

Summary

DNO ASA

7.875 % senior unsecured callable USD 400,000,000 bond issue 2021/2026

ISIN: NO0011088593



Date: 18th January 2022

Global Coordinator and Joint Lead Manager:

The logo for Pareto Securities consists of a blue, stylized arc on the left side, followed by the words 'Pareto Securities' in a blue, sans-serif font.

Joint Lead Managers:

The logo for Danske Bank features the word 'Danske' in white text on a dark blue rectangular background, followed by the word 'Bank' in black text on a white rectangular background.

The logo for SEB consists of the letters 'S', 'E', and 'B' in a bold, black, sans-serif font, with vertical bars separating the letters.

Summaries are made up of disclosure requirements due to Article 7 in the REGULATION (EU) 2017/1129 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 June 2017.

A - INTRODUCTION AND WARNINGS

Warning	This summary should be read as introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
The Bonds	ISIN: NO0011088593 - DNO ASA 7.875 % senior unsecured callable USD 400,000,000 bond issue 2021/2026.
The Issuer	DNO ASA is a Norwegian public limited liability company (allmennaksjeselskap) organized and existing under the laws of Norway pursuant to the Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (the "Norwegian Public Limited Liability Companies Act"). DNO ASA's registration number in the Norwegian Register of Business Enterprises is 921 526 121 and LEI code 5967007LIEEXZXH3K072. The Company's registered office is located at Dokkveien 1, N-0250 Oslo, Norway, its telephone number is +47 23 23 84 80 and its fax number is +47 23 23 84 81.
The Offeror	Not applicable. There is no offeror, the Prospectus has been produced in connection with listing of the bonds at Oslo Børs. The Issuer is going to ask for admission to trading on a regulated market.
Competent Authority Approving the Prospectus.	The Financial Supervisory Authority of Norway (Norwegian: <i>Finanstilsynet</i>), with registration number 840 747 972 and registered address at Revierstredet 3, 0151 Oslo, Norway, and with telephone number +47 22 93 98 00 has reviewed and on 18 th January 2022, approved the Prospectus.

B - KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?																			
Corporate Information	DNO ASA is a Norwegian public limited liability company organized and existing under the laws of Norway pursuant to the Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 with registration number 921 526 121 and LEI code 5967007LIEEXZXH3K072. Website: www.dno.no																		
Principal activities	The Company is a Norwegian oil and gas operator focused on the Middle East and the North Sea. Founded in 1971 and listed on the Oslo Stock Exchange, the Company holds stakes in onshore and offshore licenses at various stages of exploration, development and production in the KRI, Norway, the UK, Netherlands, Ireland and Yemen. The Company is the parent company of the Group and is a holding company and the operations of the Group are carried out through the operating subsidiaries of the Company.																		
Major Shareholders	RAK Petroleum Holdings B.V. holds more than one third of the shares in the Company and is the largest shareholder in the Company.																		
Key managing directors	<table border="1"> <thead> <tr> <th>Name</th> <th>Current position within the Group</th> </tr> </thead> <tbody> <tr> <td>Bjørn Dale</td> <td>Managing Director</td> </tr> <tr> <td>Chris Spencer.....</td> <td>Chief Operating Officer</td> </tr> <tr> <td>Haakon Sandborg</td> <td>Chief Financial Officer</td> </tr> <tr> <td>Nicholas Whiteley</td> <td>Chief Commercial Officer</td> </tr> <tr> <td>Ørjan Gjerde</td> <td>General Manager DNO North Sea</td> </tr> <tr> <td>Tom Allan</td> <td>General Manager KRI (Kurdistan region of Iraq)</td> </tr> <tr> <td>Geir Arne Skau.....</td> <td>Director of Human Resources and Corporate Services</td> </tr> <tr> <td>Tonje Pareli Gormley.....</td> <td>General Counsel Middle East</td> </tr> </tbody> </table>	Name	Current position within the Group	Bjørn Dale	Managing Director	Chris Spencer.....	Chief Operating Officer	Haakon Sandborg	Chief Financial Officer	Nicholas Whiteley	Chief Commercial Officer	Ørjan Gjerde	General Manager DNO North Sea	Tom Allan	General Manager KRI (Kurdistan region of Iraq)	Geir Arne Skau.....	Director of Human Resources and Corporate Services	Tonje Pareli Gormley.....	General Counsel Middle East
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Tonje Pareli Gormley.....	General Counsel Middle East																		

Statutory auditor	The Company's independent auditor is Ernst & Young AS with registration number 976 389 387, and business address at Dronning Eufemias gate 6, N-0191 Oslo, Norway. Ernst & Young AS is a member of Den Norske Revisorforeningen (The Norwegian Institute of Public Accountants).	
What is the key financial information regarding the Issuer?		
<i>DNO ASA:</i>		
INCOME STATEMENT (Amounts in USD million)	<i>Group</i> 2020 <i>audited</i>	<i>Group</i> Q3 2021 <i>unaudited</i>
Gross profit	24.9	147.8
Profit for the year/period	(285.9)	30.9
BALANCE SHEET		
Net financial debt (long term debt plus short term debt minus cash)	472.5	360.3
CASH FLOW STATEMENT		
Cash flow from operating activities	389.1	162.9
Cash flow from investment activities	(238.6)	(108.8)
Cash flow from financing activities	(159.1)	78.7
What are the key risk factors that are specific to the Issuer?		
Most material key risk factors	<p>Operational risk: Difficulties in the marketing or exporting of the Group's oil and gas could adversely affect the Group's revenues. The Group may be unable to obtain, retain or renew required licenses, concessions, permits and other authorizations necessary for its operations. HSSE laws and regulations may expose the Group to significant liabilities. The Group's operations could be compromised by criminal or terrorist action. The Group is subject to risks associated with failures in technology systems and cybersecurity. The Group may become liable for failure to comply with various laws and regulations regarding anti-corruption, international sanctions and market abuse regimes. The Group's current Norwegian Continental Shelf production is dependent on operating host facilities of other companies. Estimates of the Group's oil and gas reserves, recovery and resources are uncertain and subject to conditions which are outside of the Group's control. The Group may not be able to commercially develop its contingent and prospective resources. The Group cannot accurately predict its future decommissioning liabilities. The Group relies on the services of independent third party contractors. The Group's success is dependent upon its ability to attract and retain key personnel. The effects of the COVID-19 situation and other health crises could negatively affect the Group's financial condition and operations going forward</p> <p>Financial risk: The Group may be dependent on securing future financing. The Group may be adversely affected if financial covenants are breached. Climate risk may reduce investor confidence in the industry and increase the Group's cost of capital. Ability to utilize existing debt facilities is subject to certain conditions.</p> <p>Risks related to taxation: The Group is faced with a number of different tax regimes and complex tax laws. The uncertainty of the tax system in the KRI may adversely affect taxation of the Group, reducing net returns to the Company's shareholders. The Norwegian petroleum tax regime is under revision. CO2 taxes may increase, increasing the Group's operational cost.</p> <p>Political risk: Most of the Group's production and reserves are located in the Middle East. Parts of the Middle East are currently prone to political, social and economic instability. The Group operates in jurisdictions where it may be difficult to</p>	

	<p>interpret the applicable laws and regulations and obtain or enforce court rulings and arbitral awards. The Group's assets may be nationalized or expropriated. The Federal government of Iraq has historically disputed the validity of the Production Sharing Contracts ("PCS") entered into by oil and gas companies with the Kurdistan Regional Government ("KRG") and there can be no assurance that the Group can protect its interests in assets in the Kurdistan region of Iraq ("KRI"). There can be no assurance that the Group will receive payments for its oil exports or recover costs as provided in its PSCs in the KRI. The Group is subject to political and legal uncertainty relating to the KRI's status within Iraq's federal structure. The Group's PSCs are subject to audit and there is uncertainty relating to the outcome and impact of any such audit on the Group's recovery of costs and financial results. The KRI could be negatively impacted by instability resulting from military operations and instability in the rest of Iraq. There are risks relating to the Group's operations in Yemen.</p> <p>Litigation and regulatory risks: Future and current disputes, litigation or regulatory investigations, could adversely affect the Group's business, results of operations, financial conditions or prospects.</p> <p>Market risk: Exchange rate fluctuations and inflation may increase the Group's operating costs. New regulation may reduce the Group's achieved oil prices.</p>
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C - KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

Description of the securities, including ISIN	ISIN: NO0011088593. Senior unsecured callable bonds with fixed rate. Issue Date: 9 September 2021, Maturity Date: 9 September 2026. Outstanding Bond is USD 400,000,000, and Initial Nominal Amount of each Bond is USD 1,000 each and among themselves pari passu ranking. The Bonds are fixed rate bonds; 7.875 percentage points per annum.
Rights attached to the securities	<p>The Bond Terms has been entered into between the Issuer and the Bond Trustee. The Bond Terms regulate the Bondholder's rights and obligations in relation to the issue. The Bond Trustee enters into the Bond Terms on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Bond Terms.</p> <p>The Bond Terms include descriptions of rights and any limitations of those rights, such as:</p> <ul style="list-style-type: none"> • Voluntary early redemption - Call Option • Mandatory repurchase due to a Put Option Event • Mandatory repurchase due to a Change of Control Event • Early redemption option due to a tax event • Events of Default and Acceleration of the Bonds
Status of the bonds and security	<p>The Bonds will constitute senior debt obligations of the Issuer. The Bonds will rank pari passu between themselves and will rank at least pari passu with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application) and shall rank ahead of subordinated debt.</p> <p>The Bonds are unsecured.</p>
Any restrictions on the free transferability of the securities	<p>The Bonds are freely transferable and may be pledged, subject to the following:</p> <p>(i) Bondholders will not be permitted to transfer the Bonds except (a) subject to an effective registration statement under the U.S. Securities Act, (b) to a person that the Bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule</p>

	<p>144A, (c) in an offshore transaction in accordance with Regulation S under the U.S. Securities Act, including a transaction on the Oslo Børs, and (d) pursuant to any other exemption from registration under the Securities Act, including Rule 144 thereunder (if available).</p> <p>(ii) Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due e.g. to its nationality, its residency, its registered address, its place(s) for doing business). Each Bondholder must ensure compliance with local laws and regulations applicable at own cost and expense.</p> <p>Notwithstanding the above, a Bondholder which has purchased the Bonds in contradiction to mandatory restrictions applicable may nevertheless utilize its voting rights under the Bond Terms provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.</p>
Where will the securities be traded?	
Admission to trading	An application for admission to trading on the Oslo Børs will be made once the Prospectus has been approved.
What are the key risks that are specific to the securities?	
Most material key risks	<p>If there is a change of control, each individual bondholder shall have a right of pre-payment of the Bonds as set out in the Bond Terms, but the Company's ability to redeem the Bonds with cash may be limited at that point.</p> <p>The Company will pay principal and interest on the Bonds in USD, but exchange rate changes may decrease investor returns, depending on the investor's currency.</p> <p>The terms and conditions of the Bond Terms will allow for modification of the Bonds or waivers or authorizations of breaches and substitution of the Company which, in certain circumstances, may be affected without the consent of bondholders.</p> <p>There is a liquidity risk, as the Bonds may have no established trading market when issued, and one may never develop. The market value of the Bonds may also fluctuate.</p> <p>The Bonds may be subject to optional redemption by the Company, which may have a material and adverse effect on the value of the Bonds.</p>

D - KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKED

Under which conditions and timetable can I invest in this security?	
Terms and conditions for the offer	Not applicable. The Bonds have not been subject to a public offer, the Bonds are already issued and settled.
Why is the Prospectus being produced?	
Admission to trading	The Prospectus is produced in connection with an application of listing of the Bonds on the Oslo Børs.
Use of proceeds	The net proceeds – apprx. USD 395 million - from the issuance of the Bonds shall be applied to part refinance the Existing Bonds, and for other general corporate purposes
Material conflicts of interest	The persons involved in the issue of the Bonds have no interest, nor conflicting interests, that are material to the issue of the Bonds.