

**Ministry of Natural Resources
Kurdistan Regional Government**

شارع 30 متري - صندوق بريد 18 \ 0112 - اربيل



30 Metre Street, Erbil, Kurdistan Region - Iraq

P O Box 18/0112 Erbil, T: +964 (0) 662550041/2

وزارة الثروات الطبيعية - حكومة اقليم كردستان - العراق

Date 21 /09/2009 Ref: MNR-DNO-OSE

The Directors
DNO IRAQ AS,
Attention: Magne Normann
39th Floor, Shatha Tower
PO Box 502503,
Dubai Media City
Dubai, United Arab Emirates
Email: magne.normann@dno.no

cc: The Directors
DNO International ASA, Oslo, Norway
Email: Helge.Eide@dno.no

Dear Sirs,

Subject: Causing Serious Harm to KRG Reputation

We write in connection with the recent misleading and incomplete publications by the Oslo Stock Exchange ("OSE") in relation to its internal arguments and disputes with DNO. We have appraised the impact of this publication further and its coverage by the international media, coupled with further deliberate false briefings appearing in the Norwegian newspapers, that unjustifiable and incalculable harm has been caused to the reputation of the KRG. This internal dispute between DNO and OSE should not have targeted the KRG Minister by selectively releasing such misleading information. The KRG has built its oil policy and reputation on full transparency and modern international standards which has been a fundamental driver in attracting more than 35 companies from 16 countries to invest in the Region.

As you know, we have tried to help DNO and always have been supportive of your efforts, yet we have been subject to this unfair treatment. We cannot allow our reputation to be undermined by the internal battles of one of the Contractors with its own Regulator. Accordingly, with reliance on the provisions of the KRG oil and gas law and other applicable laws to the Kurdistan Region, we have decided to:

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1. Suspend all DNO's operations and its involvement in the Kurdistan Region with immediate effect, and appoint the other PSC Contractor Entities to manage the day to day operations instead. All oil exports will cease and DNO shall not be entitled to any economic interest in the PSCs during the suspension period.
2. The suspension period shall be for a maximum period of 6 weeks, and during which DNO must find ways to remedy, and to our full satisfaction, the damage done to the KRG reputation, and once and for all to sort its internal problems with OSE and any other disputes that they may have with any other third parties with respect to any claims related to the PSCs ("Claims").
3. If within this suspension period, DNO satisfies KRG's requirements; all its PSC rights will be reinstated with our continuous support to its operations. However, if DNO fails to remedy the damages caused and fails to remove any other Claims the KRG may consider termination of DNO's involvement in the Kurdistan Region with or without compensation. Any compensation, if offered, will factor in the magnitude of the damages caused to the KRG.

Yours Faithfully,

Dr. Ashti Hawrami
Minister of Natural Resources
Kurdistan Regional Government-Iraq

cc: Office of the Prime Minister/Oil and Gas Council