



Half-Year 2020 Interim Results

Corporate overview and operational highlights

Cover photo: Operating valve at the Peshkibir-to-Tawke Gas Project

Prepared for quick scale back, then ramp up of activities

- DNO applied lessons learned from previous crises to address COVID-19 pandemic and oil price crash:

--- Be prepared

DNO held significant cash balances of USD 543 million at the end of Q1 2020

--- Act fast

One of the first oil companies to hit the brakes on spending, DNO moved quickly in mid-March 2020 to scale back expenditures to preserve cash, secure supply chains, negotiate supplier discounts, organize staff movements and implement security, health and extraction protocols

--- Identify and capture opportunities

DNO one of the first oil companies to press down on the accelerator starting in June 2020 with quick turnaround projects leading to a 15 percent operated production upswing from Q2 2020 levels

Q2 2020 operational highlights

- DNO recovering from oil market turmoil in Q2 2020 with strengthening operational metrics
- Q2 2020 operated production in Kurdistan of 102,000 barrels of oil per day (bopd) (115,200 bopd in Q1 2020)
- Of which 71,900 bopd represented Company Working Interest (CWI) production net to DNO in Kurdistan in Q2 2020 (81,200 bopd in Q1 2020) with North Sea contributing 17,800 barrels of oil equivalent per day (boepd) of CWI production in Q2 2020 (18,600 boepd in Q1 2020)
- Bringing total Q2 2020 CWI production to 89,700 boepd (99,900 boepd in Q1 2020)
- CWI production continues to be split 80:20 between Kurdistan and North Sea
- In June 2020, DNO fast tracked Tawke license well intervention campaign following stabilization of oil prices and export payments, quickly adding an incremental 15,000 bopd month-on-month to raise average July 2020 production to 115,000 bopd

Q2 2020 financial highlights

- Revenues totaled USD 72 million in Q2 2020 (USD 206 million in Q1 2020)
- Operating loss of USD 81 million in Q2 2020 (USD 12 million loss in Q1 2020) driven by weak oil prices and lower lifted volumes in North Sea
- Received USD 117 million from Kurdistan in Q2 2020 (USD 106 million in Q1 2020)
- Kurdistan entitlement payments for November and December 2019 and January and February of 2020 (USD 212 million) and override payments for November 2019 through June 2020 (USD 28 million) deferred by the government but discussions ongoing to reach agreement on acceptable terms and timing of payments
- DNO01 bonds (USD 200 million of which DNO held USD 61.5 million) repaid at maturity on 18 June 2020
- Exited Q2 2020 with cash balance of USD 427 million (USD 543 million at end Q1 2020)

Kurdistan fundamentals remain strong

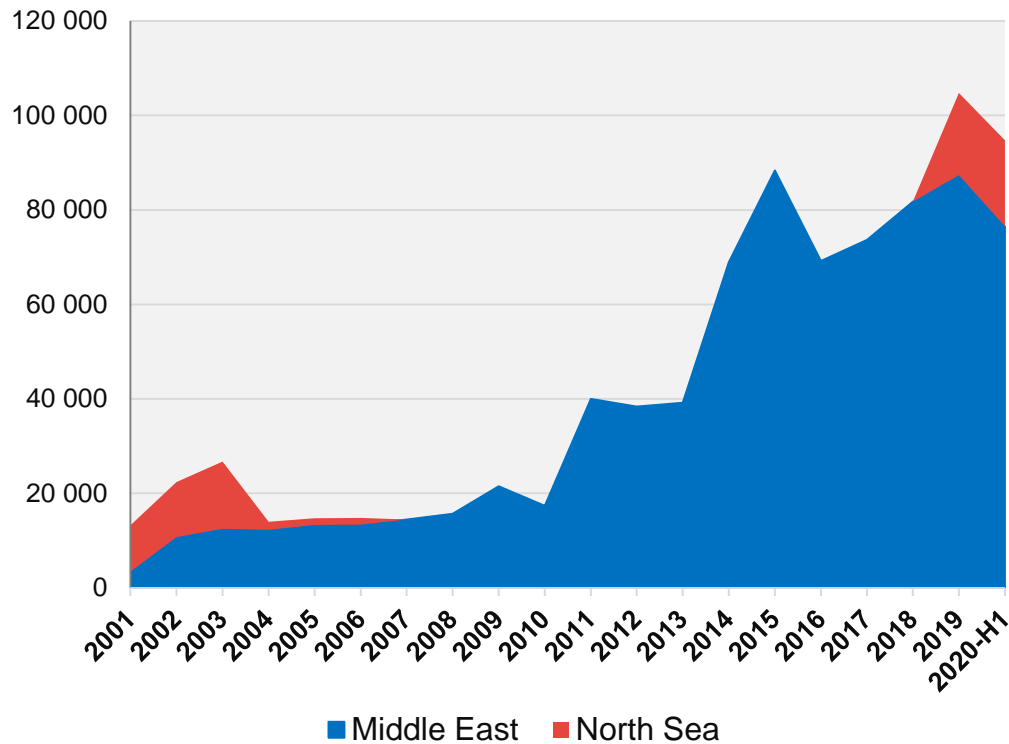
- Kurdistan continues to drive DNO operations and DNO continues to drive Kurdistan oil sector
- Q2 2020 Tawke license operated production averaged 102,000 bopd (115,200 bopd in Q1 2020) to which the Tawke field contributed 58,100 bopd (61,500 in Q1 2020) and the Peshkabir field 43,900 bopd (53,700 in Q1 2020)
- Commissioned Peshkabir-to-Tawke gas reinjection project (first enhanced oil recovery project in Kurdistan) to unlock additional oil reserves at Tawke while significantly reducing gas flaring at Peshkabir
- Halted all drilling on Tawke license in Q2 2020
- In July 2020 completed drilling Zartik-1, third exploration well on Baeshiqa license, targeting Lower Jurassic and Upper Triassic formations on a separate structure around 15 kilometers southeast of Baeshiqa-2 well
- Testing to commence in August 2020 and last approximately three months

Building on North Sea platform

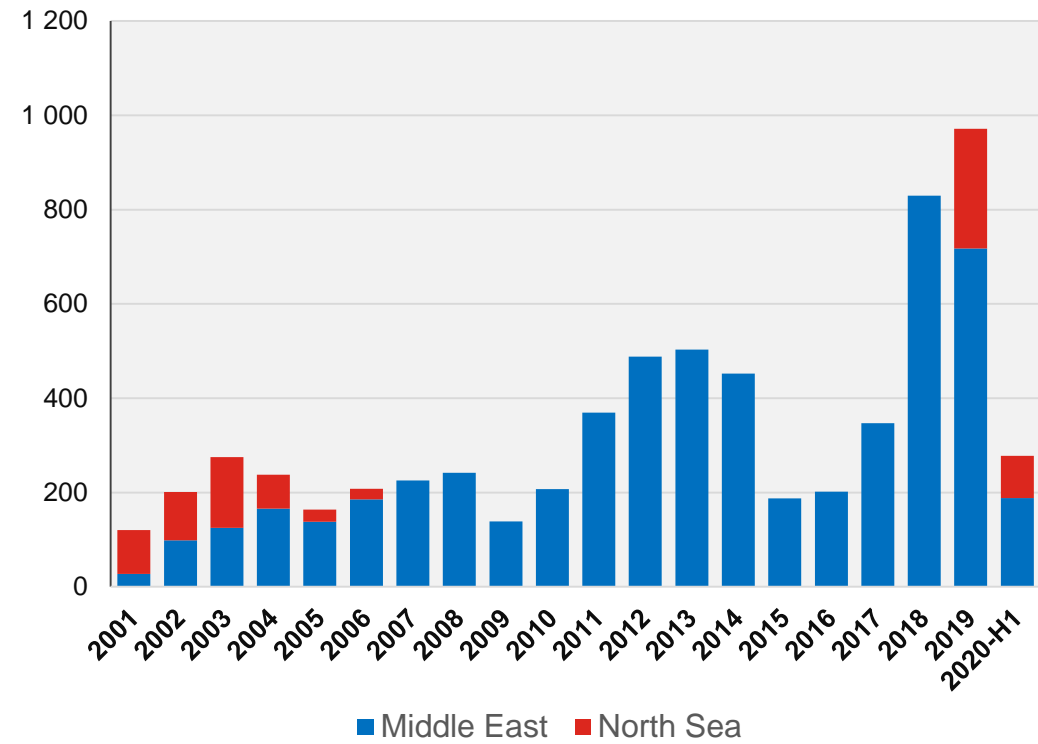
- North Sea CWI production averaged 17,800 boepd in Q2 2020 (18,600 boepd in Q1 2020)
- Of which 13,300 bopd of oil and condensate and 27.0 million cubic feet a day (MMcfd) of gas in Q2 2020 (14,300 bopd and 25.9 MMcfd in Q1 2020)
- Temporary Norwegian petroleum tax incentives driving stepped-up investment plans
- Revisiting development options for the Brasse field (2021 PDO) and actively evaluating Iris/Hades, Fogelberg and Trym South discoveries (2022 PDOs)
- Accelerating infill drilling at Ula, Tambar and Brage producing fields in 2021
- Appraisal of Bergknapp discovery, Norway's largest so far this year, in 2021
- Active exploration program targeting 4-6 wildcat wells per year

Historical production and revenue trends

CWI production
boepd

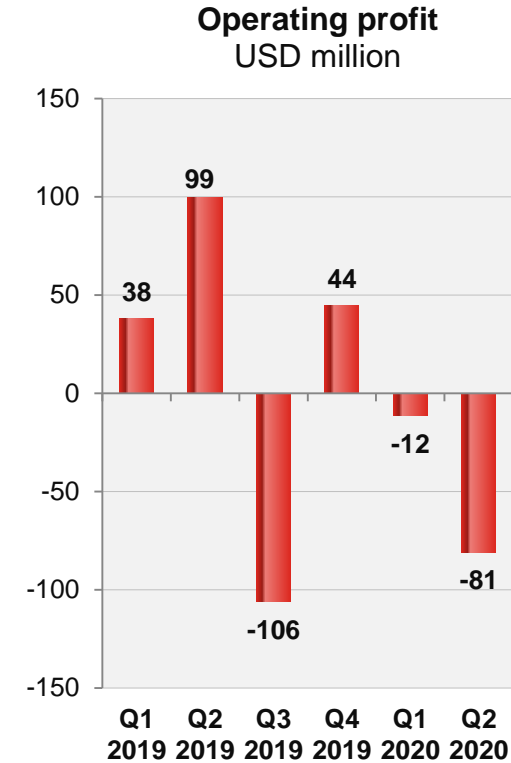
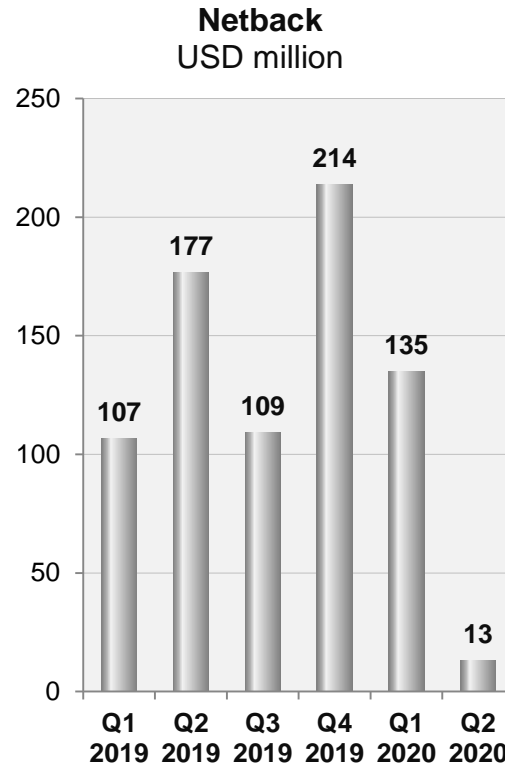
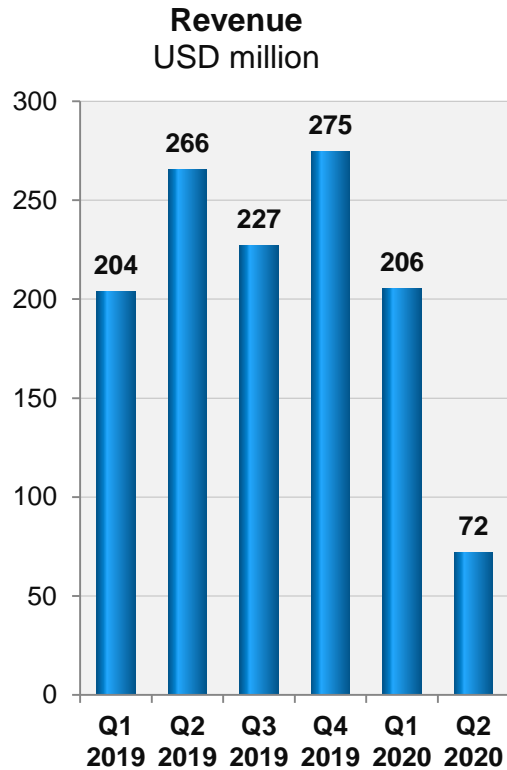


Revenue from oil and gas
USD million



Financial review

DNO financial results – key figures



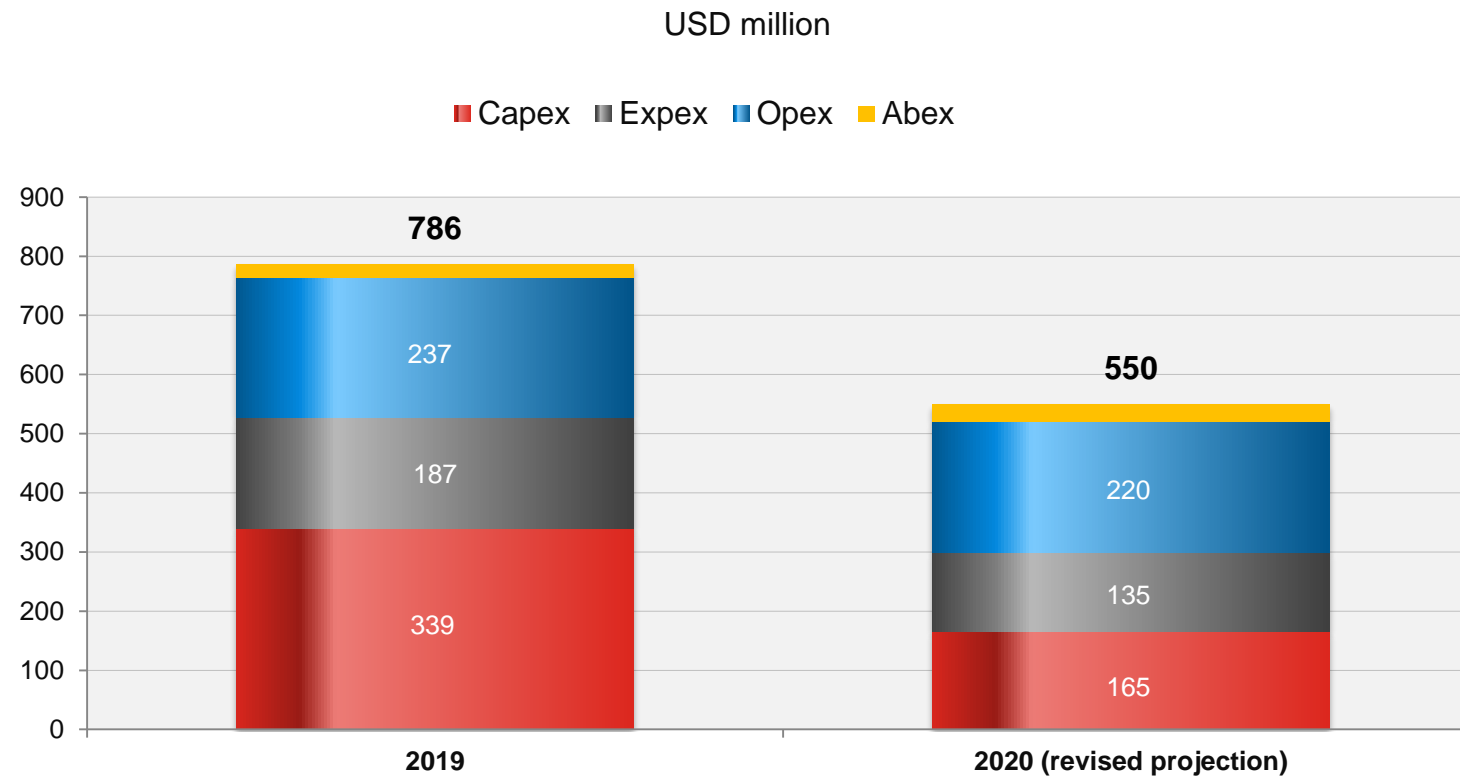
- Q2 2020 key financial figures impacted by significant drop in oil prices
- Revenues split USD 54 million from Kurdistan and USD 18 million from North Sea in Q2 2020

Financial summary

USD million	Q2 2020	Q1 2020	H1 2020	H1 2019
Revenues	72.1	205.6	277.7	469.7
Cost of goods sold	-125.6	-167.2	-292.8	-250.7
Gross profit	-53.5	38.4	-15.1	219.0
Expensed exploration	-17.0	-14.8	-31.8	-51.2
Administrative expenses	-8.2	4.6	-3.6	-13.1
Other operating income/expenses	-0.4	-0.6	-1.0	-17.5
Impairment of oil and gas assets	-1.6	-39.2	-40.8	0.0
Profit/loss from operating activities	-80.8	-11.5	-92.3	137.3
Net finance	-26.9	-38.6	-65.4	-57.9
Profit/loss before income tax	-107.6	-50.1	-157.7	79.4
Tax income	44.0	10.7	54.7	39.7
Net profit/loss	-63.6	-39.4	-103.0	119.1

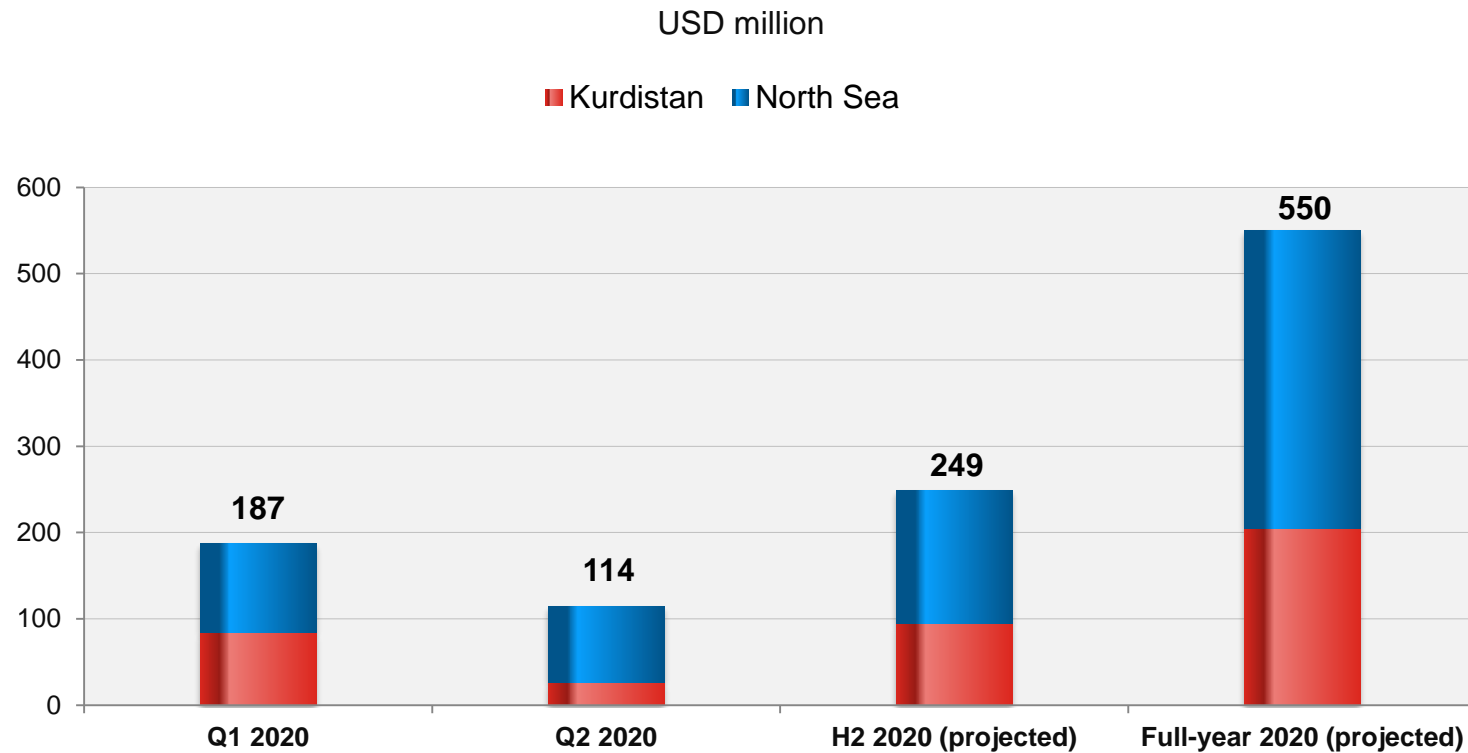
- Q2 2020 revenues further reduced by lower lifted volumes from North Sea
- Cost of good sold in Q2 2020 positively impacted by increase in North Sea underlift of USD 24 million

Annual operational spend



- Operational spend shown before adjustments for North Sea applicable tax refunds
- Operating cost (opex) in North Sea includes tariffs

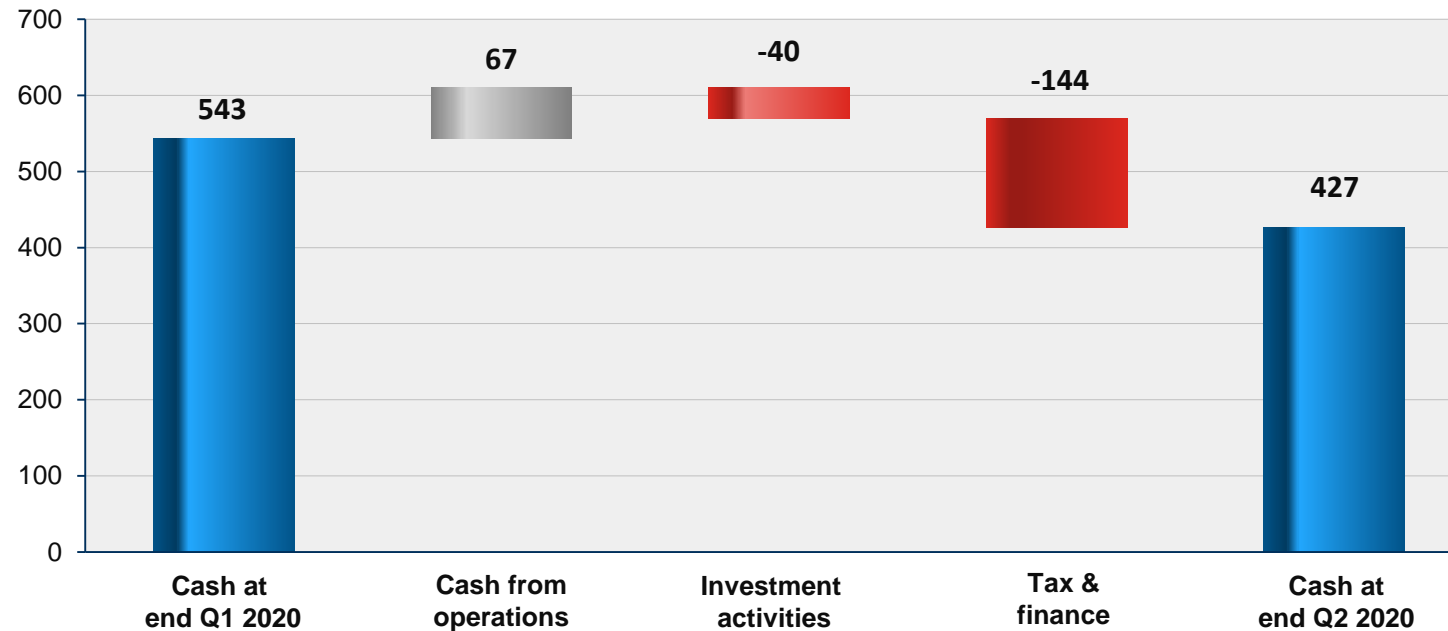
2020 operational spend by region



- Revised projected 2020 operational spend is split USD 345 million in North Sea (before adjustments for applicable tax refunds) and USD 205 million in Kurdistan

Q2 2020 cash flow

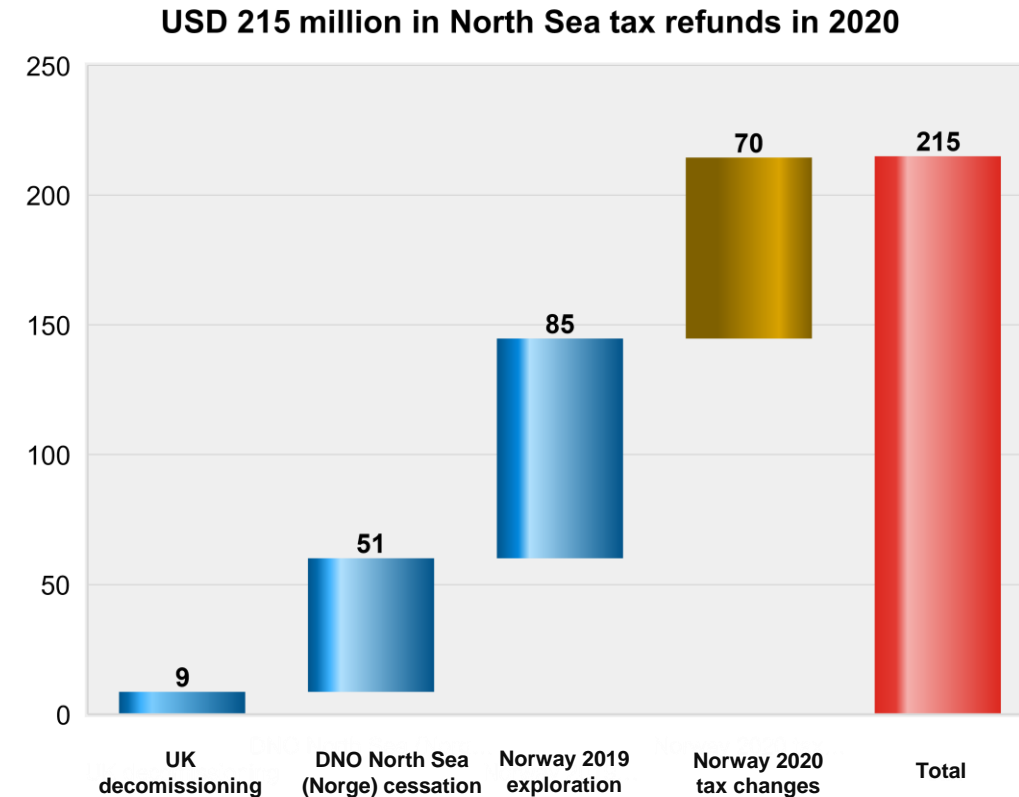
USD million



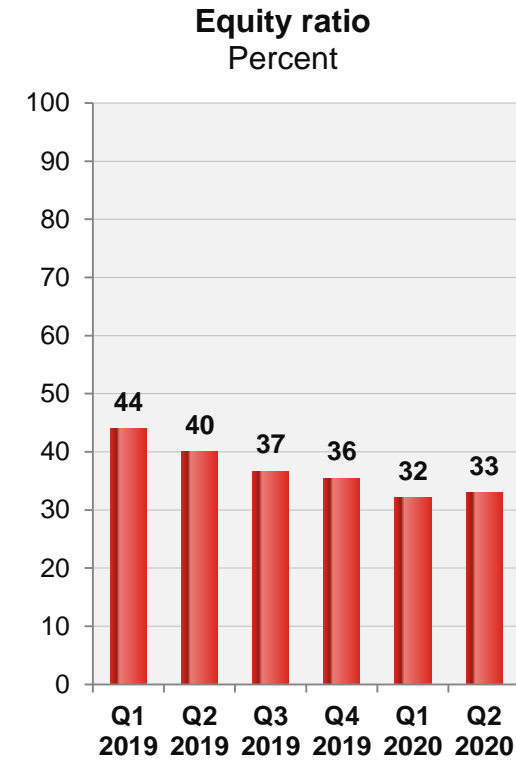
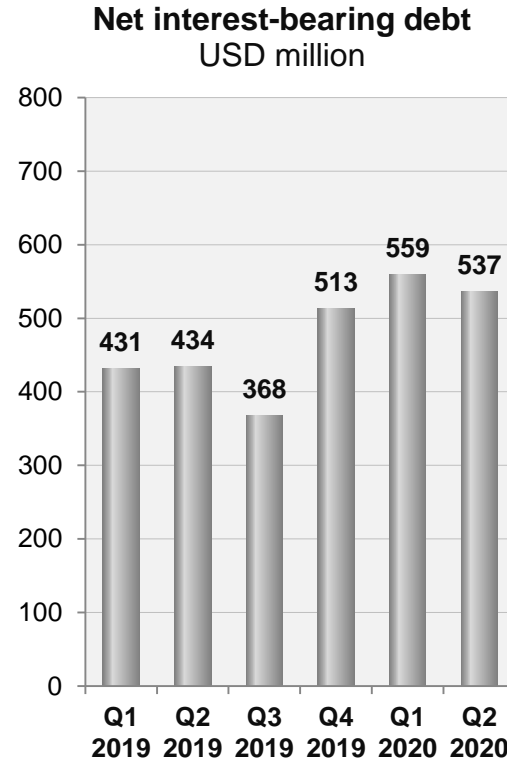
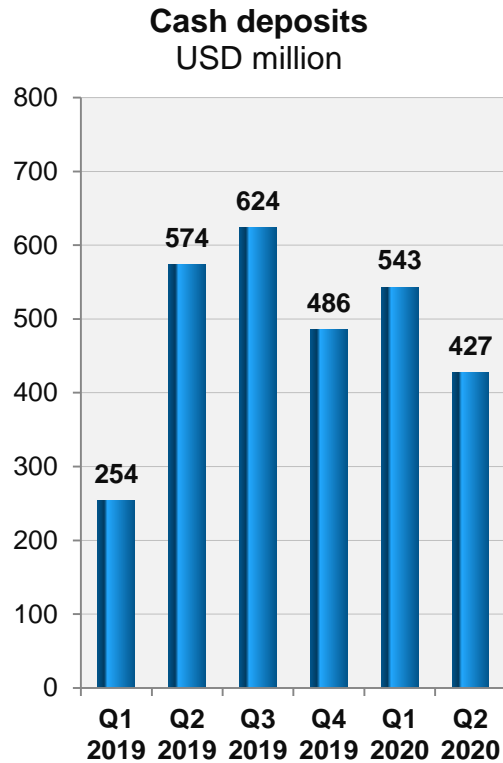
- Cash flow from operations supported by positive working capital change in Q2 2020
- DNO01 bond redeemed at maturity on 18 June 2020
- Received USD 22.6 million Tawke June 2020 entitlement payment after the reporting period (not shown above)

Norwegian tax changes speed refunds, up cash position

- Projected receipt of USD 215 million in tax refunds in H2 2020 including USD 206 million in Norway and USD 9 million for decommissioning in UK
- Temporary changes to petroleum taxation allow for cash refund of tax value of losses (including expex, capex and opex) incurred in 2020 and 2021 through six instalments a year
- DNO estimates these changes will generate tax refunds of USD 140 million for 2020, of which USD 70 million will be received in 2020 and the balance finalized and received in H1 2021
- Tax refund of USD 51 million in respect of the cessation of petroleum activities by DNO North Sea (Norge) AS following the acquisition of Faroe Petroleum plc and consolidation of two DNO Norwegian operating entities into DNO Norge AS
- Further tax refund of USD 85 million in respect of 2019 exploration



Capital structure



- Maintained solid cash balance of USD 427 million at end of Q2 2020
- Interest-bearing debt mainly long-term bonds

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