



Oslo, 27 July 2010

DNO reports a working interest production of 23,478 bopd in June 2010. Second quarter working interest production was 15,748 bopd.

DNO’s working interest production increased from 11,431 bopd in May to 23,477 bopd in June. On a quarterly basis, the working interest production increased from 12,442 bopd in the first quarter to 15,748 in the second quarter. The strong increase in June was related to short term sales arrangements for crude oil deliveries to the local market in the Kurdistan Region of Iraq (Kurdistan).

The total net entitlement production to DNO in the second quarter was 9,940 bopd at an average realized oil price of 52 USD per barrel. The higher production volumes in the second quarter will have a positive effect on the financial results for the period.

“The Company expects to maintain the June level of crude oil deliveries in Kurdistan also for July, but the August production is likely to be lower due to Ramadan. As the current production volumes in Kurdistan are based on short term delivery arrangements, the local sales in Kurdistan may continue to show significant fluctuations going forward”, says Helge Eide, Managing Director of DNO International ASA.

Yemen production

DNO’s working interest production in Yemen in June 2010 was 6,332 bopd and the net entitlement production was 3,705 bopd. DNO’s working interest production for the second quarter 2010 was 6,808 bopd and the net entitlement production was 3,890 bopd.

Production in Yemen is reported as follows:

(Bopd)	June 2010	May 2010	Q2 2010	Q1 2010	YTD 2010
Gross production	16,228	17,957	17,450	18,963	18,202
DNO’s working interest	6,332	7,027	6,808	7,437	7,121
DNO’s net entitlement	3,705	3,955	3,890	4,889	4,386
Achieved oil price (USD/bbl)	75	73	78	80	79

The production figures include crude oil consumed in the operation of the Company’s production facilities, at an accumulated working interest volume of 271 bopd and net entitlement volume of 144 bopd in second quarter 2010.

Lower gross production in June compared to May is mainly due to several well interventions and work-overs at the Tasour, Nabrajah and Bayoot fields.

Kurdistan production

DNO’s working interest production from the Tawke field in Kurdistan in June 2010 was 17,145 bopd and DNO’s net entitlement production was 11,430 bopd. DNO’s working interest production for second quarter 2010 was 8,940 bopd and the net entitlement production was 5,960 bopd.

During the first six months the gross deliveries from Tawke were 7,759 bopd, compared to an expected level of around 6,000 bopd.

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Production from Tawke is reported as follows:

(Bopd)	June 2010	May 2010	Q2 2010	Q1 2010	YTD 2010
Gross production	19,050	4,894	9,933	5,561	7,759
DNO's working interest	17,145	4,404	8,940	5,005	6,983
DNO's net entitlement	11,430	2,936	5,960	3,337	4,655

The production figures include crude oil consumed in the operation of the Company's production facilities, at an accumulated working interest volume of 94 bopd and net entitlement volume of 63 bopd in second quarter 2010.

Drilling and well operations

Yemen

The drilling of the appraisal well Sharnah-2 in block 47 took place from from 22 June to 16 July. The drilling was part of the work program in preparation for a development of the Yaalen and Sharnah oil discoveries in the block. The well penetrated the reservoir 20 meters deeper than prognosed, and even though oil shows were observed while drilling through the target reservoir, subsequent logging and fluid sampling proved the reservoir sands to be water bearing. The well is now suspended while possible sidetrack locations are being evaluated.

Drilling of the appraisal and development well, Bayoot-9 located in block 53 commenced on 7 May. The drilling operations have now been completed and the well will be brought on stream as a new oil producer at the Bayoot Field.

Kurdistan

As previously reported the license partners of the Erbil license has given notice to the KRG for one year extension of the appraisal period including drilling of one additional exploration well as part of the commitment program. Subject to rig availability this well may be drilled during the second half of 2010.

Drilling of the Summail-1 exploration well in the Dohuk license is expected to commence as soon as the drilling rig is returned from another operator who is currently using the rig under a sub-lease arrangement for one well. Based on the current information the drilling of Summail-1 is expected to commence during the fourth quarter.

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