



Third Quarter 2017

Interim results presentation

Corporate overview and operational highlights

Corporate overview – Q3 2017 and year-to-date

- DNO's operations and investment activity in Kurdistan region of Iraq continue uninterrupted
- Company is most active driller in Kurdistan with three rigs deployed and 15 wells in 2017 across three operated fields in various stages of production, development and appraisal
- Received Kurdistan export payments net to DNO totaling USD 297 million year-to-date 2017 (of which USD 264 million through Q3 2017), up from USD 210 million during full-year 2016
- With continuing export payments, will step up investments at Tawke and Peshkabir in 2018
- Recent Kurdistan receivables settlement raises DNO's Tawke license stake to 75 percent
- Strengthening balance sheet and increasing Company's equity ratio to 60 percent at end-Q3 2017

Q3 2017 operational highlights

- Of operated production of 115,200 barrels of oil equivalent per day (boepd) in Q3 2017, Kurdistan represented 110,500 barrels of oil per day (bopd) and Oman 4,700 boepd
- Company Working Interest (CWI) production averaged 74,800 boepd during Q3 2017
- Completed drilling of Peshkabir-3 well, now undergoing extended production testing
- Hawler-1A multilateral well appraising Benenan heavy oil field in Kurdistan's Erbil license
- In Tunisia, exploration well at Sfax Offshore Exploration Permit scheduled in first half of 2018
- Val d'Isere prospect on UK Continental Shelf to be spud by operator Apache by end-2017

Q3 2017 financial highlights

- Revenues of USD 73 million in Q3 2017
- USD 556 million recognized as other income in Q3 2017 following Kurdistan receivables settlement
- Resulting in operating profit of USD 469 million in Q3 2017
- Exited Q3 2017 with cash balance of USD 399 million (USD 261 million at year-end 2016) and USD 68 million in treasury shares and marketable securities (USD 22 million at year-end 2016)
- Forecast 2017 capex of USD 130 million, of which USD 102 million spent through Q3 2017

Kurdistan receivables settlement

- Receivables settlement agreed with Kurdistan Regional Government in August 2017 covering past unpaid exports
- Following which DNO was assigned Government's 20 percent interest in Tawke license, raising Company's stake to 75 percent
- DNO also to receive three percent of gross license revenues each month over five-year period
- Released from USD 175 million in payment obligations and other liabilities
- Company's equity increased by USD 556 million, resulting in equity ratio of 60 percent at end-Q3 2017 (up from 35 percent at end-Q2 2017)

Peshkabir update

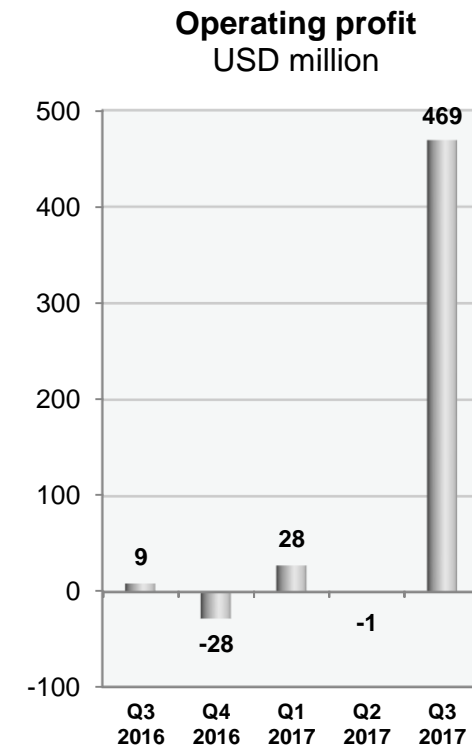
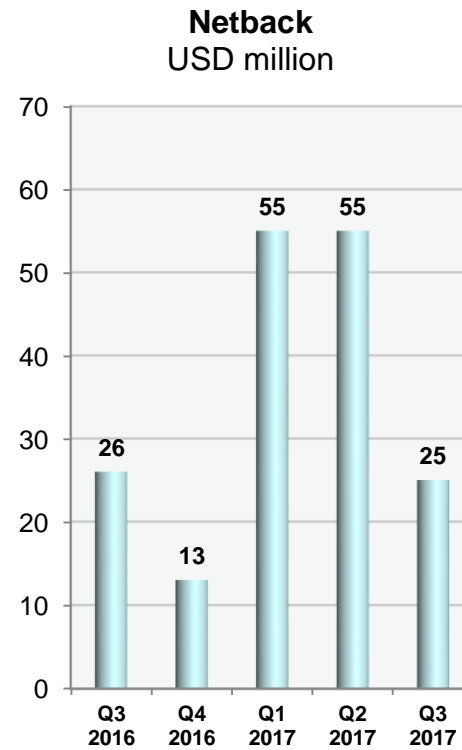
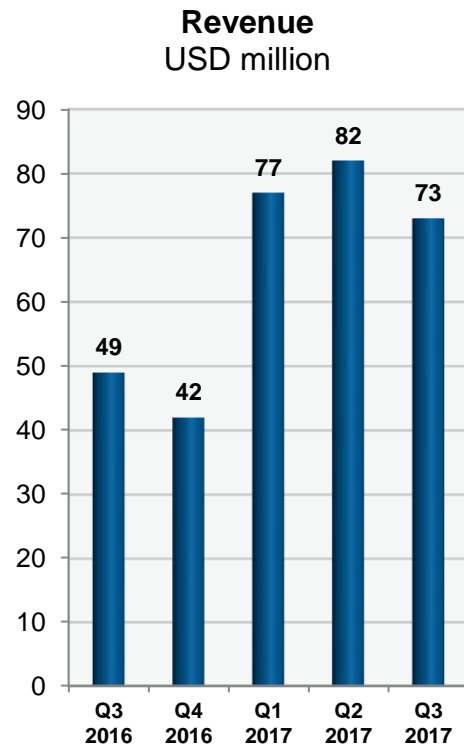
- Peshkabir-3 well drilled and undergoing extended production tests across horizontal section of more than 1.2 kilometers of Cretaceous and Jurassic reservoir
- First oil zone at toe of well flowed more than 3,000 bopd on a 64-inch choke
- Nine other oil zones and one gas zone identified for testing
- Previously drilled Peshkabir-2 well continues to produce at steady rate of 4,700 bopd from one of four production zones
- Installing early production facility at field for start-up by year-end

North Sea activity

- DNO holds stakes in 11 exploration and appraisal licenses, of which seven on Norwegian Continental Shelf (NCS) and four on UK Continental Shelf (UKCS)
- Actively pursuing additional NCS stakes, including producing assets
- Applied for Norway's Awards in Predefined Areas (APA) licensing round in September
- Targeting participation in five exploration wells per year
- Val d'Iserre prospect on UKCS (22.5 percent working interest) to be spud by end-2017 by operator Apache at cost of USD 12 million net to DNO

Financial review

DNO financial results – key figures



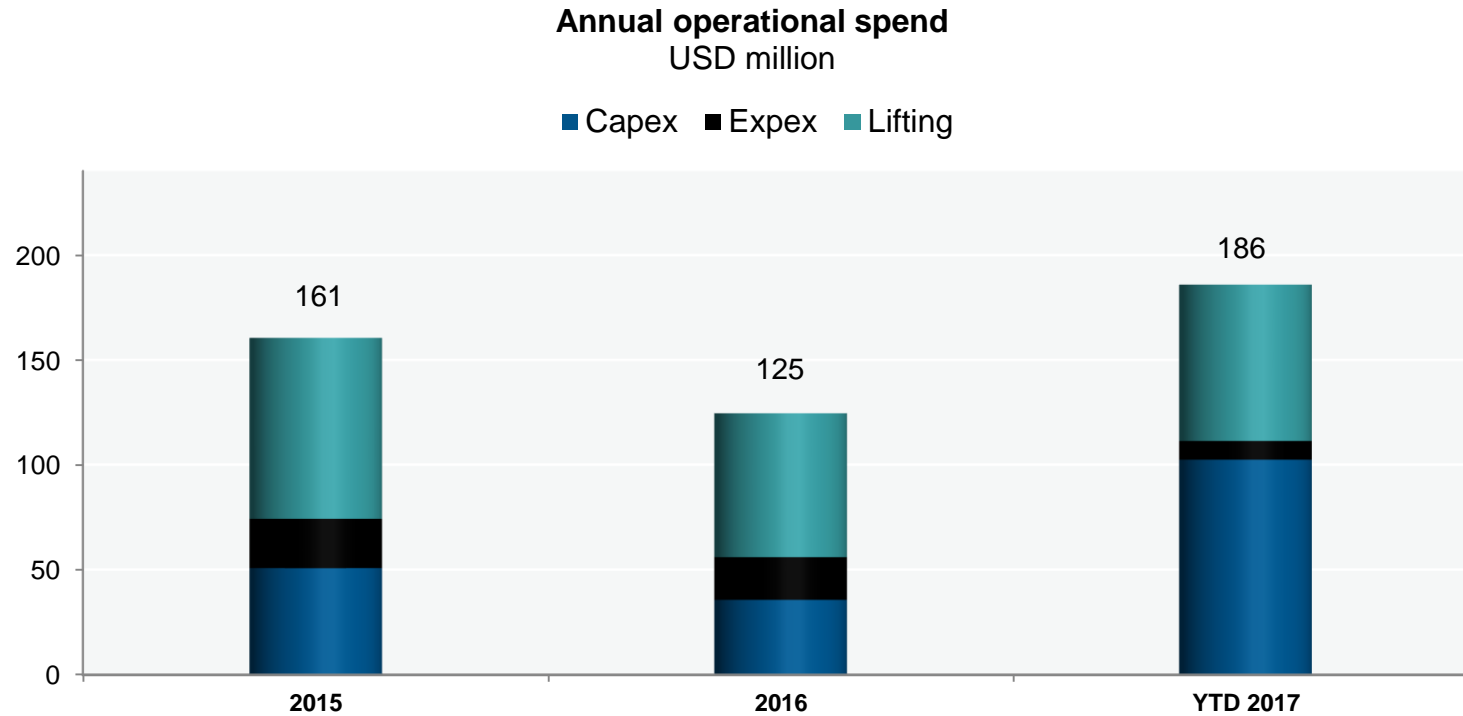
- Revenues through Q3 2017 stood at USD 231 million, up from USD 202 million during full-year 2016
- Kurdistan receivables settlement reflected in Q3 2017 operating profit of USD 469 million

Financial summary

USD million	Q3 2017	Q2 2017	Q3 2016	YTD 2017	YTD 2016
Revenue	73.0	81.7	48.8	231.3	159.6
Cost of goods sold	-79.4	-35.7	-29.1	-145.1	-91.8
Gross profit	-6.4	45.9	19.8	86.2	67.9
Expensed exploration	-5.9	-1.5	0.6	-8.9	-19.0
Administrative expenses	-12.0	-6.9	-6.9	-23.9	-21.6
Other operating income/expenses	553.7	-1.6	-2.3	548.9	2.1
Impairment of oil and gas assets	-60.6	-37.2	-2.0	-108.4	4.0
Profit/loss from operating activities	468.8	-1.2	9.1	495.4	33.3
Net finance	-11.2	-11.9	-11.5	-35.3	-34.8
Profit/loss before income tax	457.6	-13.2	-2.4	460.2	-1.6
Income tax expense	5.0	0.3	-0.8	4.3	-2.5
Net profit/loss	462.7	-12.9	-3.2	464.5	-4.1

- Increasing YTD revenues driven by higher oil prices and Kurdistan payments
- Increase in Q3 2017 cost of goods sold due to inventory charge and higher DD&A

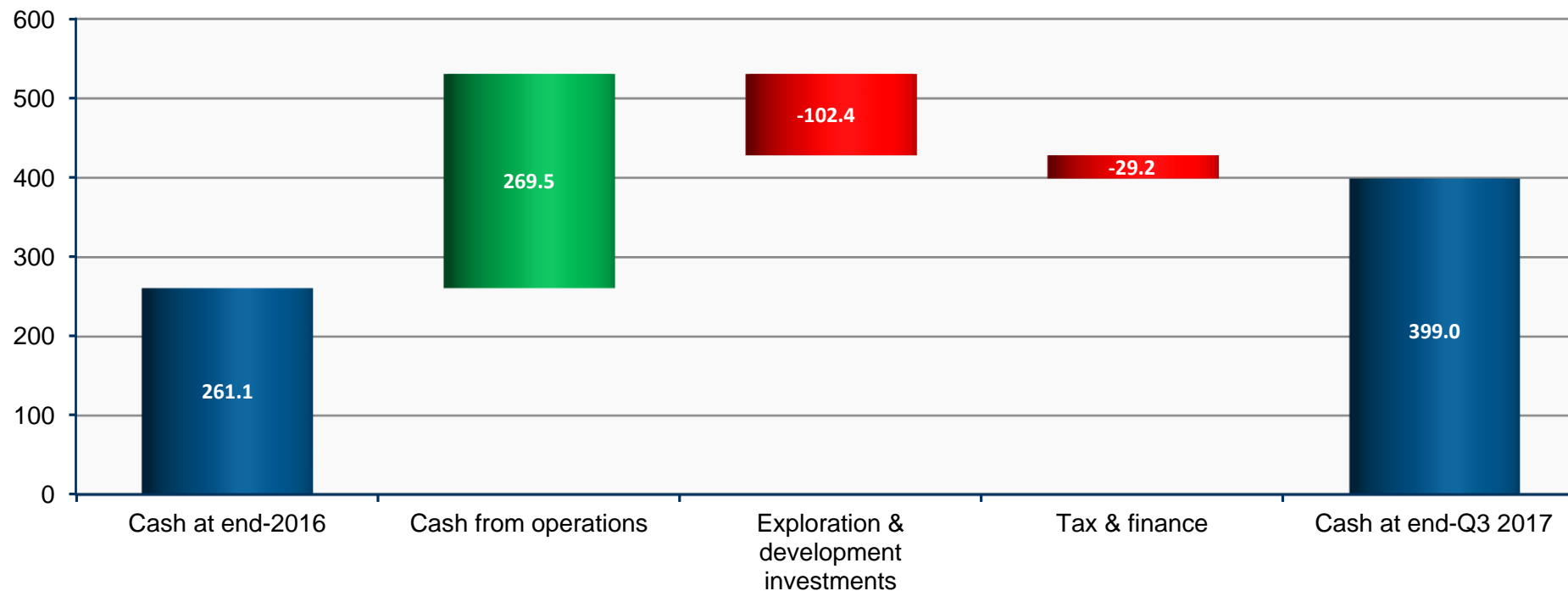
Investment program



- Operational spend at end-Q3 2017 stood at USD 186 million, of which USD 102 million was capex, USD 75 million lifting costs and USD 9 million exploration expenses
- Capex for 2017 remains on track with previous forecast of USD 130 million

YTD Q3 2017 cash flow

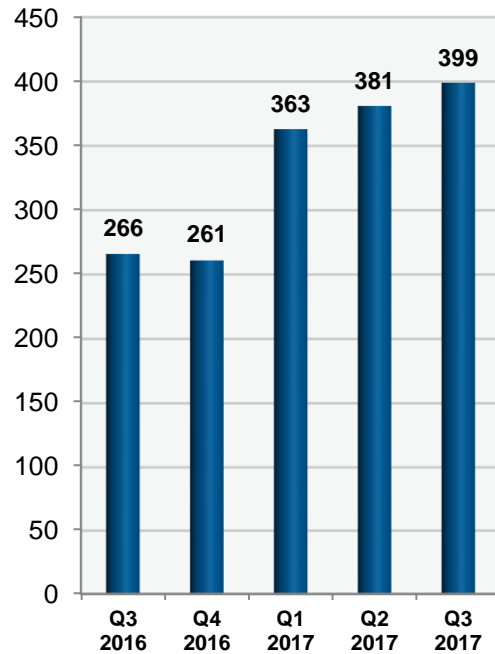
USD million



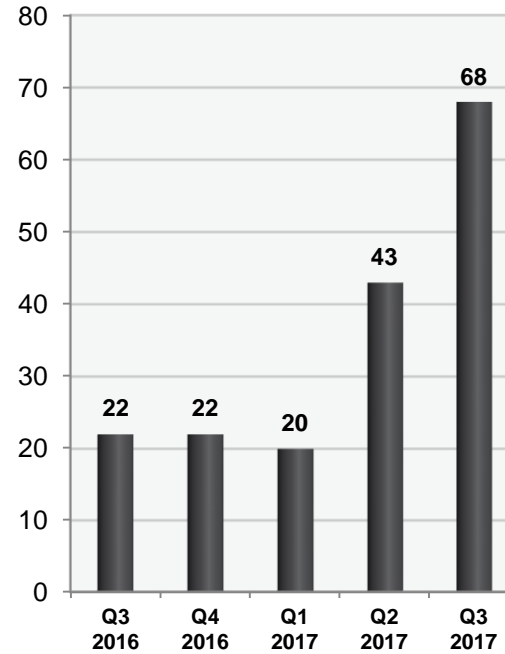
- Strong operational cash flow of USD 270 million through end-Q3 2017 (USD 99 million during full-year 2016)
- Cash balance increase of USD 138 million since end-2016

Capital structure

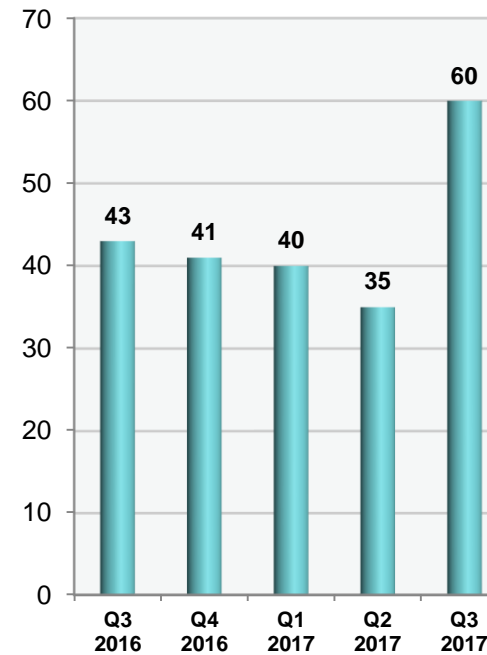
Cash deposits
USD million



Financial assets
USD million



Equity ratio
Percent



- Solid balance sheet with low leverage
- Net debt reduced to USD 1 million
- Equity strengthened by Kurdistan receivables settlement

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