



Presentation
2016 interim results



Corporate overview and operational highlights

Corporate overview

- Back on track in 2016 to profitability and growth
- Commencing in first half of year, more regular payments for Kurdistan oil exports in line with contracts
- Following which DNO resumed drilling in second half of year
- While keeping overall corporate spend below cash from operations
- Leading to operating profits following two consecutive years of losses
- And strengthened balance sheet
- Continue to cut costs by shedding non-performing assets
- Bolstering staff in preparation for increased activity in 2017

2016 operational highlights

- Operated production in 2016 averaged 112,600 barrels of oil equivalent per day (boepd)
- Of which Kurdistan represented 107,300 bopd and Oman 5,300 boepd
- Company Working Interest (CWI) production averaged 69,200 boepd in 2016
- Accelerated development of shallow Jeribe reservoir overlying main Tawke Cretaceous reservoir
- Withdrew from five licenses in 2016
- Drilled four new production wells, one appraisal well, one exploration well and one water disposal well

2016 financial highlights

- Annual revenues of USD 201 million, up from USD 187 million in 2015
- Received 10 monthly Tawke export payments in 2016 totaling USD 292 million gross, of which USD 210 million net to DNO including USD 26 million towards booked receivables
- Operating profit of USD 6 million, up from operating loss of USD 174 million in 2015 and USD 243 million in 2014
- 2016 operational spend of USD 125 million, down from USD 161 million in 2015
- Exited the year with cash balance of USD 261 million, up from USD 238 million at end-2015

2016 Tawke activity

- Four production wells completed at Tawke field during 2016, of which three targeted shallow Jeribe reservoir and one deeper Cretaceous reservoir
- Jeribe wells drilled in record time and cost with own rig staffed with all Kurdish crew
- New wells added around 10,000 bopd of production at combined cost to DNO of USD 10 million
- Workovers of several existing wells further helped reverse natural field decline and stabilize production
- Most active driller in Kurdistan
- And at just below 115,000 bopd, DNO production currently exceeds that of all other international oil companies operating in Kurdistan combined

Stepped up drilling in 2017

- Planned 2017 capital investments of USD 100 million
- Bringing 2017 operational spend to an estimated USD 185 million
- Current Tawke drilling program includes four new production wells, of which two are Cretaceous and two shallow Jeribe, plus a water disposal well
- Next steps for Peshkabir include drilling of third well to appraise recent Cretaceous discovery
- In Erbil license, expect Q4 spud of Hawler-1A well
- In Oman, two wells to be brought on production this year at Block 8 offshore, one a sidetrack to West Bukha-5 and other the Bukha-1 well reinstatement
- Three additional Cretaceous wells at Tawke to increase production contingent on timely and predictable export payments

Cretaceous oil discovery at Peshkabir

- Peshkabir-2 well designed to explore Cretaceous and appraise previous Jurassic discovery reached total depth of 3,500 meters in late January
- Tested 3,800 bopd of 28° API from a 170 meter interval in the Cretaceous and currently undergoing final testing of Jurassic horizon
- Total well cost within original budget of USD 17.5 million
- Considering early production from Peshkabir-2 and trucking oil to DNO's gathering, processing and export facilities at Fish Khabur 12 kilometers away
- Peshkabir field positions DNO for production and reserves growth in Kurdistan portfolio

Annual Statement of Reserves

- At year-end 2016, DNO's CWI proven and probable reserves (2P) and contingent resources (2C) estimated at 530 million barrels of oil equivalent (MMboe), up from 523 MMboe a year earlier
- CWI 2P reserves of 368 MMboe, down from 392 MMboe after adjusting for produced volumes. CWI 2C resources estimated at 161 MMboe, up from 132 MMboe at end-2015
- DNO's year-end 2016 Reserve Life Index (R/P) of 15 years on a 2P reserves basis and 21 years on a 2P reserves and 2C resources basis
- At the main Tawke field, on a gross basis, 2P reserves and 2C resources stood at 604 MMbbls, down from 643 MMbbls at end 2015. Proven reserves dropped to 348 MMbbls from 387 MMbbls after adjusting for field production of 39 MMbbls, while probable reserves remained unchanged at 156 MMbbls and 2C resources remained unchanged at 100 MMbbls
- Elsewhere on the license, the Cretaceous discovery at the Peshkibir field, principally of oil, added 48 MMboe of gross 2C resources

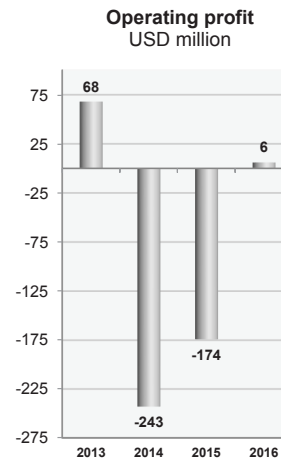
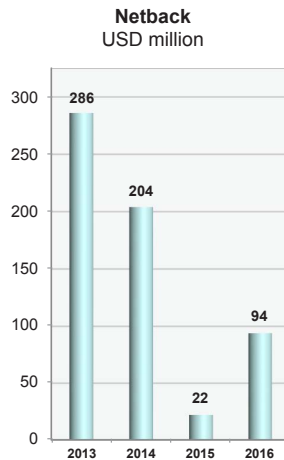
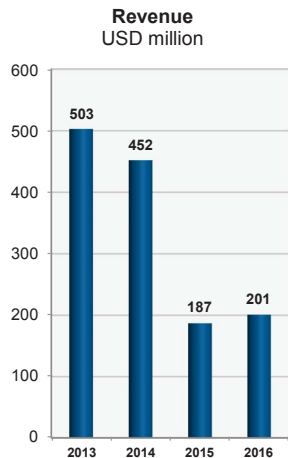
2017 well schedule

Well	2017											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Tawke-35 (Cretaceous producer)		Firm										
Tawke-36 (Cretaceous producer)					Firm							
Tawke-38 (Jeribe producer)				Firm								
Tawke-39 (Jeribe producer)					Firm							
Tawke-40 (Jeribe water disposal)		Firm										
Tawke-41 (Cretaceous producer)					Contingent							
Tawke-42 (Cretaceous producer)								Contingent				
Tawke-43 (Cretaceous producer)										Contingent		
Peshkabir-2 (appraisal)	Firm											
Peshkabir-3 (appraisal/producer)							Firm					
Hawler-1A (appraisal/producer)										Firm		
West Bukha-5 (sidetrack)		Firm										
Bukha-1 (reinstatement)							Firm					

 Firm
  Contingent

Financial review

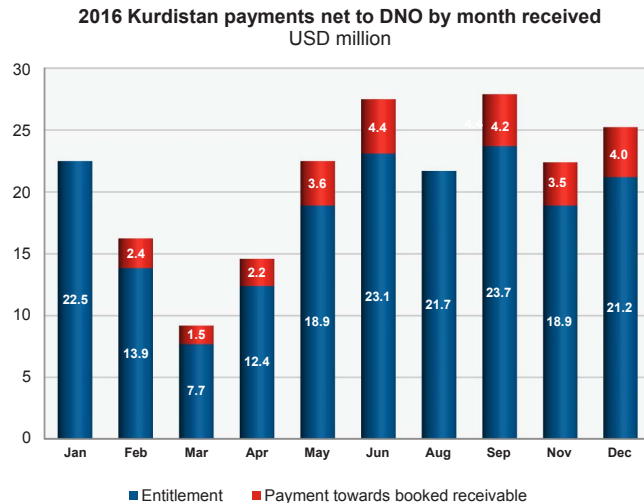
DNO financial results – key figures



- Annual revenues of USD 201 million in 2016, up from USD 187 million in 2015
- Recovery of cash flow and operating profit in 2016

Kurdistan 2016 payments

- During 2016, 10 monthly payments totaling USD 292 million received for Tawke exports
- Of which USD 210 million net to DNO, including USD 26 million toward booked receivable
- Three 2016 export payments made in Q1 2017: USD 39 million (USD 28 million net to DNO) for October exports; USD 8 million (USD 6 million net to DNO) for balance of June exports; and USD 35 million (USD 25 million net to DNO) for November exports

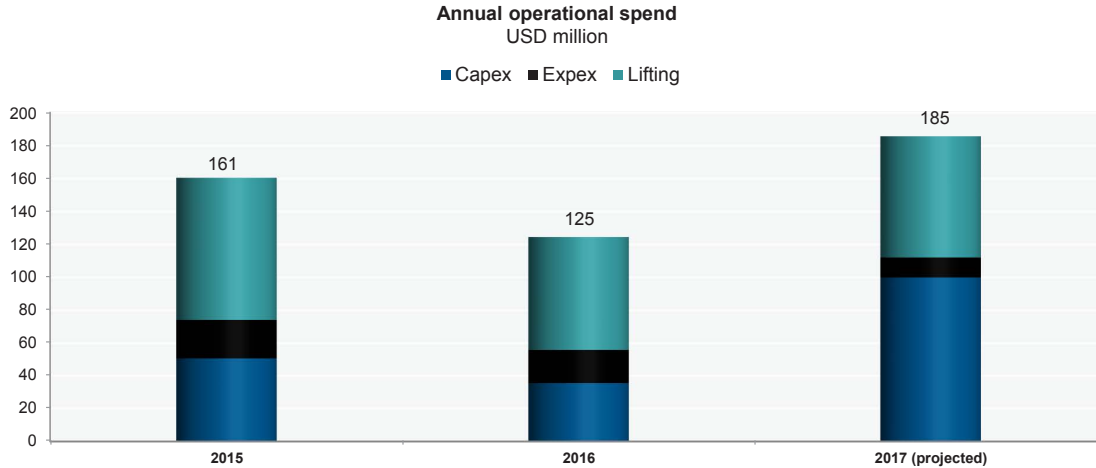


Financial summary

USD million	Q4 2016	Q3 2016	Q4 2015	2016	2015
Revenue	41.7	48.8	54.5	201.3	187.4
Cost of goods sold	-36.9	-29.1	-26.7	-128.7	-197.0
Gross profit	4.8	19.8	27.9	72.6	-9.5
Expensed exploration	-1.3	0.6	-4.1	-20.3	-23.5
Administrative expenses	-9.4	-6.9	-6.2	-31.0	-19.0
Other operating income/expenses	11.5	-2.3	-19.3	13.5	-29.1
Impairment of oil and gas assets	-33.2	-2.0	-79.7	-29.2	-92.9
Profit/loss from operating activities	-27.6	9.1	-81.3	5.7	-174.0
Net finance	-4.6	-11.5	-27.8	-39.4	-62.5
Profit/loss before income tax	-32.2	-2.4	-109.1	-33.7	-236.5
Income tax expense	1.0	-0.8	25.8	-1.6	24.1
Net profit/loss	-31.2	-3.2	-83.3	-35.3	-212.3

- Improved 2016 financials on back of higher revenues and lower cost of goods sold
- 2016 annual operating profit of USD 6 million, up from operating loss of USD 174 million in 2015

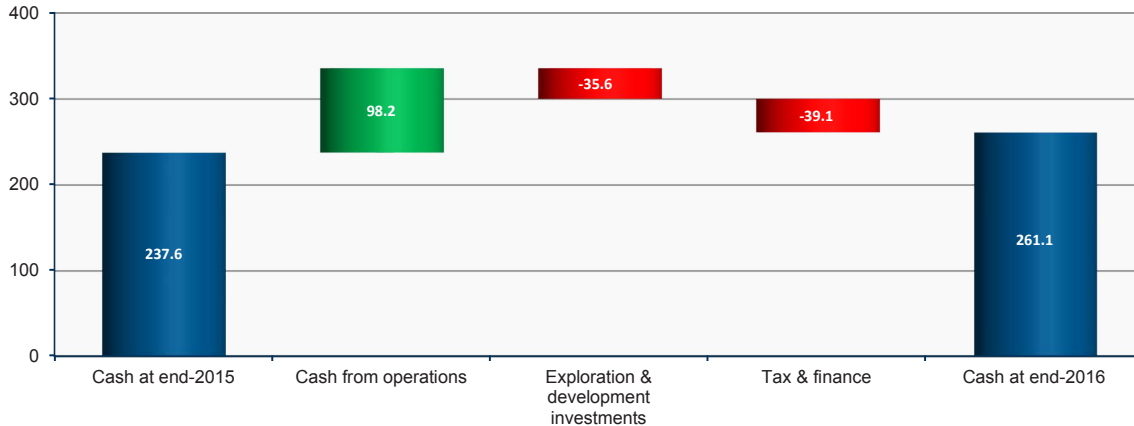
Investment program



- Stepping up operational spend by 50 percent in 2017
- Projected capex of USD 100 million

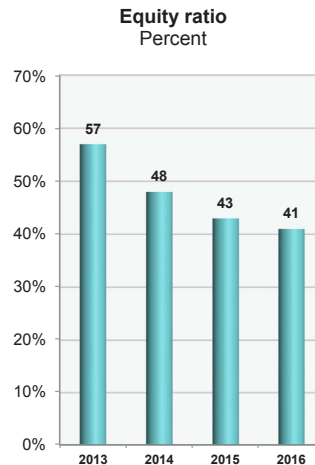
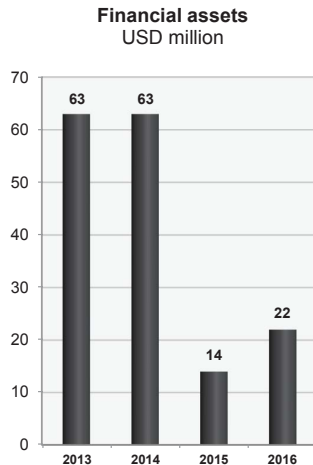
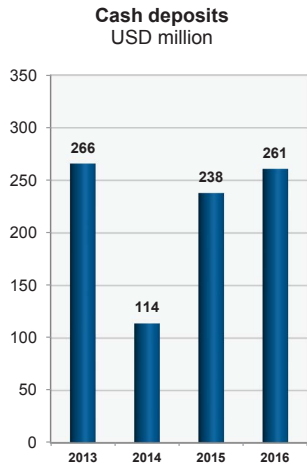
2016 cash flow

USD million



- Strong 2016 operational cash flow of USD 98.2 million (-USD 35.4 million in 2015)
- Cash increase of USD 23.5 million
- Tawke booked local sales receivable down by USD 33 million

Capital structure



- Year-end 2016 cash balance of USD 261 million
- Net debt of USD 139 million
- Solid balance sheet with low leverage

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