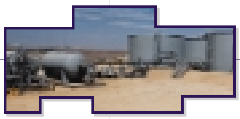
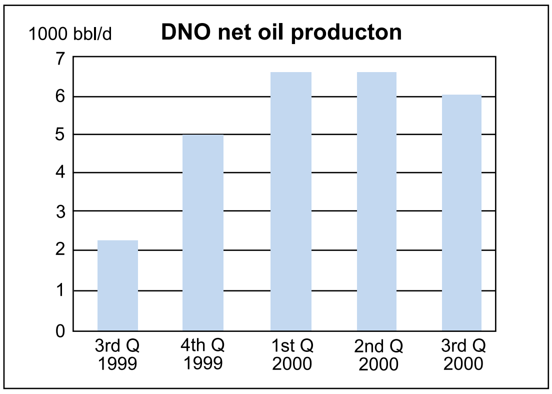
3RD QUARTER REPORT 2000



SUMMARY (1999 FIGURES IN BRACKETS)

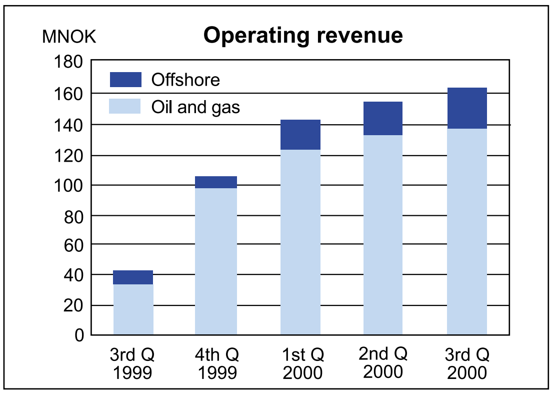
As at 30.09.00 the DNO Group had total operating revenues of NOK 465.4 mill (NOK 102.6 mill) and an operating profit of NOK 118.9 mill (minus 23.9 mill). Profit before taxes for the first three quarters of 2000 was NOK 123.1 mill (minus 34.7 mill), and estimated net cash flow after deductions of operating and finance costs was NOK 195.9 mill (15.2 mill).



Drilling of a new deviated production well on the Heather field commenced in the 3. Quarter, and the well is now in production with an initial yield of approximately 4,500 barrels of oil per day. The oil production from the Heather field as at 20 November 2000, is approximately 7,300 barrels of oil per day. (DNO's share - 100 %).

The development of the Tasour field in Yemen is now complete, and the field started producing on 4 November 2000 with an initial production of about 5,000 barrels of oil per day. As per 20 November 2000, the production from the Tasour field was approximately 7,800 barrels of oil per day. (DNO's share - 2,500 barrels per day).

Production from the Tasour field and the increased production from the Heather field will have no impact on the accounts for the 3. Quarter of 2000.



DNO has further strengthened its organisation in Norway during the 3. Quarter of 2000, and the staff associated with the activities on the Norwegian Continental Shelf now totals 14 professionals. This, together with the expertise and experience available to the Group through its operating companies in the UK and Yemen, makes the Group well prepared for the challenges on the Norwegian Continental Shelf.

During the year 2000 DNO has issued a total of 8,3 mill new shares in 2 private placings. Theese share issues together with the cash flow from operating activities and the establishment of a loan facility, have provided the necessary capital for the company's various transactions and investments in oil and gas activities in the year 2000

Economic performance:

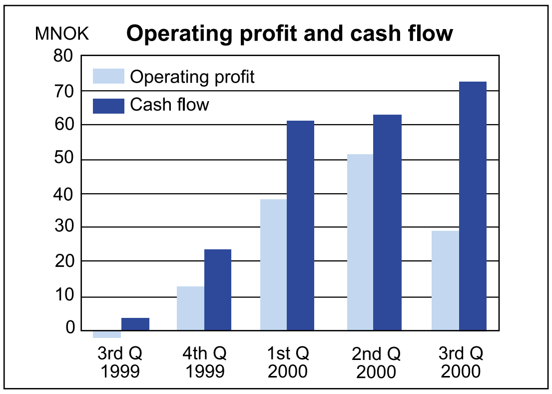
<u>3. Quarter 2000:</u>

* Estimated cash flow was NOK 71.4 mill (NOK 6.3 mill).

* Total operating revenue was NOK 163.3 mill (NOK 45.6 mill), of which NOK 139.8 mill (NOK 35.9 mill) was generated by oil and gas activities.

* After deducting a total of NOK 26.2 mill (NOK 8.3 mill) for depreciation and provisions for future decommissioning, operating profit for the 3. quarter was NOK 28,1 mill (minus NOK 4.3 mill).

* After accounting for NOK 13.8 mill as the company's share of net losses in associated company based on the equity method, and a positive net result from financial items of NOK 17.1 mill, profit before tax for the 3. quarter was NOK 31.4 mill (minus NOK 7.5 mill). After tax profit was NOK 7.8 mill (minus NOK 7.6 mill)



<u>As at 30.09 - 2000:</u>

* Estimated cash flow was NOK 195.9 mill (NOK 15.2 mill).

* Total operating revenue was NOK 465.4 mill (NOK 102.6 mill), of which NOK 402.5 mill (NOK 83.6 mill) was generated by oil and gas activities.

* After deducting a total of NOK 57.1 mill (NOK 22.7 mill) for depreciation and provisions for future decommissioning, operating profit was NOK 118.9 mill (minus NOK 23.9 mill).

* After accounting for NOK 15.7 mill as the company's share of net losses in associated company based on the equity method, and a net positive result of NOK 19.9 mill from financial items, profit before tax was NOK 123.1 mill (minus NOK 34.7 mill) and after tax profit was NOK 72.6 mill (minus NOK 35.1 mill).

* Shareholders' funds as per 30.09.00 constituted 53.3 % (51.0 %) of the book value of total capital

The Board's comments:

DNO's economic result for the year to 30 September 2000 also reflects the production from the 1.25 % licence share in the Jotun field. When the accounts for the 3. Quarter were submitted, DNO had not yet received formal approval from the Norwegian authorities for the transfer of the licence shares on the Norwegian Continental Shelf. DNO's Board of Directors therefore submits the 3. Quarter results based on "best estimates". The board expects that the formalities in this respect will be resolved in the near future, so that the licence shares may be formally transferred to the DNO Group.

The DNO Group's operating profit includes a positive result of NOK 62.1 mill from the 1.25 % share in the Jotun field, and after financial items and estimated tax costs of NOK 50.6 mill, the net contribution to profit was NOK 11.5 mill. The tax cost estimate is shown in the accounts as a set-aside, and because of the planned investments in the Glitne field, among others, the company does not expect to be in a tax position in Norway in respect of the current accounting year.

In connection with planned work on the oil terminal in Sullom Voe on the Shetlands, the Heather field was closed down for a brief period in August 2000. During the shutdown, a number of maintenance tasks were carried out at a cost of approximately NOK 10.0 mill. This amount is in carried entirety as a cost in the 3. quarter accounts.

Because production and sale of oil do not always coincide, the accounts are based on the «production method» of accounting.

Establishing the operating organisation in Yemen and the additional staff expansion in Norway, also contributed to increased costs in the 3. Quarter of 2000.

Since 1994/1995, and through its former subsidiary Viking Petroleum AS, DNO has been in legal proceedings against a Dutch brokerage company. The Oslo Municipal Court has ruled that DNO must pay approximately SEK 12 mill plus interest to the Dutch brokerage firm.
This will be incorporated into the accounts for the 4. Quarter of 2000. DNO has decided to appeal the decision.

THE OIL & GAS ACTIVITY -

Oil production

During the 3. Quarter of 2000, the DNO Group had oil production from the Heather field (100 %), the Claymore field, UK (1 %) and the Jotun field (1.25 %).

The Group's total production in the 3. Quarter was 556,273 barrels of oil equivalents, corresponding to 6,046 barrels per day.

Total production for the year as at 30 September 2000, was 1,726,391 barrels of oil equivalents, corresponding to 6,300 barrels per day.

The price obtained for produced oil depends on the individual sales contracts. As at 30 September, DNO Group achieved an average price for its oil of USD 26.23 per barrel.

DNO has hedged the price of 4,000 barrels per day for all of 2001 at a minimum price of USD 21 per barrel.The company will receive the current market price in the accordance with the sales contracts whenever the oil price exceeds this level. This hedging cost approximately USD 350.000.

Licences – British Sector

Oil production from the Heather field (100% and operator) was an average of 4,550 barrels per day during the first three quarters of 2000. Production uptime on the Heather platform was 99.9 %.

Due to planned maintenance work on the oil terminal at Sullom Voe on the Shetlands, the Heather field was shut down for a brief period in August 2000. This caused a minor reduction in production of oil from the field during the 3. Quarter. In the same period, DNO carried out various maintenance work on the platform.

Drilling of the third deviated production well on the Heather field was commenced during the 3. Quarter, and the well started producing on 14 November 2000. Initial production was approximately 4,500 barrels of oil per day. As at 20 November 2000, aggregate production from the Heather field was around 7,300 barrels per day. Drilling of the next deviated production well on the field will start during the 4. Quarter.

DNO plans a step by step development of the satellite fields around the Heather field. This will be accomplished by drilling sub-sea completion wells that will be connected to the platform via a new pipeline. Current plans call for the drilling of at least one well on these satellites during 2001. In connection with the development of the satellite fields around the Heather field and additional exploration of the Heather area, DNO is considering taking in another oil company as a partner.

Average production from the Claymore field (1.0 %) as at 30 September 2000, was approximately 34,000 barrels per day, of which DNO's share was 340 barrels per day.

Licences - Norwegian Sector

The Jotun field (1.25 %) is operated by Exxon/Mobil and started producing at the end of 1999. During the year 2000, the production from the Jotun field has been materially higher than planned; average production from the field as at 30 September 2000 was 115,920 barrels of oil equivalents per day, of which DNO's share was 1,449 barrels per day.

Average oil production from the Jotun field in November 2000 was 142,000 barrels per day, of which DNO's share is 1,775 barrels per day. During the 3. Quarter of 2000, DNO has entered into an agreement to acquire an additional 2 % interest in the Jotun field from Statoil with effect from 1 January 2001. DNO's oil production from the Jotun field will increase to around 4,000 barrels per day from that date.

The Glitne field (10 %) was declared commercial in June 2000, and the "Plan for Development and Operation" was approved on 4 October 2000. Drilling of production wells has started, and production start for the Glitne field is planned for the summer of 2001. Initial production is expected to be 40,000 barrels of oil per day, of which DNO's share is 4,000 barrels per day.

In PL 203 (15 %) a delineation well was drilled during the 3. Quarter of 2000. The well showed no traces of hydrocarbons.

There has been no activity of importance on the other licences on the Norwegian Continental Shelf, PL 006C (10 %) and PL 148 (10 %), during the 3. Quarter of 2000.

All license acquisitions on the Norwegian Continental Shelf are subject to approval by the Norwegian Authorities.

Licences - Yemen

During the 3. Quarter of 2000 there was a high level of activity associated with the development of the Tasour B field in block 32, and the field started producing on 4 November 2000, 9 months after development of the field was approved by the authorities in Yemen. The initial rate of production from the field was 5,000 barrels of oil per day. As at 20 November, production from the Tasour field has increased to7,800 barrels per day, of which DNO's share is 2,500 barrels per day.

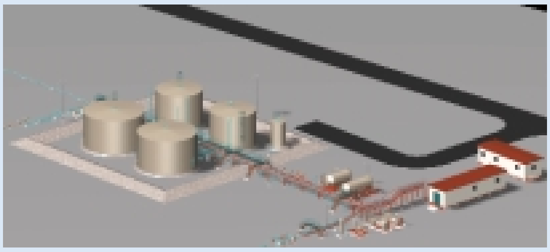
Pursuant to the agreement with the authorities in Yemen and the other partners in the licence, the 25 % interest that DNO acquired from Norsk Hydro earlier this year, will be re-allocated. DNO will subsequently have a 32 % share in the licence, and the reallocation will result in a payment of approximately USD 3.8 mill to DNO from the other partners in the licence.

Total development costs for the Tasour B field, included drilling of the third production well, came to approximately USD 15.7 mill, which is more than 10 % below the original estimate. DNO plans to drill a fourth production well before the end of the year.

In block 53 (24.45 %) the drilling of a new exploration well was completed earlier this year. The well found oil in a new structure in the same reservoir formation as the Tasour field, and the well tested 4,850 barrels of oil per day. Drilling of a delineation well is now complete, and preliminary results indicate that the oil discovery is larger than initially assumed. The operator will submit an application for development of the field to the authorities in Yemen before the end of the year.

The new discovery in block 53 can be connected to the Tasour field, and the development of the field will, in that event, cost less than the Tasour development.

Tasour Central Processing Facility
Block 32 (Howarime)
Republic of Yemen



Tasour Partners:
DNO ASA (Operator)
Ansan Wikfs (Hadramaut) Ltd.
TG Holdings (Yemen) Inc

Licences – Timan Pechora

DNO is still negotiating with the company Arkhangelskgeoldobycha (AGD) in respect of basic conditions for production of oil from the MMT fields in Timan Pechora. As at 30 September 2000, the issue is still not conclusively resolved. No costs of significance have been incurred on the licence so far in the year 2000.

OFFSHORE & SERVICES -

Operation in the area Offshore & Services has shown gradual improvement during the year, and the activity area generated a positive contribution of NOK 13.7 mill to the DNO Group's operating profit for the first three quarters of 2000.

DNO's share of the result in Petrolia Drilling ASA (PDR) in the 3. Quarter as based on the equity method, was negative at NOK 14.1 mill. As at 30 September 2000, the accumulated share of the results in PDR is negative at NOK 16.2 mill. This is reflected as a cost in DNO's accounts.

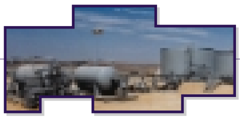
DNO controls an ownership interest of approximately 36 % in Petrolia Drilling ASA (PDR). DNO will be needing a drilling unit for the drilling of sub-sea wells on the satellite fields around the Heather field, and the "SS Petrolia" is being considered for this work.

Increased investment by the oil companies has generated a higher activity level in the offshore market during 2000, and DNO expects that the activities in this market will continue to increase in the years to come.

Members of DNO Management visiting Tasour Field

The Board of DNO ASA

Oslo 21 August 2000



BOD REPORT 3RD QUARTER 2000
PROFIT AND LOSS STATEMENT

BALANSE SHEET MILL. NOK

Profit and loss statement

	3RD QUARTER		PER 3RD QUARTER		
OPERATING REVENUES	**2000**	**1999**	**2000**	**1999**	**1999**
Operating revenue Oil and Gas	139,8	35,9	402,5	83,6	179,0
Operating revenue Offshore	23,5	9,7	62,9	19,0	27,9
Total operating revenue	163,3	45,6	465,4	102,6	206,9
OPERATING COSTS					
Operating costs Oil and Gas	78,9	25,9	202,7	69,9	142,7
Exploration and G&G	1,5	0,0	4,0	0,0	6,0
Project development costs	6,3	0,0	11,4	0,0	1,4
Total operating costs Oil and Gas	86,7	25,9	218,1	69,9	150,1
Operating costs Offshore	8,4	4,5	30,5	10,4	15,0
Total operating costs Offshore	8,4	4,5	30,5	10,4	15,0
Personnel- and adm. costs	12,8	4,4	38,4	13,7	19,3
Other operating costs	1,1	6,8	2,4	9,8	13,3
Total operating costs	109,0	41,6	289,4	103,8	197,7
Operating profit before deprecation etc.	**54,3**	**4,0**	**176,0**	**(1,2)**	**9,2**
Depreciation goodwill	2,1	0,0	6,2	0,0	0,0
Ordinary depreciation and abandonment prov.	24,1	8,3	50,9	22,7	16,8
Operating income	**28,1**	**(4,3)**	**118,9**	**(23,9)**	**(7,6)**
Income from related companies	(13,8)	(5,5)	(15,7)	(27,2)	(42,4)
Net finance	17,1	2,3	19,9	16,4	25,0
Profit before tax	**31,4**	**(7,5)**	**123,1**	**(34,7)**	**(25,0)**
Tax expense	(23,6)	(0,1)	(50,5)	(0,4)	(1,3)
Profit after tax	**7,8**	**(7,6)**	**72,6**	**(35,1)**	**(26,3)**
Cash flow*	**71,4**	**6,3**	**195,9**	**15,2**	**34,2**
*Profit after tax adjusted for depreciation, income from related companies and tax expense					
Earnings per share (not diluted)	0,16	(0,24)	1,70	(1,09)	(0,82)
Cash flow per share	1,50	0,20	4,60	0,47	1,07

Balance sheets

	PER 3RD QUARTER		
ASSETS	**2000**	**1999**	**1999**
Fixed assets	1.156,1	692,0	751,0
Current assets	382,9	111,0	163,0
Total assets	**1.539,0**	**803,0**	**914,0**
SHAREHOLDERS' FUNDS AND LIABILITIES			
Shareholders' funds	820,3	409,3	421,0
Reserves and liabilities	246,7	231,9	235,0
Long term debt	169,1	101,1	104,0
Short term debt	302,9	60,7	154,0
Total shareholders' funds and liabilities	**1.539,0**	**803,0**	**914,0**

REPORTING BY SEGMENTS MILL. NOK

3 RD Quarter 2000	Oil and Gas	Offshore	TOTAL
Operating revenues	139,9	23,5	**163,4**
Operating profit before depr. and adm.	52,0	15,1	**67,1**
Deprecation	(23,4)	(2,8)	**(26,2)**
Op. profit before pers. cost and adm.	28,6	12,3	**40,9**
Personnel costs and adm.	(5,9)	(6,9)	**(12,8)**
Net operating profit	**22,7**	**5,4**	**28,1**

3 RD Quarter 1999	Oil and Gas	Offshore	TOTAL
Operating revenues	35,9	9,7	**45,6**
Operating profit before depr. and adm.	3,2	5,2	**8,4**
Deprecation	(8,3)	0,0	**(8,3)**
Op. profit before pers. cost and adm.	(5,1)	5,2	**0,1**
Personnel costs and adm.	(3,0)	(1,4)	**(4,4)**
Net operating profit	**(8,1)**	**3,8**	**(4,3)**

PER 3 RD QUARTER 2000	Oil and Gas	Offshore	TOTAL
Operating revenues	402,7	62,7	**465,4**
Operating profit before depr. and adm.	182,1	32,3	**214,4**
Deprecation	(48,9)	(8,2)	**(57,1)**
Op. profit before pers. cost and adm.	133,2	24,1	**157,3**
Personnel costs and adm.	(28,0)	(10,4)	**(38,4)**
Net operating profit	**105,2**	**13,7**	**118,9**

PER 3 RD QUARTER 1999	Oil and Gas	Offshore	TOTAL
Operating revenues	83,6	19,0	**102,6**
Operating profit before depr. and adm.	3,9	8,6	**12,5**
Deprecation	(22,7)	0,0	**(22,7)**
Op. profit before pers. cost and adm.	(18,8)	8,6	**(10,2)**
Personnel costs and adm.	(9,2)	(4,5)	**(13,7)**
Net operating profit	**(28,0)**	**4,1**	**23,9)**

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