



Interim Presentation Fourth Quarter 2015



Corporate overview and operational highlights

Corporate overview

- DNO's foot comes off the brake and presses on the accelerator
- Even as the global oil and gas industry continues to retrench
- Five consecutive monthly payments for Tawke exports and new payment arrangement by Kurdistan Regional Government in line with contractual entitlements lay foundation for higher planned spending at this flagship field
- Expect Tawke production to climb from 120,000 barrels of oil per day (bopd) to 135,000 bopd by mid-year, with further increases to follow as additional investments made
- DNO already well ahead of the pack in Kurdistan in terms of production and exports, currently contributing nearly 60 percent of export volumes by the international oil companies
- Tawke production in 2015 totaled 50 million barrels

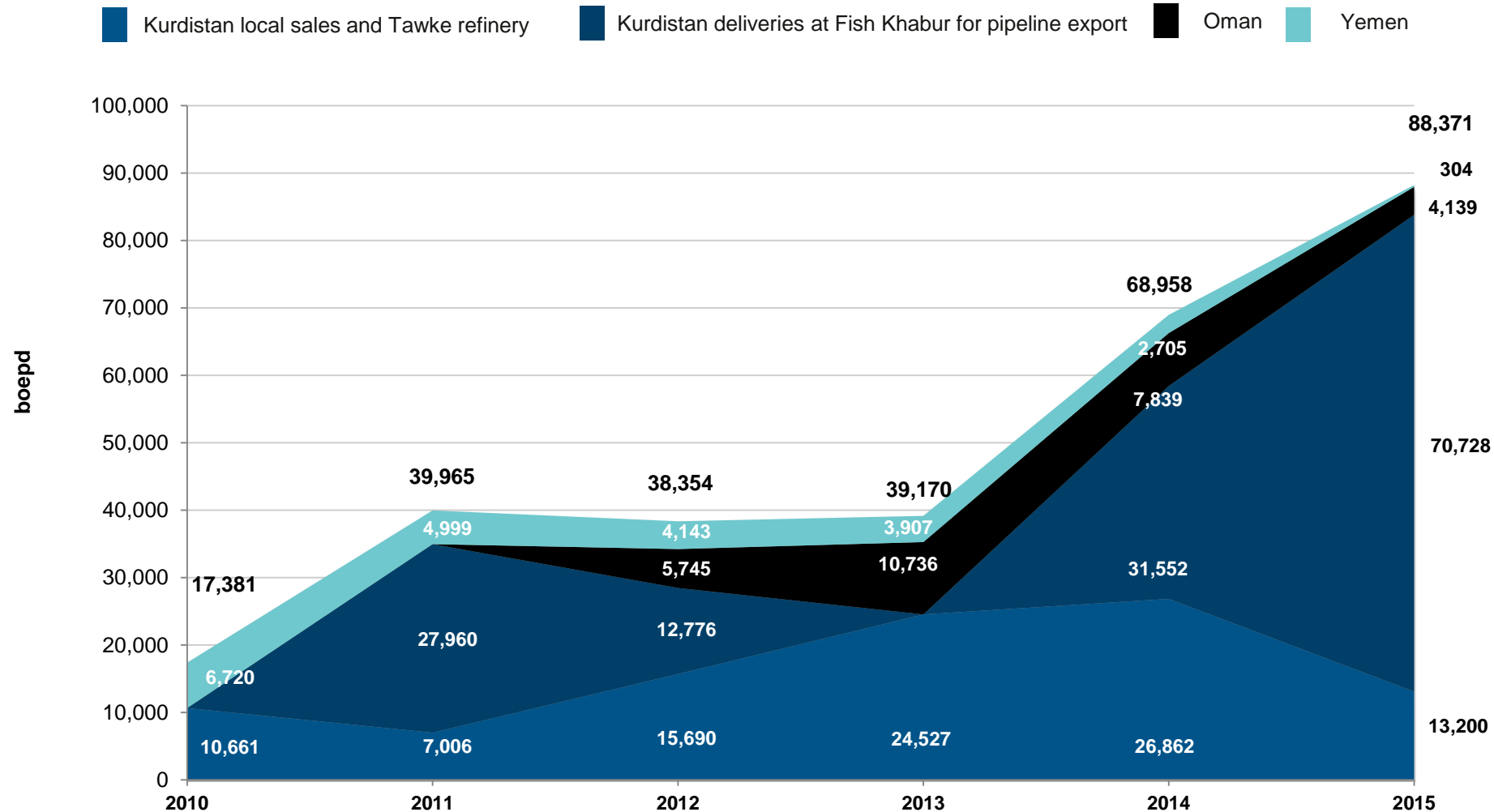
Corporate overview (cont'd)

- Budgeted 2016 for Brent price of USD 35 per barrel
- Initiating capital projects totaling USD 100 million in 2016
- Industry cost deflation will allow us to do more with less
- Scale and attractive economics of DNO's oil reserves unrivaled among peer group
- DNO among first to cut capital and operating expenditures commencing fall 2014 and continuing through 2015
- Equity and debt raises in 2015 strengthened balance sheet
- Importantly, we retain flexibility to balance capital spending with cash flow

2015 operational highlights

- Record operated production in 2015 of 144,200 barrels of oil equivalent per day (boepd), up 23 percent from 2014
- Tawke output in 2015 averaged 135,200 bopd, of which 114,100 bopd delivered for pipeline export through Turkey
- Another 16,700 bopd sold into Kurdistan local market and balance processed in Tawke refinery
- Oman production averaged 8,200 boepd
- Yemen operations suspended in early 2015 due to security situation

CWI production



2015 financial highlights

- Revenues of USD 187 million in 2015 (down 59 percent from 2014) of which Kurdistan share was USD 157 million
- DNO Kurdistan revenues included USD 92 million from local sales of crude oil and refined products and USD 66 million from oil exports
- Capex spending reduced to USD 51 million from USD 297 million in 2014 as DNO hit the brakes in the face of lower world oil prices and lower payments in Kurdistan
- 2015 operating loss of USD 174 million (operating loss of USD 243 million in 2014) from lower revenues, restructuring and impairment charges
- Ended the year with cash balance of USD 238 million, up from USD 114 million in 2014

2016 drilling program



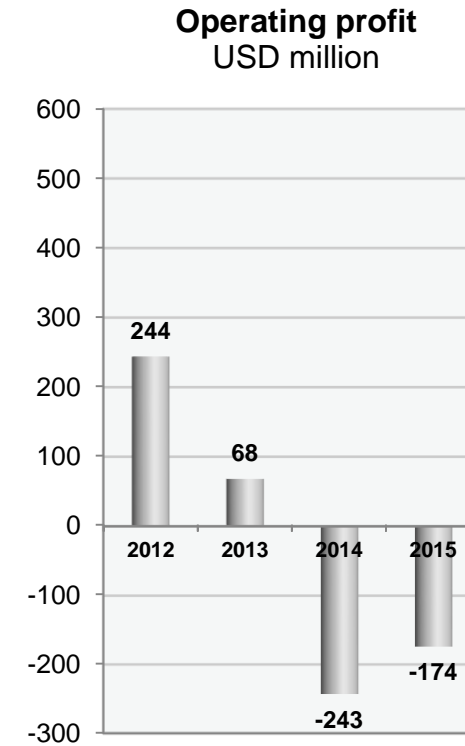
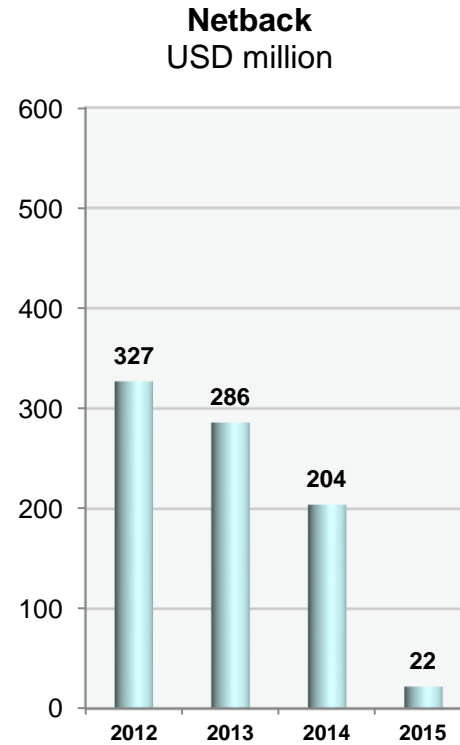
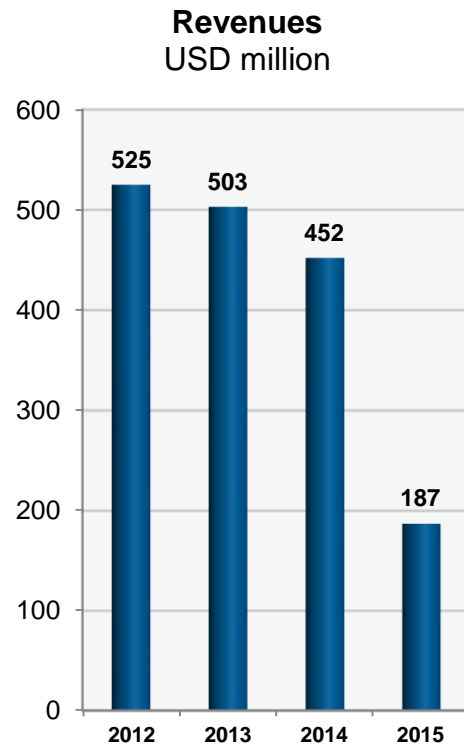
- New investments at Tawke to reverse output decline with new production wells and water handling facilities
- Plan Peshkabar-2 well to appraise Jurassic discovery and explore Cretaceous horizon; if successful, Peshkabar field to be quickly tied back to existing infrastructure at Fish Khabur only 10 kilometers away
- Onshore exploration well in Oman Block 36 to commence drilling this month

Kurdistan's new payment arrangement

- Kurdistan Regional Government announced new payment arrangement for international oil companies on February 1 based on contractual entitlements, plus five percent of monthly netback revenue toward recovery of outstanding entitlements
- Provides regularity and predictability of payments and exposure to production and oil prices, incentivizing companies to make new investments
- Tawke now receiving the largest share of payments to foreign operators, corresponding to the field's higher export contribution
- Tawke export price (based on Brent price less quality differential and pipeline tariff) averaged over USD 18 per barrel last month
- First payment of USD 21.45 million, to be shared pro-rata by DNO and its partner, included USD 17.99 million toward monthly entitlement for January exports and USD 3.46 million toward recovery of outstanding entitlements
- With higher production and/or prices, monthly payments towards current and outstanding Tawke entitlements will grow
- Continue to have ability to sell into the local market if pipeline export through Turkey is disrupted
- Expect more DNO direct participation in exports later in 2016

Financial review

DNO financial results – key figures



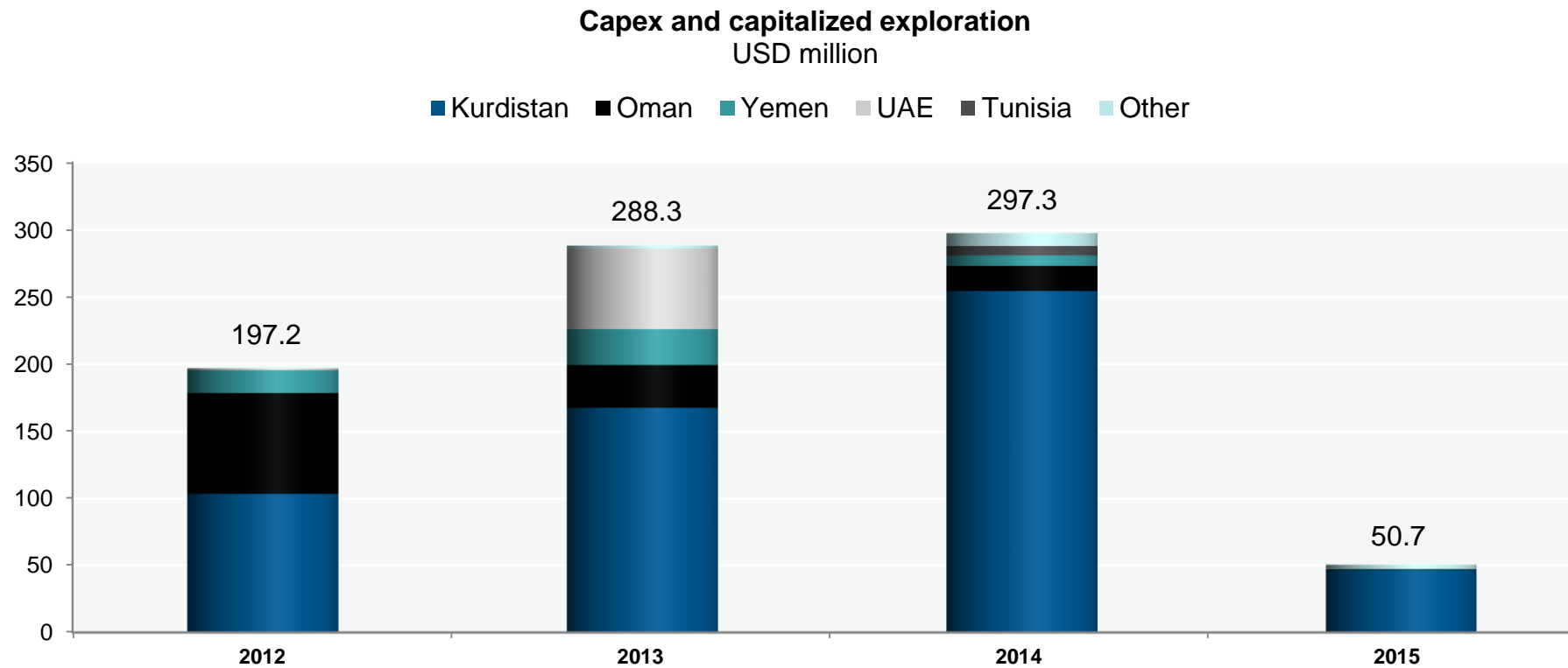
- Annual revenues reduced due to oil prices and lower booked revenues in Kurdistan
- Increase in DNO net export receivable of USD 274 million during 2015
- 2015 operating loss of USD 174 million due to lower revenues and impairment charges of USD 93 million

Financial summary

USD million	Q4 2015	Q3 2015	Q4 2014	2015	2014
Sales	54.5	52.1	80.1	187.4	452.0
Cost of goods sold	-26.7	-42.8	-81.6	-197.0	-316.5
Gross profit	27.9	9.3	-1.6	-9.5	135.5
Expensed exploration	-4.1	-4.7	-27.5	-23.5	-50.6
Administrative expenses	-6.2	-3.9	-2.5	-19.0	-22.4
Other operating expenses	-19.2	-0.8	-0.4	-29.0	-7.8
Impairment of oil and gas assets	-79.7	0.0	-254.8	-92.9	-296.7
Profit/loss from operating activities	-81.3	-0.1	-286.8	-174.0	-243.2
Net finance	-27.8	-14.9	2.4	-62.5	-8.6
Profit/loss before income tax	-109.1	-15.0	-284.4	-236.5	-251.8
Income tax expense	25.8	0.1	31.9	24.1	25.8
Net profit/loss	-83.3	-14.9	-252.5	-212.3	-226.1

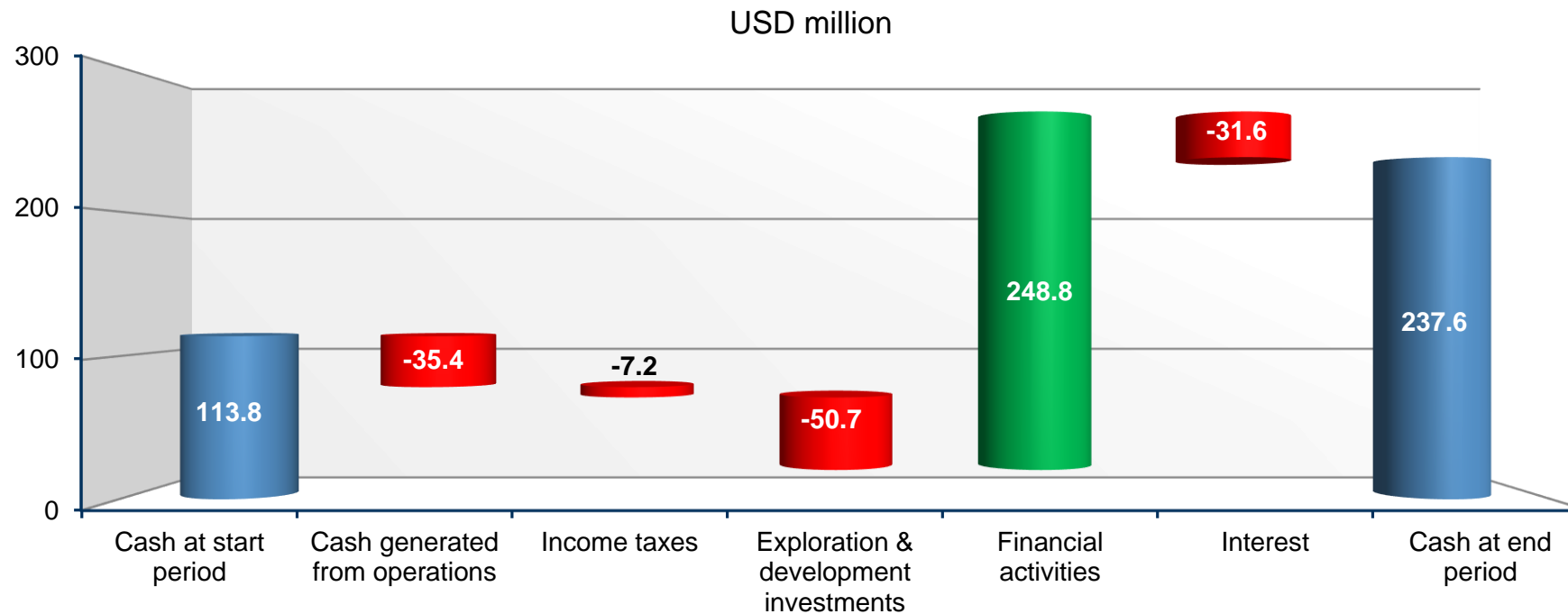
- Annualized reductions in administrative and lifting costs of USD 50 million from mid-year 2015
- Impairment of USD 80 million in Q4 and USD 93 million over the full-year
- Net finance expenses include impairment of USD 17 million of financial assets in Q4

Investment program



- Significant investments in 2013-2014 mainly related to Tawke capacity expansion and field development
- Capex spending of USD 51 million, plus an additional USD 24 million exploration expensed
- Initiating capital projects totaling USD 100 million in 2016

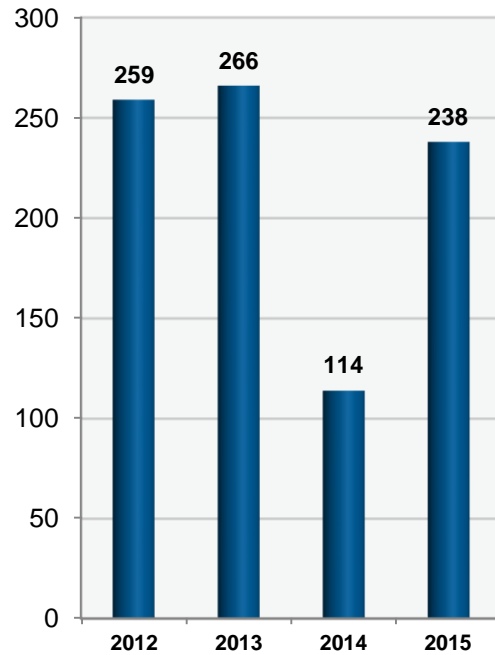
2015 cash flow



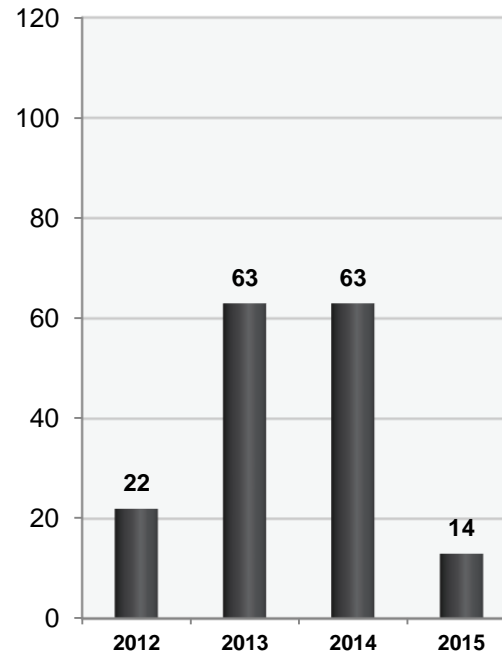
- Trade and other payables reduced by USD 87 million in 2015
- Tawke local sales receivable stabilized at USD 119 million
- Balance sheet strengthened through NOK 975 million equity raise and USD 400 million bond issue

Capital structure

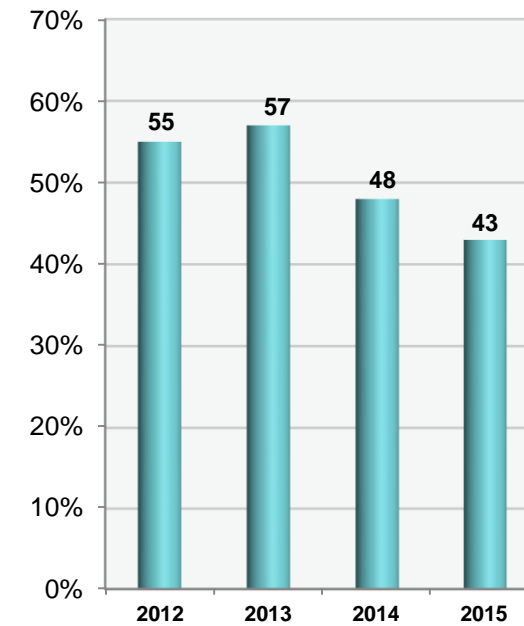
Cash deposits
USD million



Financial assets
USD million



Equity ratio
Percent



- Solid balance sheet with low leverage
- Net interest bearing debt of USD 162 million at end-2015
- Fundamentally structured to manage current oil price environment with low capex and opex

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