged</b>	<b>49.7</b>	<b>52.0</b>	<b>34.4</b>

### Changes in liabilities arising from financing activities split on cash and non-cash changes

USD million	At 1 Jan 2018	Cash flows	Amortization	Non-cash changes Currency	Acquisition	At 30 Sept 2018
Bond loan	400.0	200.0	-	-	-	600.0
Borrowing issue costs	-27.2	-10.5	11.1	-	-	-26.6
Exploration financing facility (non-current)	-	10.9	-	-0.2	-	10.7
Exploration financing facility (current)	17.6	15.0	-	-0.5	-	32.1
<b>Total</b>	<b>390.4</b>	<b>215.3</b>	<b>11.1</b>	<b>-0.6</b>	<b>-</b>	<b>616.2</b>

USD million	At 1 Jan 2017	Cash flows	Amortization	Non-cash changes Currency	Acquisition	At 30 Sept 2017
Bond loan	400.0	-	-	-	-	400.0
Borrowing issue costs	-38.3	-	8.3	-	-	-30.0
Exploration financing facility (non-current)	-	10.1	-	0.5	3.4	14.1
Exploration financing facility (current)	-	-	-	1.6	30.6	32.2
<b>Total</b>	<b>361.7</b>	<b>10.1</b>	<b>8.3</b>	<b>2.1</b>	<b>34.1</b>	<b>416.3</b>

## Note 10 | Interest-bearing liabilities (continued)

DNO Norge AS has available a revolving exploration facility in an aggregate amount of NOK 500 million (equivalent to USD 61.1 million as of 30 September 2018). Utilization requests need to be delivered for each proposed loan. The aggregate of the proposed loan shall not exceed 95 percent of the tax value of eligible costs which have not already been refunded by the tax authorities. The Company shall repay each loan when the tax refunds have been received. The interest rate equals three months NIBOR plus a 1.2 percent margin. The current portion of the exploration financing facility is scheduled to be repaid by the end of 2018 when the exploration tax refund is received.

On 31 May 2018, DNO ASA completed the placement of USD 400 million of a new, five-year senior unsecured bond issued at 100 percent of par with a coupon rate of 8.75 percent. In connection with the bond placement, the Company rolled over USD 200 million in nominal value of DNO01 bonds into the new bond. The rolled over bonds were cancelled and USD 200 million of outstanding DNO01 bonds remain. The financial covenants of the bonds require minimum USD 40 million of liquidity, and that the group maintains either an equity ratio of 30 percent or a total equity of a minimum of USD 600 million.

## Note 11 | Provisions for other liabilities and charges

USD million	At 30 Sept 2018	2017	At 31 Dec 2017
<b>Non-current</b>			
Asset retirement obligations	32.9	22.4	31.9
Other long-term provisions and charges	17.0	13.4	13.8
<b>Total non-current provisions for other liabilities and charges</b>	<b>49.9</b>	<b>35.7</b>	<b>45.7</b>
<b>Current</b>			
Other provisions and charges	9.7	11.5	2.7
<b>Total current provisions for other liabilities and charges</b>	<b>9.7</b>	<b>11.5</b>	<b>2.7</b>
<b>Total provisions for other liabilities and charges</b>	<b>59.6</b>	<b>47.2</b>	<b>48.4</b>

## Note 12 | Events after the reporting period

### Export payments from Kurdistan

On 4 October 2018, the Company received USD 70.00 million from the Kurdistan Regional Government as payment for July 2018 crude oil deliveries to the export market from the Tawke license. The funds will be shared by DNO and partner Genel Energy plc pro-rata to the companies' interests in the license. Separately, a payment of USD 6.21 million from the Kurdistan Regional Government was received net to DNO, representing three percent of gross Tawke license revenues during July, as provided for under the Receivables Settlement Agreement of August 2017.

### Rungne exploration well spud

On 19 October 2018, operator Faroe Petroleum, announced the commencement of drilling of the Rungne exploration well offshore Norway. DNO holds a 10 percent interest in the license.

### Baeshiqa-1 exploration well spud

During October 2018, the Company spud the Baeshiqa-1 exploration well at the Baeshiqa license to test the Cretaceous at the Baeshiqa structure.



## Alternative performance measures

DNO ASA discloses alternative performance measures as a supplement to the financial statements prepared in accordance with IFRS. Such performance measures are frequently used by securities analysts, investors and other interested parties and are meant to provide insight into the operation, financing and future prospects of the Company.

### EBITDA

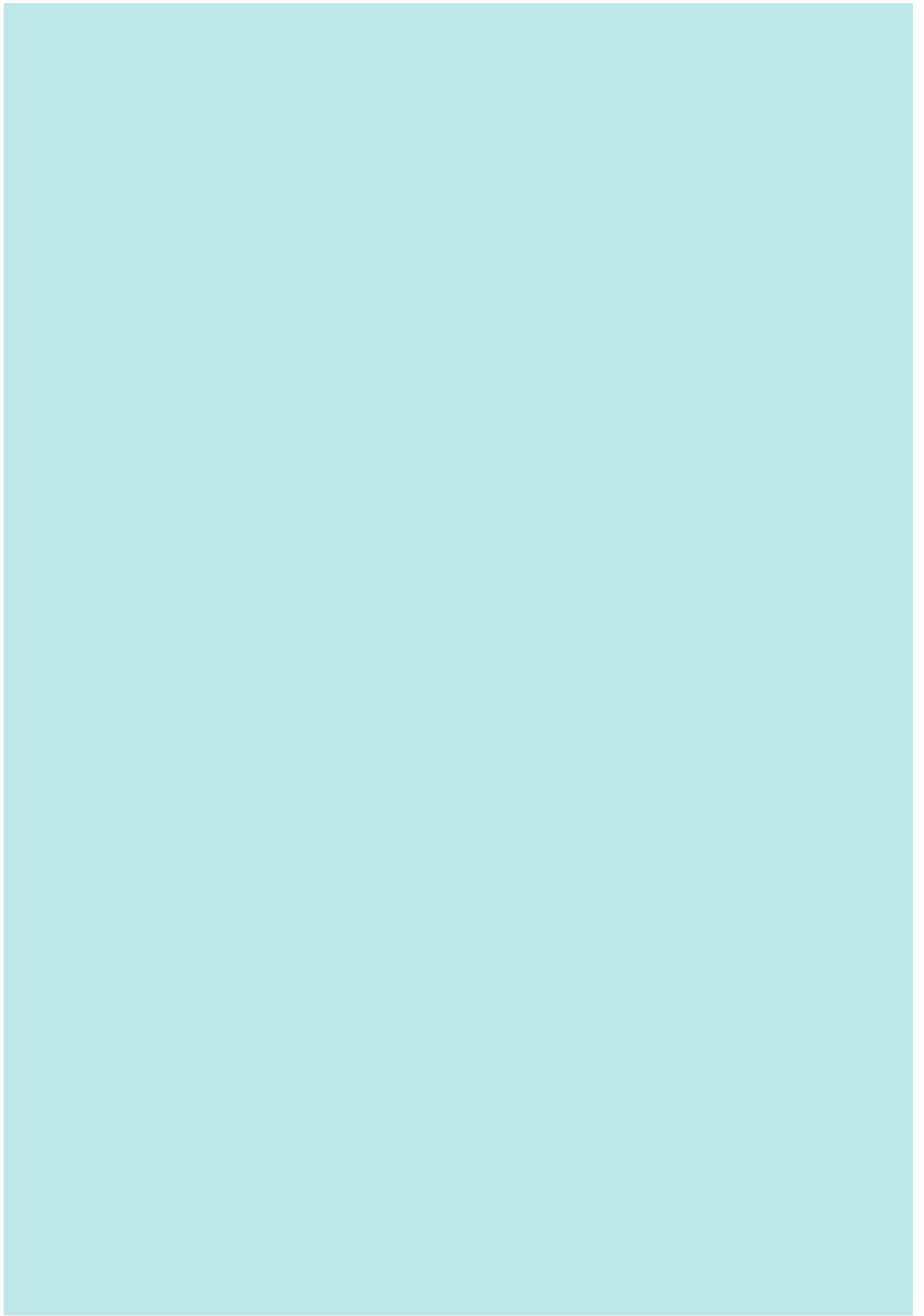
USD million	Quarters		First nine months	Full-Year	
	Q3 2018	Q3 2017	2018	2017	2017
Revenues	171.2	73.0	460.5	231.3	347.4
Lifting costs	-22.1	-45.6	-58.5	-74.6	-96.1
Exploration expenses	-7.2	-5.9	-45.1	-8.9	-33.0
Administrative expenses	-8.2	-12.0	-23.7	-23.9	-33.2
Other income past oil sales	-	556.0	-	556.0	556.0
Other operating income/-expenses	9.1	-2.3	0.8	-5.6	-5.4
<b>EBITDA</b>	<b>142.7</b>	<b>563.3</b>	<b>334.0</b>	<b>674.4</b>	<b>735.6</b>
<b>Netback</b>					
USD million	Q3 2018	Q3 2017	2018	2017	2017
EBITDA	142.7	563.3	334.0	674.4	735.6
Provision for obsolete inventory	-	19.0	-	19.0	19.0
Other income past oil sales	-	-556.0	-	-556.0	-556.0
Taxes received/-paid	-	-1.2	-	-2.4	33.2
<b>Netback</b>	<b>142.7</b>	<b>25.1</b>	<b>334.0</b>	<b>135.0</b>	<b>231.8</b>
	Q3 2018	Q3 2017	2018	2017	2017
Netback (USD million)	142.7	25.1	334.0	135.0	231.8
Company Working Interest production (MMboe)	7.5	7.1	21.4	19.8	26.9
<b>Netback (USD/boe)</b>	<b>19.0</b>	<b>3.5</b>	<b>15.6</b>	<b>6.8</b>	<b>8.6</b>
<b>Lifting costs</b>					
	Q3 2018	Q3 2017	2018	2017	2017
Lifting costs (USD million)	-22.1	-45.6	-58.5	-74.6	-96.1
Company Working Interest production (MMboe)	7.5	7.1	21.4	19.8	26.9
<b>Lifting costs (USD/boe)</b>	<b>2.9</b>	<b>6.4</b>	<b>2.7</b>	<b>3.8</b>	<b>3.6</b>
<b>Operational spend</b>					
USD million	Q3 2018	Q3 2017	2018	2017	2017
Lifting costs	-22.1	-45.6	-58.5	-74.6	-96.1
Exploration expenses	-7.2	-5.9	-45.1	-8.9	-33.0
Acquisition and development costs*	-41.3	-29.6	-91.5	-102.4	-130.4
<b>Operational spend</b>	<b>-70.7</b>	<b>-81.0</b>	<b>-195.0</b>	<b>-185.8</b>	<b>-259.5</b>
* Acquisition and development costs exclude estimate changes on asset retirement obligations.					
<b>Equity ratio</b>					
USD	Q3 2018	Q3 2017	2018	2017	2017
Equity	1,028.8	848.5	1,028.8	848.5	875.9
Total assets	1,805.2	1,419.6	1,805.2	1,419.6	1,415.1
<b>Equity ratio</b>	<b>57.0 %</b>	<b>59.8 %</b>	<b>57.0 %</b>	<b>59.8 %</b>	<b>61.9 %</b>

## Free cash flow

USD million	Quarters		First nine months		Full-Year
	Q3 2018	Q3 2017	2018	2017	2017
Cash generated from operations	132.9	39.3	324.8	269.5	338.8
Purchases of intangible assets	-2.1	-1.3	-2.2	-1.3	-1.3
Purchases of tangible assets	-39.2	-28.3	-89.3	-101.1	-129.1
<b>Free cash flow</b>	<b>91.6</b>	<b>9.7</b>	<b>233.3</b>	<b>167.1</b>	<b>208.4</b>
<b>Net debt</b>					
USD million	Q3 2018	Q3 2017	2018	2017	2017
Cash and cash equivalents	640.2	399.0	640.2	399.0	430.2
Bond loan	600.0	400.0	600.0	400.0	400.0
<b>Net cash/-debt</b>	<b>40.2</b>	<b>-1.0</b>	<b>40.2</b>	<b>-1.0</b>	<b>30.2</b>

Exploration financing facility has been excluded as it is covered by the exploration tax refund booked as an asset in the statement of financial position.  
See Note 6 and 10.

## This image shows a full page of blank, lined paper. It features approximately 30 evenly spaced horizontal grey lines across its entire width, providing a guide for handwriting or typing. The paper itself is a clean, off-white color. There are no margins, text, or other markings present on the page.



DNO ASA  
Dokkveien 1  
N-0250 Oslo  
Norway

Phone: (+47) 23 23 84 80  
Fax: (+47) 23 23 84 81

**dno.no**