



DNO ASA

TRANSFORMING RESOURCES TO
RESERVES AT LOW COSTS



Helge Eide

Managing Director



2006

DISCLAIMER

This Presentation includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. These statements and this Presentation are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for DNO ASA and DNO ASA's (including subsidiaries and affiliates) lines of business. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for DNO's businesses, oil prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time in the Presentation. Although DNO ASA believes that its expectations and the Presentation are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in the Presentation. DNO ASA is making no representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the Presentation, and neither DNO ASA nor any of its directors, officers or employees will have any liability to you or any other persons resulting from your use.

This presentation was prepared for the presentations held in May 2006. Information contained within will not be updated. The following slides should be read and considered in connection with the information given orally during the presentation.



A LEADING EUROPEAN INDEPENDENT

Investment Highlights

- A pure-play E&P investment
- Diversified, risk balanced portfolio
- Strong position offshore Norway and in the Middle East
- Exploration licenses with strong reserve growth potential
- High margin production
- Proven track record as Operator

Key facts about DNO

Operational Facts*

Production First Quarter 2006	16.900 BOPD
Reserves (P+P) March 06	100.3 MBOE

Financial Facts*

Sales Q1 2006	USD 91 million
EBITDA Q1 2006	USD 45 million
Netback Q1 2006	USD 12 million

Share Facts

Shares Outstanding	226,2 Million
Current MCAP	USD 2.2 Billion
Trading Symbol	DNO.NO
Listed	OSX (Oslo)
Shareholders	> 14 000

*Based on working interest figures

NEW GROWTH CYCLE

Realizing values in 2004

- USD 240 million sales proceeds

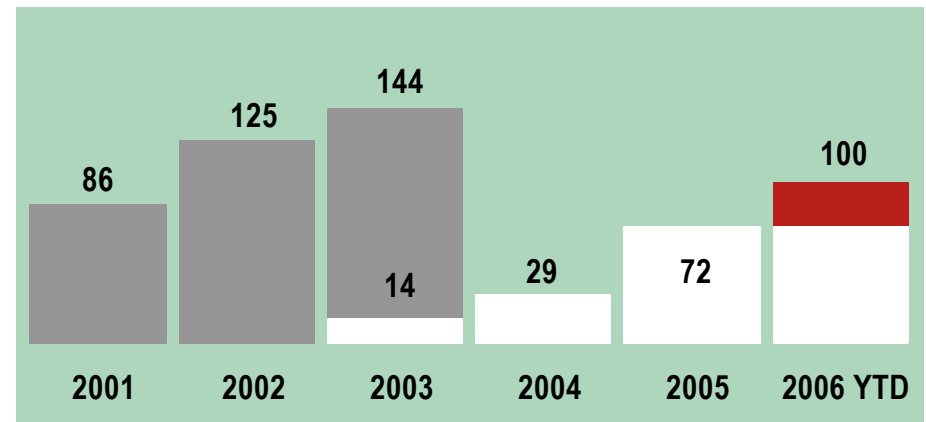
Returning values

- Cash and shares dividend of approximately USD 150 million since 2003

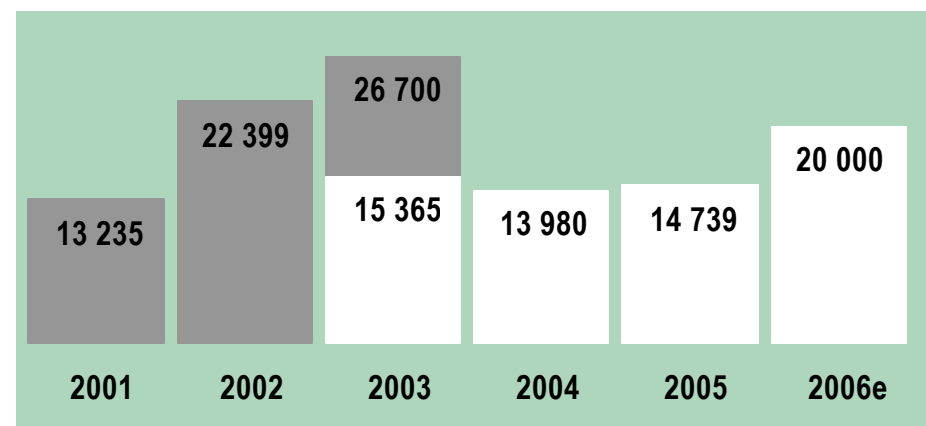
New growth opportunities

- Balanced portfolio with substantial upside potential
- High margin production
- Reserve growth at low costs

WI P50 Reserves (MBOE) 2001 - 2006



WI Production (BOPD) 2001 - 2006e



The background of the slide is a grayscale photograph of an offshore oil rig. The rig is a tall, complex structure with a derrick, situated on a platform in the middle of a dark, calm sea. In the distance, a range of low, hazy mountains or hills is visible under a light, overcast sky. The overall tone is industrial and professional.

OUR MISSION IS TO BE A LEADING EXPLORATION AND PRODUCTION COMPANY FOCUSED ON TRANSFORMING RESOURCES TO RESERVES AT LOW COST, GENERATING SUBSTANTIAL AND CONSISTENT VALUE FOR OUR SHAREHOLDERS

STRATEGY



We are pursuing a strategy of low cost reserve replacement borne out by the following strategic aims :

- **Further explore and develop strong position in Yemen, Iraq and North Sea**
- **Asset focus primarily on mature oil producing provinces**
- **Balanced risk based approach: technical, political, operational, financial**
- **Actively manage the portfolio for maximum shareholder returns**



OPERATIONAL REVIEW

WORLD WIDE PORTFOLIO

36 LICENSES - 16 AS OPERATOR

Northern Europe (25) WI

Norway

■ PL 048B "Glitne Field"	10.00
■ PL 048D "Enoch"	10.00
■ PL 305 (O)	30.00
■ PL 305 B (O)	30.00
■ PL 229 "Goliat"	15.00
■ PL 035	25.00
■ PL 272	25.00
■ PL 341 (O)	30.00
■ PL 334	30.00
■ PL 332	20.00
■ PL 362	25.00
■ PL 029B "Gere and Freke"	20.00
■ PL 265 "Ragnarock"	30.00
■ PL 028B "Hanz" (O)	35.00
■ PL 001B "West Cable" (O)	35.00
■ PL 242 "Draupne" (O)	35.00
■ PL 263 "Zita"	30.00
■ PL 263B	30.00
■ PL 143CS	35.00
■ PL 356 (O)	50.00
■ PL 369	20.00
■ PL 380	30.00
■ PL 383 (O)	50.00
■ PL 387	30.00

United Kingdom

■ P1067 (O)	50.00
-------------	-------

Middle East (8) WI

Yemen

■ Block 32 (Tasour) (O)	38.95
■ Block 43 (Nabrajah) (O)	56.67
■ Block 53 (Sharyoof)	24.45
■ Block 44 (O)	65.10
■ Block 72 (O)	34.00
■ Block 47 (O)	30.00

Northern Iraq

■ PSA (O)	40.00
-----------	-------

Syria

■ PSA	19.90
-------	-------

Africa (2) WI

Equatorial Guinea

■ Block P	5.00
-----------	------

Mozambique

■ Inhaminga Block (O)	80.00
-----------------------	-------

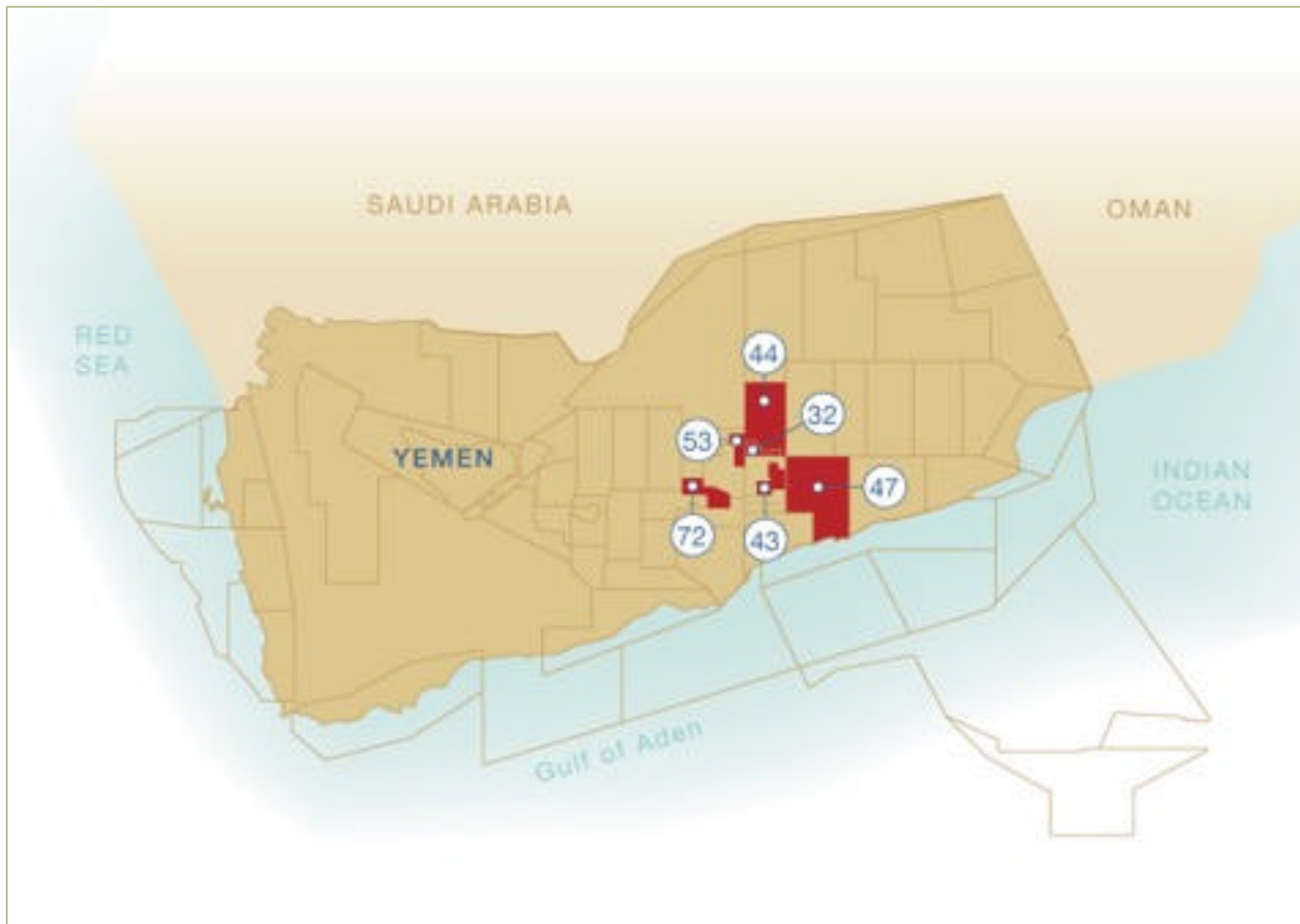
■ Producing asset
■ Exploration/Development asset

A black and white photograph of an offshore oil rig deck. In the foreground, a worker in a white hard hat and dark jacket is crouching, working on a large vertical pipe. In the background, two other workers in hard hats are standing near a piece of equipment. The deck is wet and reflective, with various pipes and machinery visible. A flag is flying in the distance.

MIDDLE EAST - YEMEN AND NORTHERN IRAQ: **EXPLORATION AND PRODUCTION UPDATE**

YEMEN

A CONTINUED SUCCESS



Yemen assets

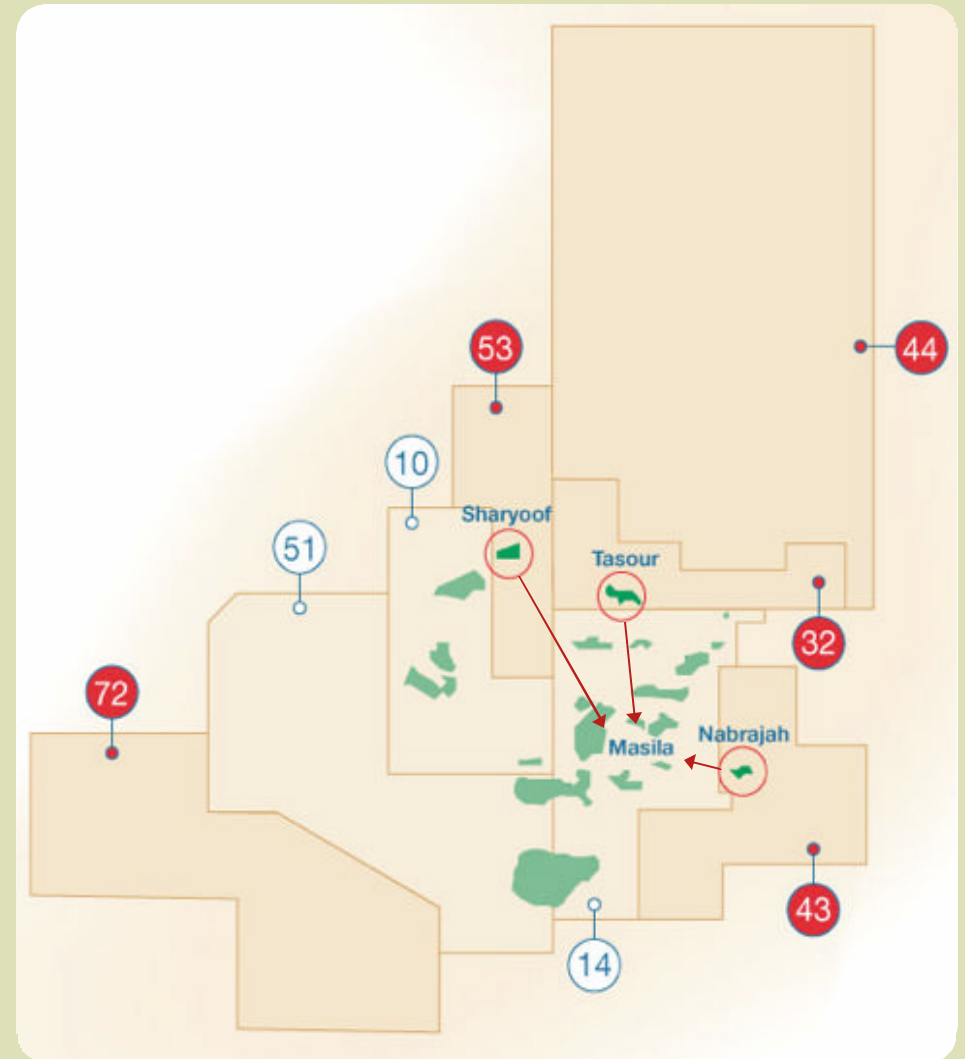
- Six licenses
- Five as operator
- Three producing assets

YEMEN

THE HIGHLY PROSPECTIVE MASILA AREA

Cost effective production:

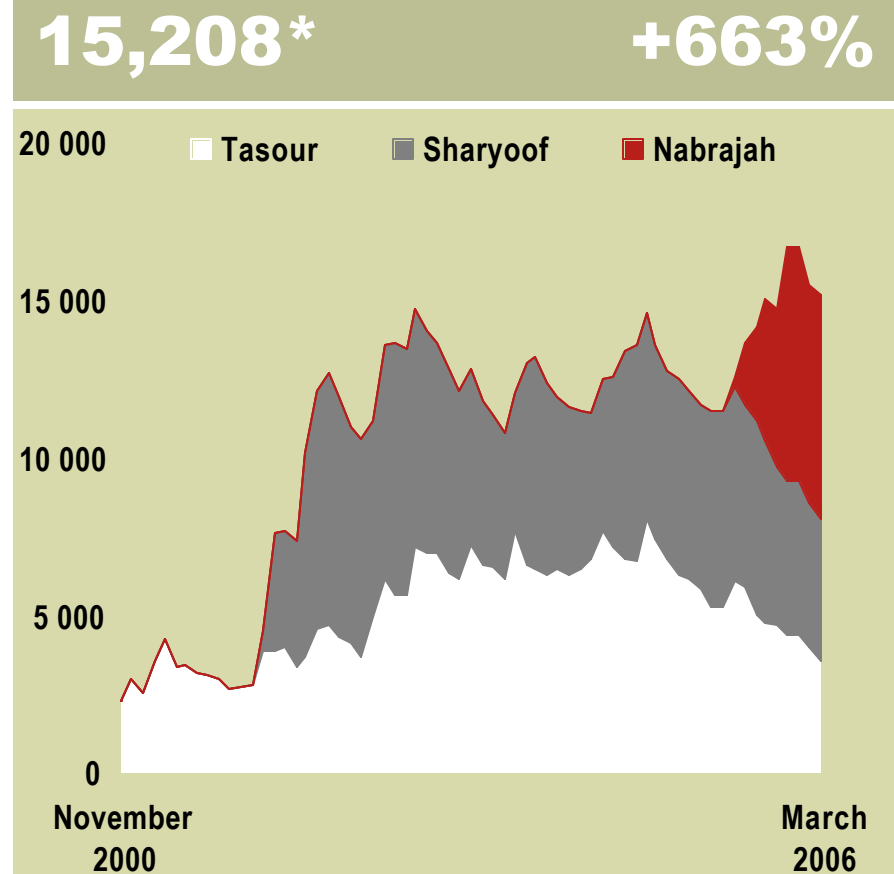
- Low cost / high margin production from Qishn and Basement levels
- Favourable infrastructure - production is tied back to Block 14 facilities
- Fast-track low cost development - licence acquisition to production in less than 18 months



YEMEN PRODUCTION HISTORY

A success story

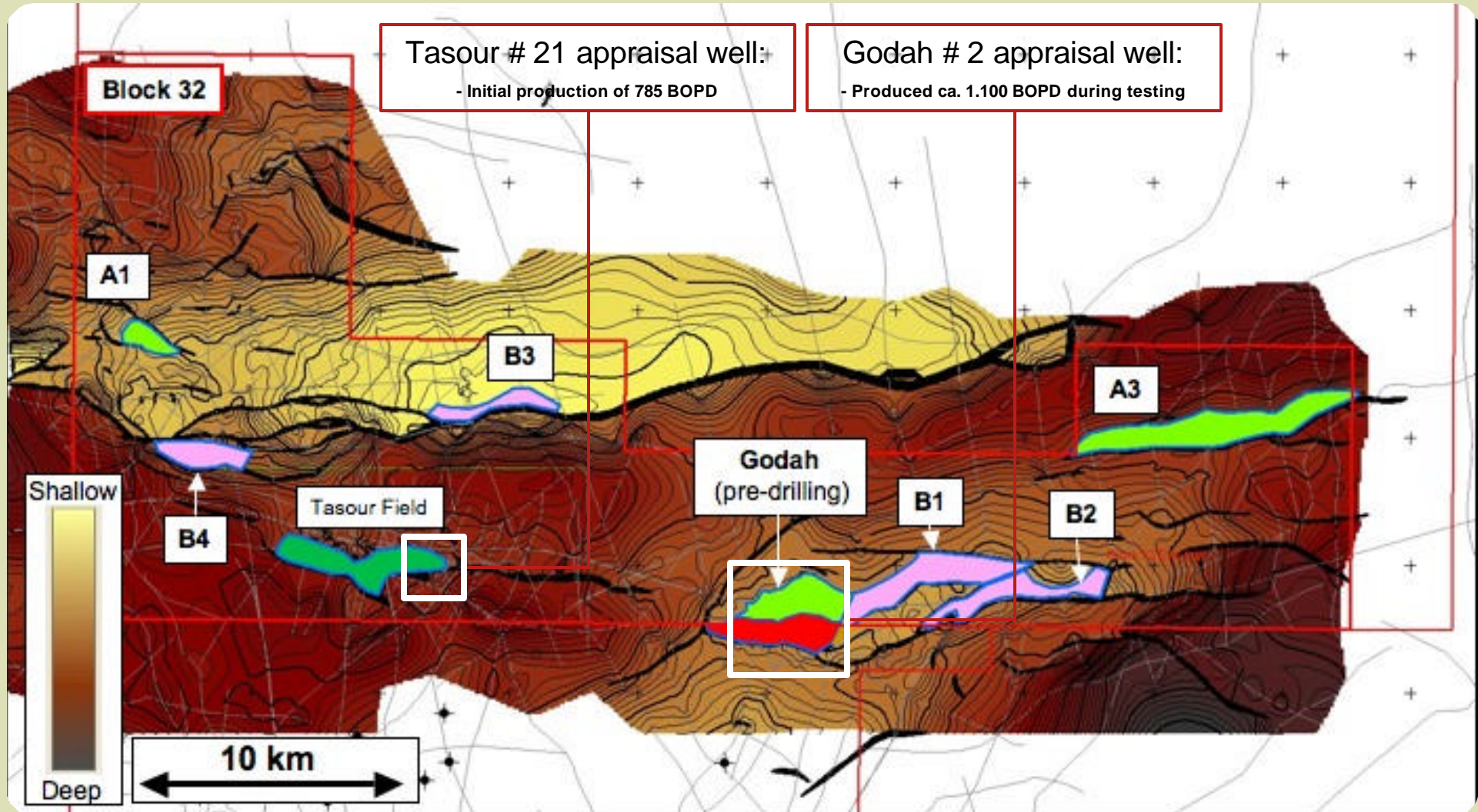
- Initial production net to DNO (WI) in December 2000 was 2,300 BOPD
- Current production net to DNO is approximately 15,000 BOPD
- Active drilling program has resulted in increased production and increased reserves



*March 2006 production net to DNO

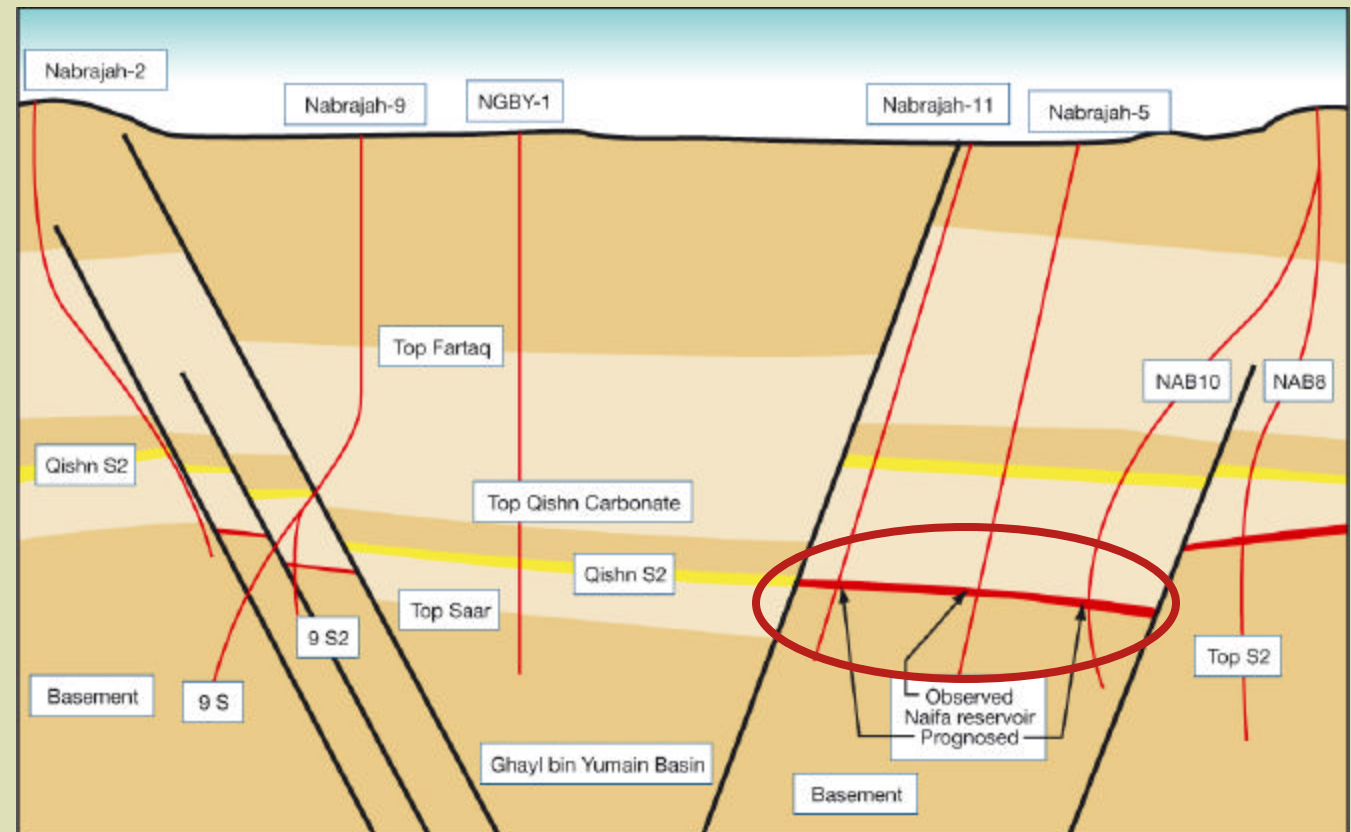
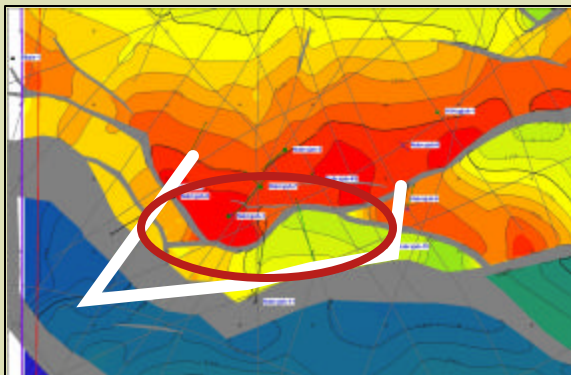
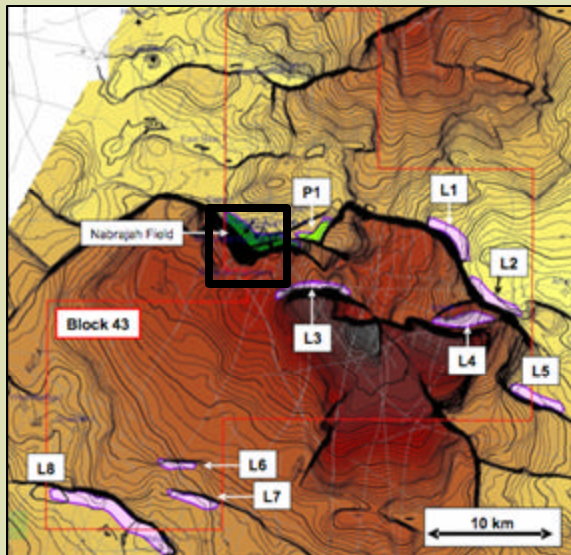
YEMEN BLOCK 32

QISHN PROSPECTS & LEADS



YEMEN BLOCK 43

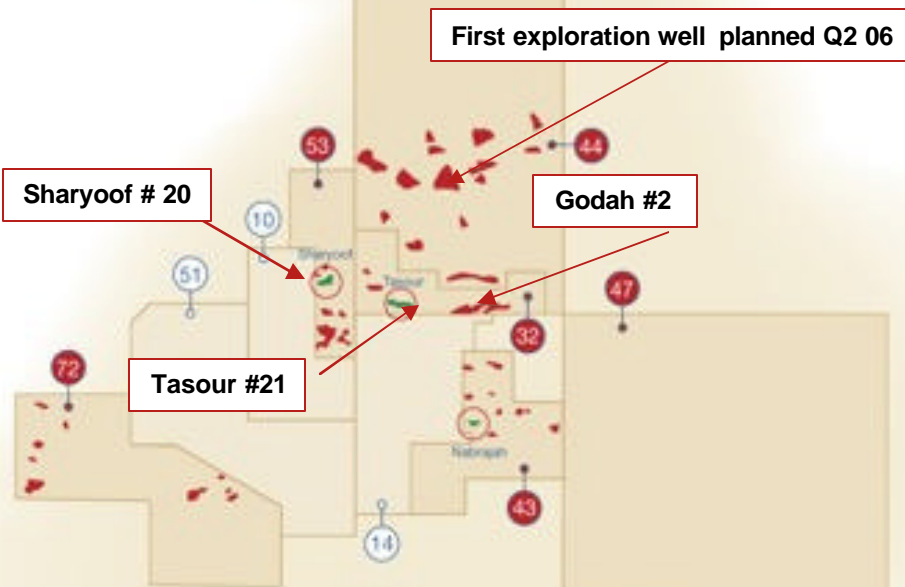
NABRAJAH BASEMENT APPRAISAL



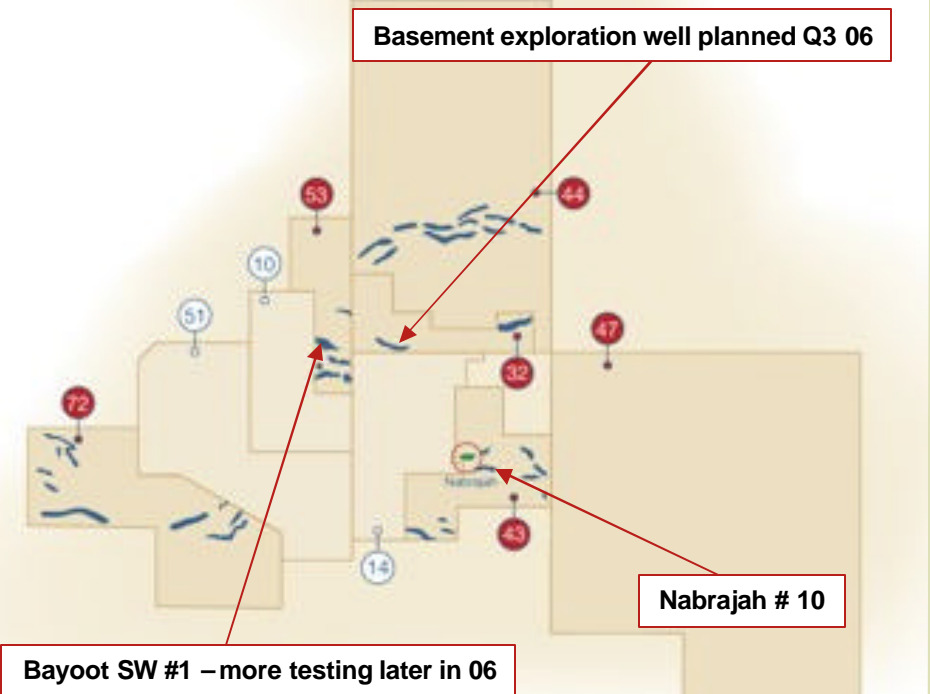
YEMEN SUBSTANTIAL POTENTIAL

NEW WELLS ON PRODUCING FIELDS + 12 EXPLORATION WELLS IN 2006

Qishn prospects and leads



Basement prospects and leads



NORTHERN IRAQ

A UNIQUE OPPORTUNITY



Summary - Northern Iraq

- First award of two PSA's in highly prospective area
- Memorandum of Understanding ("MOU") established with Ministry of Oil in Baghdad
- Acquisition of 440 km 2D seismic completed in Q3 2005
- First well spudded in November 2005
- Contracted second drilling rig starting Q3 2006
- Continuous drilling in 2006

A black and white photograph of an oil drilling rig, identified as Tawke #1, situated on a coastal or offshore platform. The rig is a tall, lattice-structured derrick with various mechanical components and ladders. It is surrounded by industrial equipment, including large storage tanks and smaller containers. The background shows a cloudy sky and a distant horizon line.

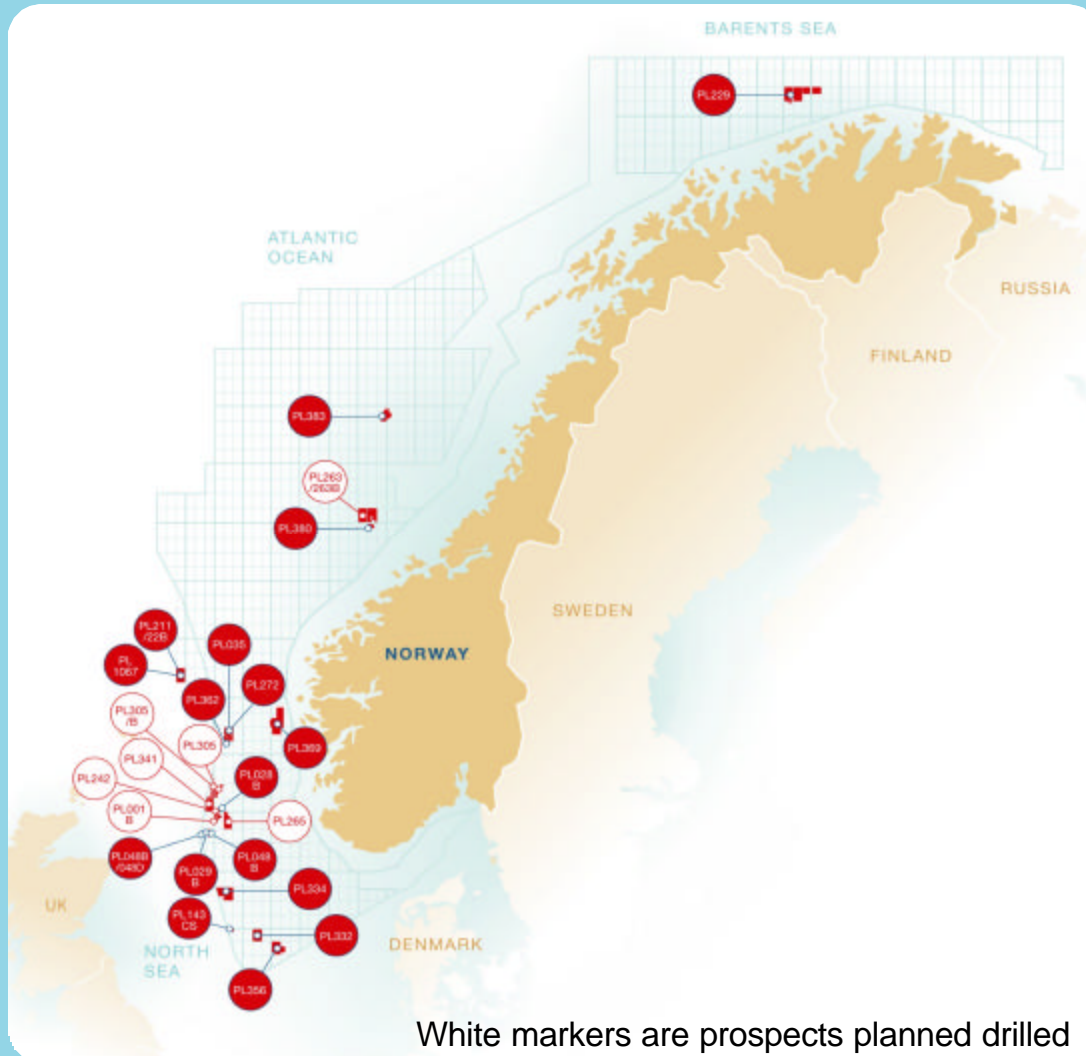
Tawke # 1

- **Well Spudded 28 November 2005**
- **Drilling completed beginning of April**
- **All exploration objectives fulfilled**
- **Influx of oil under pressure while drilling at ca. 350 meters**
- **Oil identified in 5 different reservoir layers**
- **Several tests in progress**
- **Fast-track development plan with possible test production in Q1 2007**

The background of the slide is a grayscale photograph of an offshore oil field. In the upper half, a large offshore oil rig is visible, with the name 'PETROBRAS 1' on its structure. Below the rig, two support vessels are shown. The vessel in the middle ground is a large supply ship, and the one in the foreground is a smaller tugboat or service vessel. The water is choppy, and the sky is overcast.

NORTHERN EUROPE - NORWAY AND UK: **EXPLORATION AND PRODUCTION UPDATE**

NORTHERN EUROPE HIGH POTENTIAL PROSPECTS



Expanded portfolio

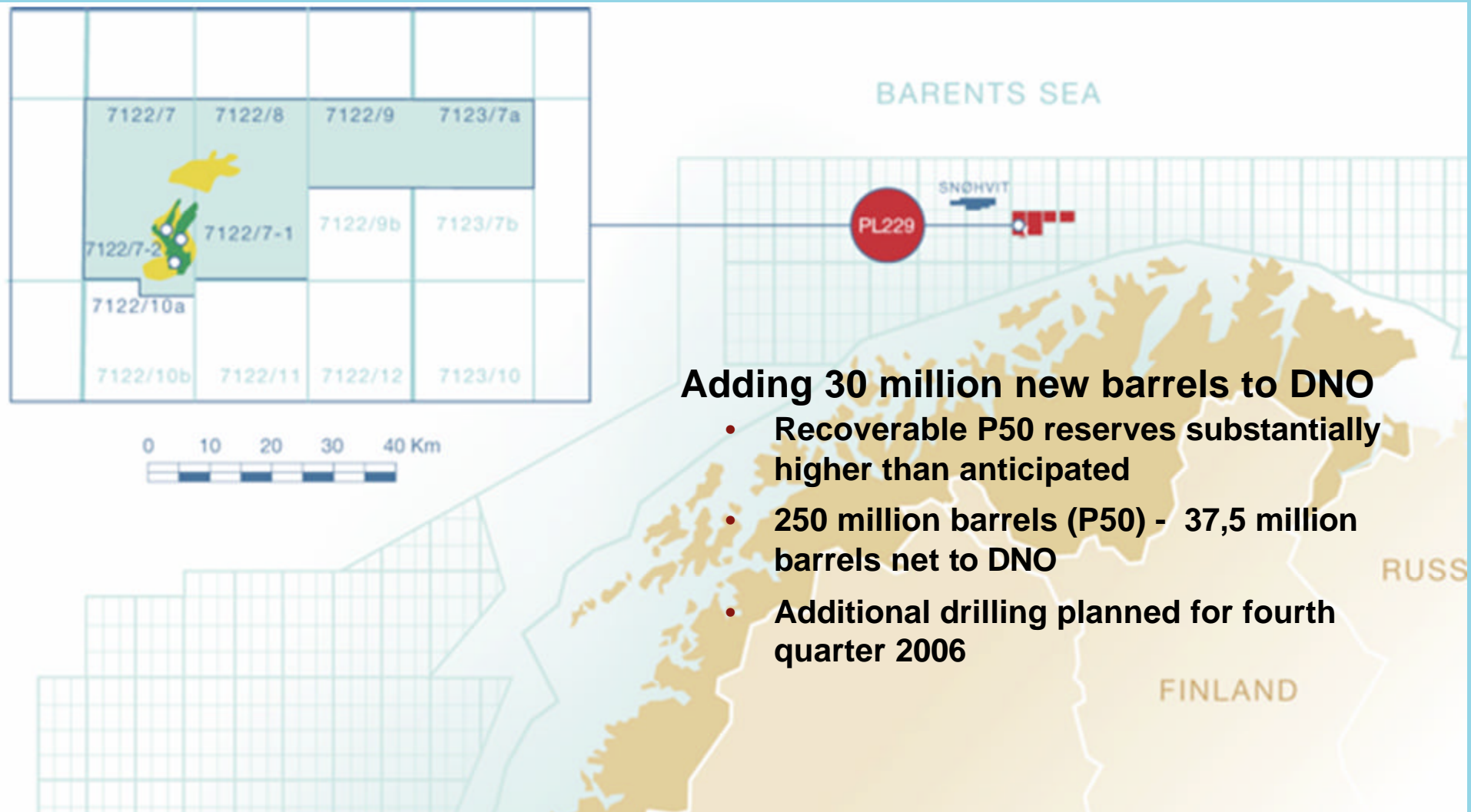
- 24 Licenses
- Nine as Operator
- One producing asset

Drilling activity

- Secured 340 rig days (6-8 wells) for three years starting Q4 2006 (as part of a consortium)
- DNO will participate in at least six exploration wells next 12-18 months (three as Operator)
- Targeting **158 mill.** barrels unrisked prospect resources net to DNO, (excluding Goliat)

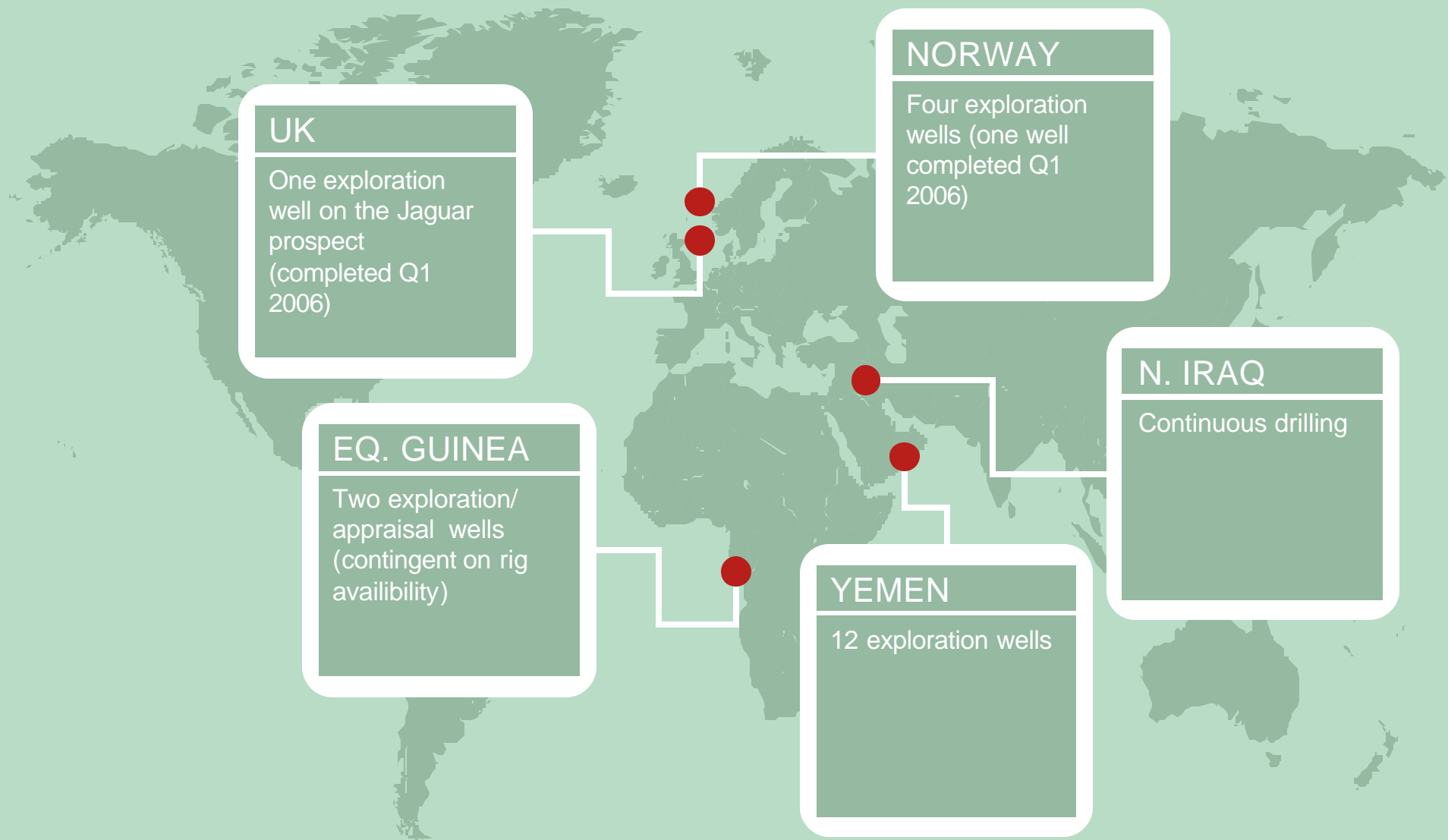
NORWAY

NEW GOLIAT OIL DISCOVERY



2006 EXPLORATION DRILLING PLAN

22 EXPLORATION WELLS IN 2006 – 15 AS OPERATOR



MANAGEMENT TEAM

DNO ASA

MD Helge Eide

CFO Haakon Sandborg

■ Number of staff: 8

HSE Mgr:

Åsmund Erlandsen

TOTAL STAFF 227

Northern Europe

EVP Roar Tessem

■ Number of staff: 30

Yemen

EVP Sven-Erik Lie

■ Number of staff: 160

Northern Iraq

EVP Magne Normann

■ Number of staff: 25

Africa

EVP Ole Nygaard

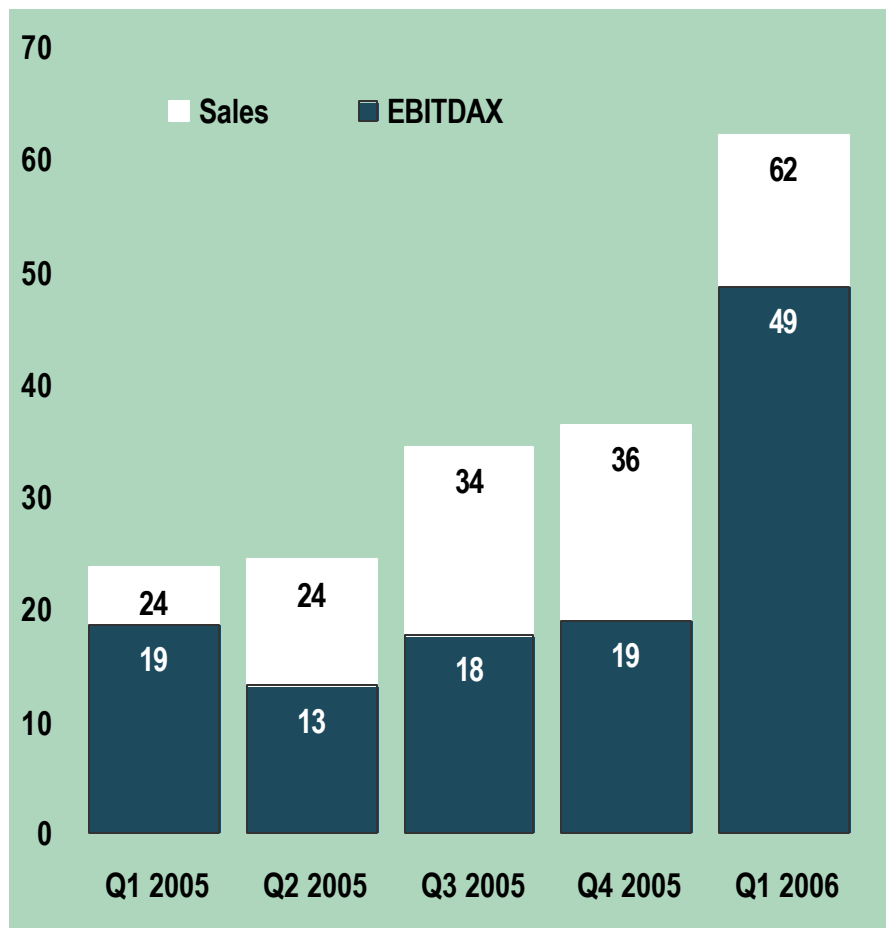
■ Number of staff: 2



FINANCIAL REVIEW

KEY FINANCIAL FIGURES

Quarterly Key Figures (USD Million)



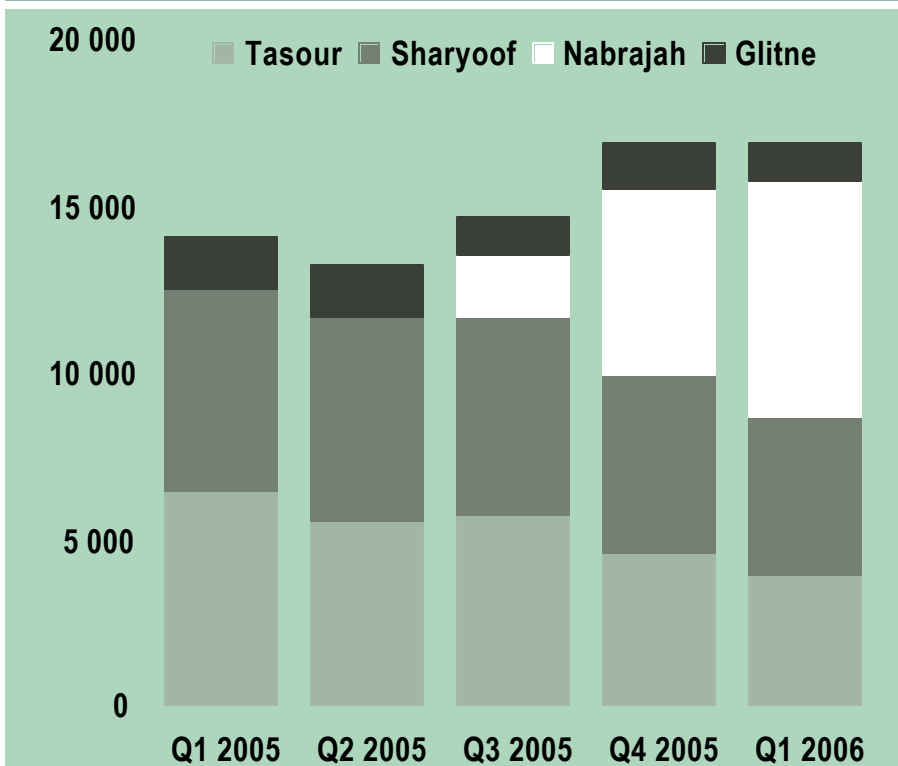
Highlights

- Solid Financial Performance
 - Strong netback funding high growth investments
 - Building financial strength
 - Excellent reserve economics
- Delivering value to Shareholders
 - Substantial dividend payments in cash and treasury shares since 2003
 - DNO is now established as a leading European mid-cap exploration & production company

PRODUCTION AND PRICE

WI Production (BOPD)

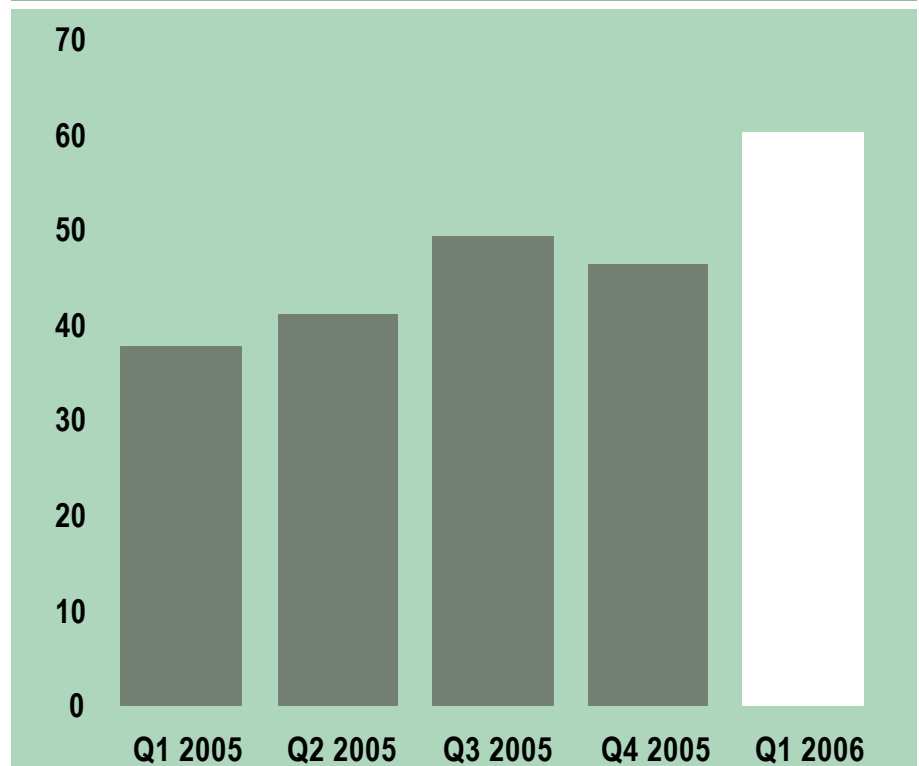
16,893*



*First quarter working interest production

Achieved oil price net of hedging

60,2*

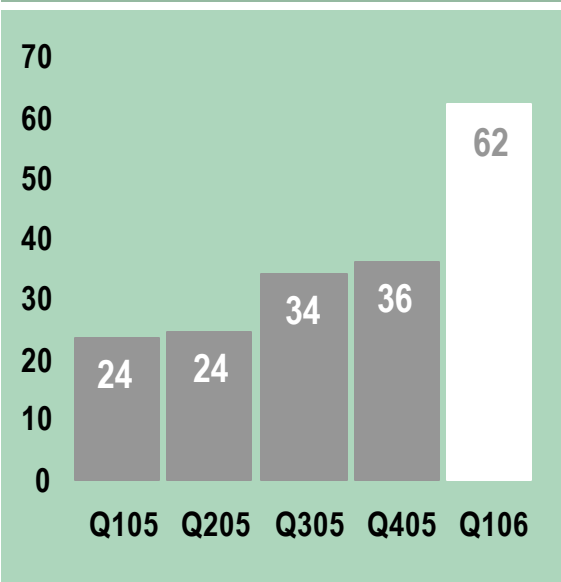


*Achieved price first quarter

KEY FIGURES - NET ENTITLEMENT

Sales (USD million)

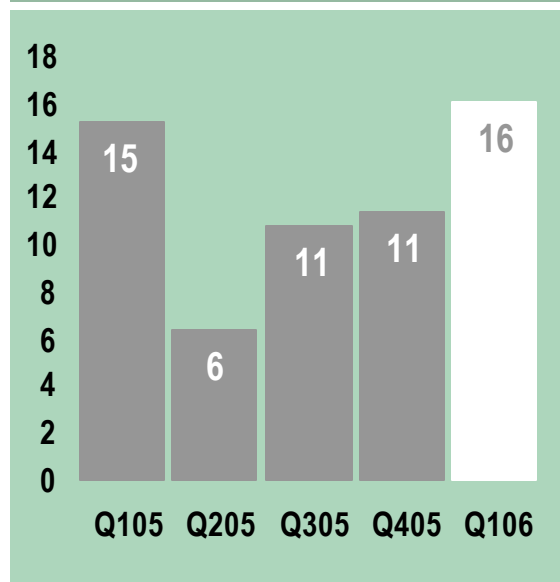
62 **+71%***



* From previous quarter

EBITDA (USD million)

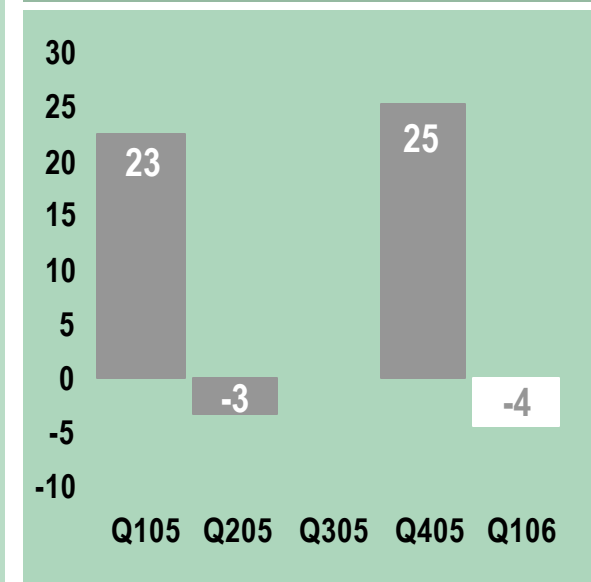
16 **+42%***



* From previous quarter

NetProfit (USD million)

-4 **-117%***



* From previous quarter

First quarter 2006

- Increased sales as a result of high oil price and return to full value of production
- Exploration expenses of USD 32 million of which USD 25 million was dry-well costs in the North Sea

RESULTS OF OPERATIONS (RoO)

BEST QUARTER EVER

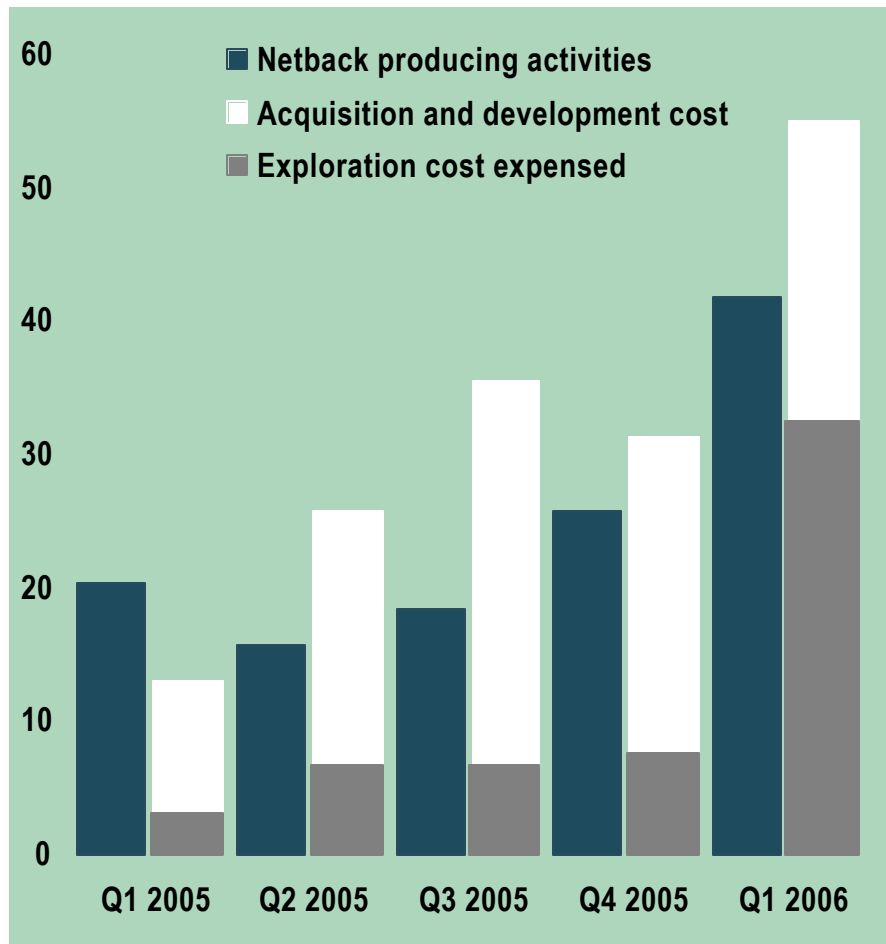
USD Million	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2005	2004
Sale of petroleum products	91,4	82,5	76,9	56,5	52,2	268,0	190,6
Lifting costs	-11,9	-11,1	-10,8	-6,7	-7,7	-36,4	-25,4
DD&A	-6,3	-6,7	-5,2	-4,6	-4,7	-21,2	-18,0
Transportation and other	-1,9	-2,1	-1,7	-1,4	-1,4	-6,5	-5,2
Exploration costs	0,0	0,0	0,1	0,0	-0,2	0,0	-0,5
Result of operations before taxes	71,4	62,6	59,3	43,8	38,2	203,9	141,5
Taxes paid	-36,0	-43,7	-46,0	-32,6	-22,6	-144,9	-103,6
Result of operations after taxes	35,4	19,0	13,2	11,2	15,6	59,0	37,9
Netback producing assets	41,7	25,7	18,4	15,8	20,3	80,2	55,9
RoO tax rate (%)	50,4	69,7	77,7	74,5	59,1	71,1	73,2

Results from DNO's producing assets recorded:

- USD 91 million in sale of petroleum products - an increase of 75 percent compared to Q1 2005
- USD 71 million in RoO before taxes - an increase of 87 percent compared to Q1 2005
- USD 35 million in RoO after taxes - an increase of 126 percent compared to Q1 2005
- Netback from producing assets of USD 42 million - an increase of 105 percent compared to Q1 2005

NETBACK TO INVESTMENT COVERAGE

Netback (RoO) to Total Investments (USD million)



Strong netback coverage

- Netback coverage to total investment of 76 percent
- Netback coverage of exploration cost expensed of 126 percent

In line with DNO's strategy

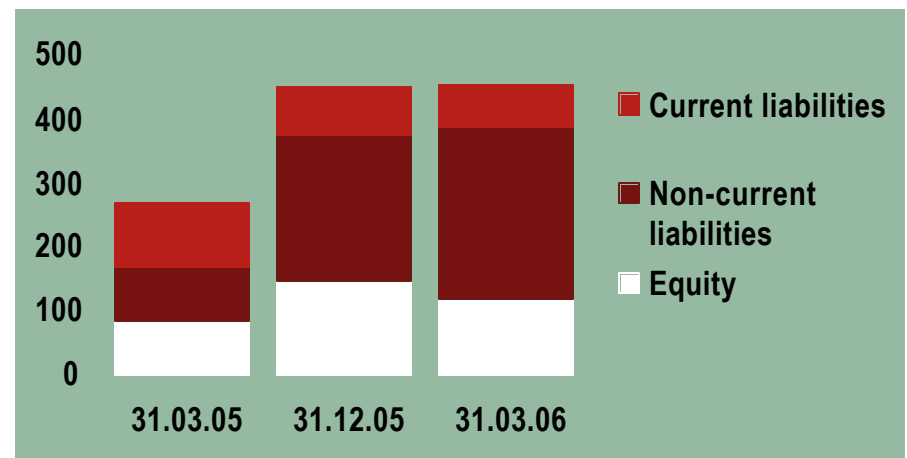
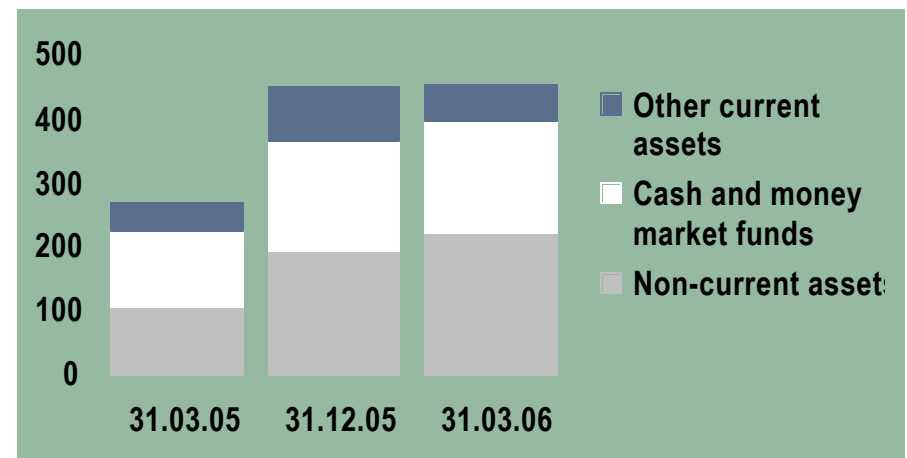
- Reinvesting cash flow from high margin production

CAPITAL STRUCTURE PREPARED FOR GROWTH

Solid financial structure

- Increasing investments in property, plant & equipment
- Additional long-term funding secured through bond loan restructuring
- Net interest bearing debt at USD 52 million

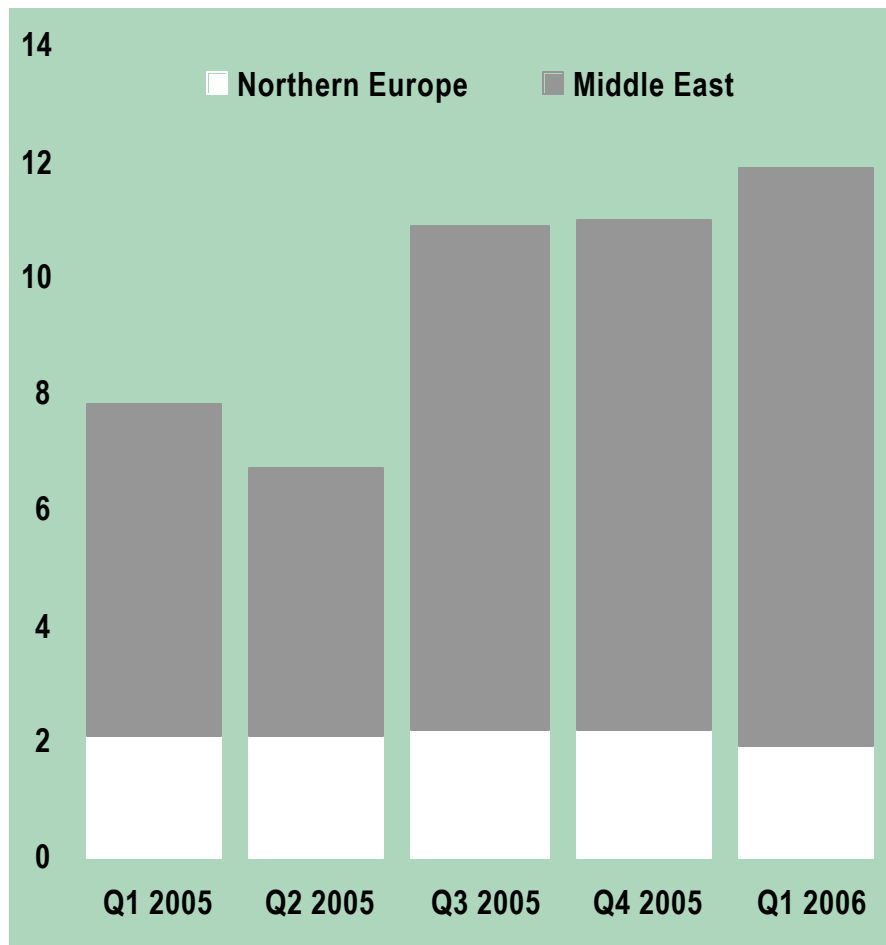
Balance Sheets (USD Million)



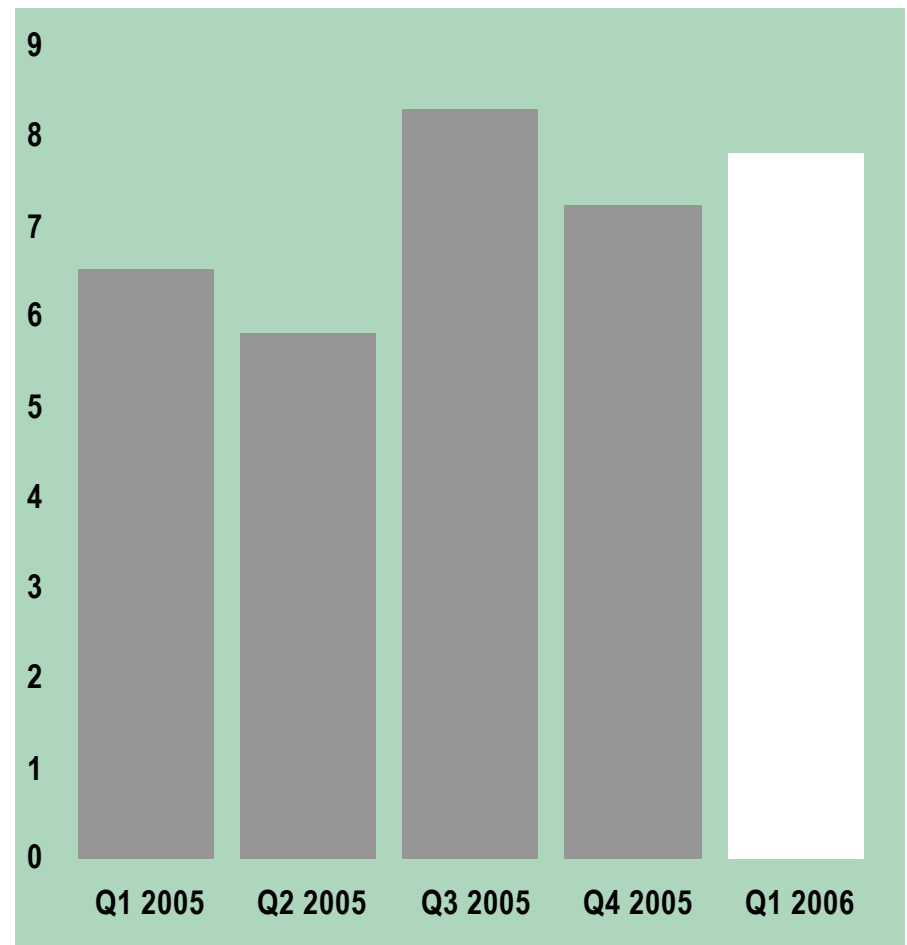
LIFTING COSTS

TOP TIER PERFORMANCE

Quarterly lifting cost (USD million)



Quarterly lifting cost (USD/bbl)

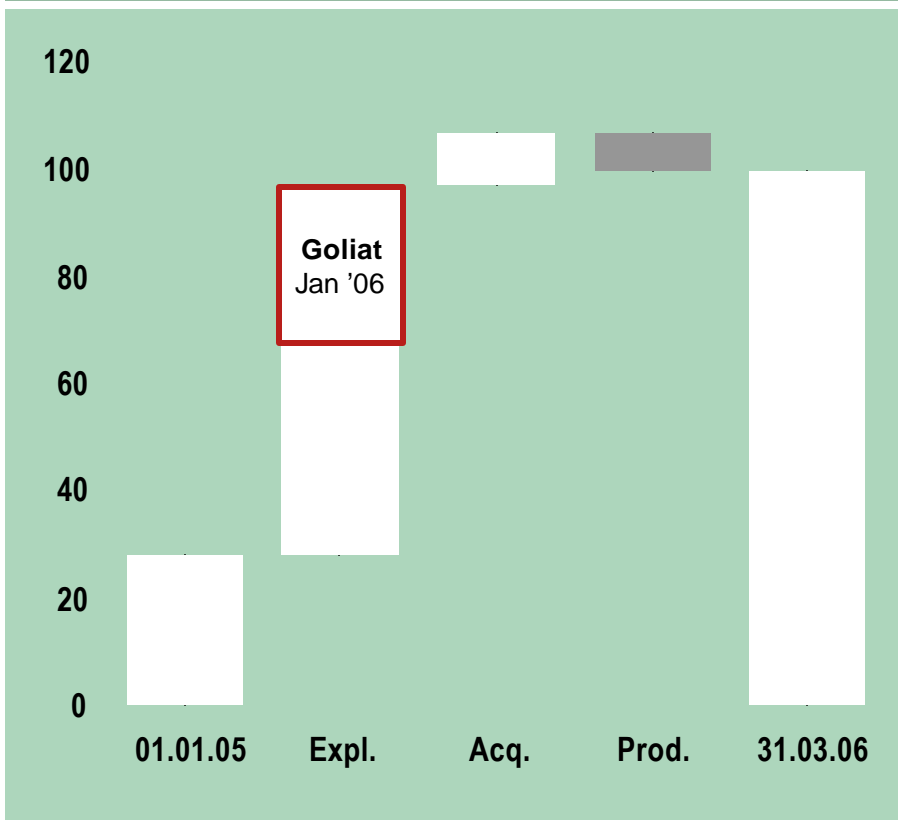


RESERVE DEVELOPMENT

WI Reserves P+P (MBOE)

100.3

+257%



Strong reserve growth from the drill-bit

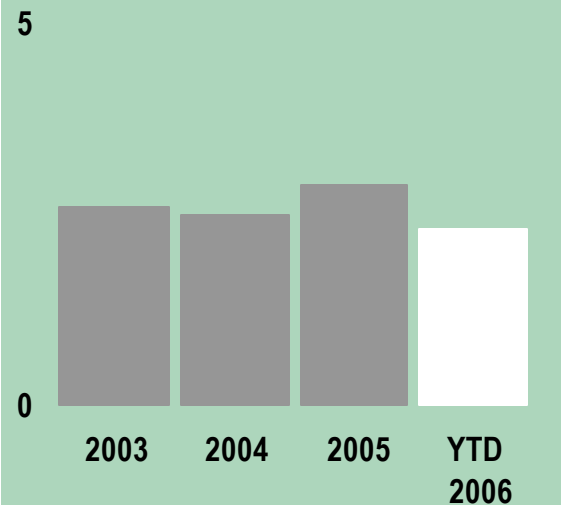
- 153 percent increase in reserves in 2005
- From year end 2004 reserves have increased with more than 250 percent

INVESTMENTS

RESERVE ECONOMICS

FDA USD/bbl (P+P)

2.3 **-21%***

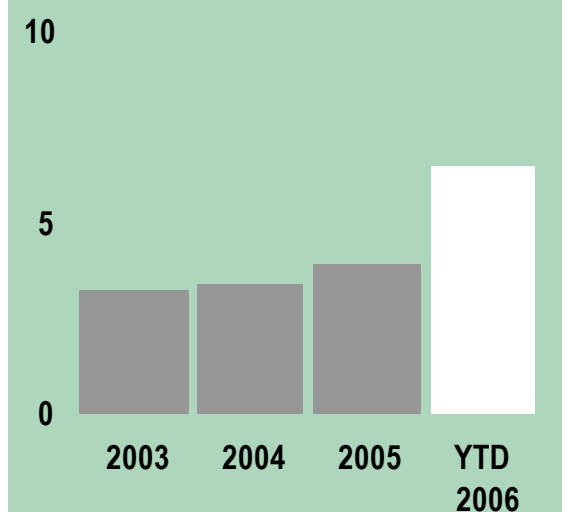


3 years rolling average

- Low cost reserve growth
- * Change from 2005

Recycle Ratio USD/bbl (P+P)

6.5 **+67%***

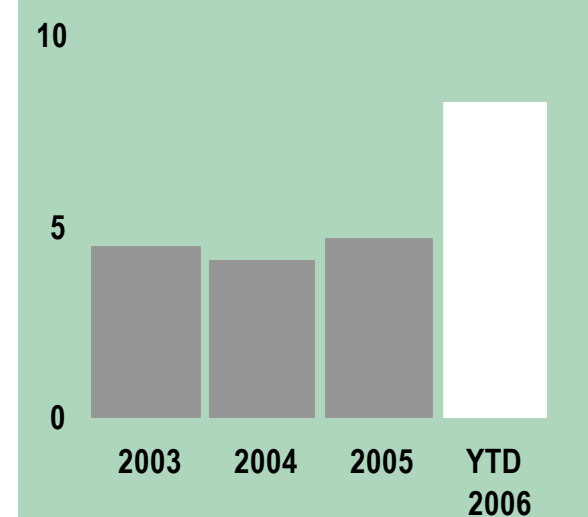


3 years rolling average

- Generating strong cash flow for re-investment
- * Change from 2005

Reserve Replacement (P+P)

8.2 **+74%***



3 years rolling average

- Building a higher reserve base
- * Change from 2005

2006 OUTLOOK

Transforming Resources to Reserves

- Exploration expenditures estimated to USD 100 mill.
- DNO participating in 22 new wells targeting substantial unrisked resource potential
- Focus on Northern Europe, Yemen and Iraq

Low Cost Development

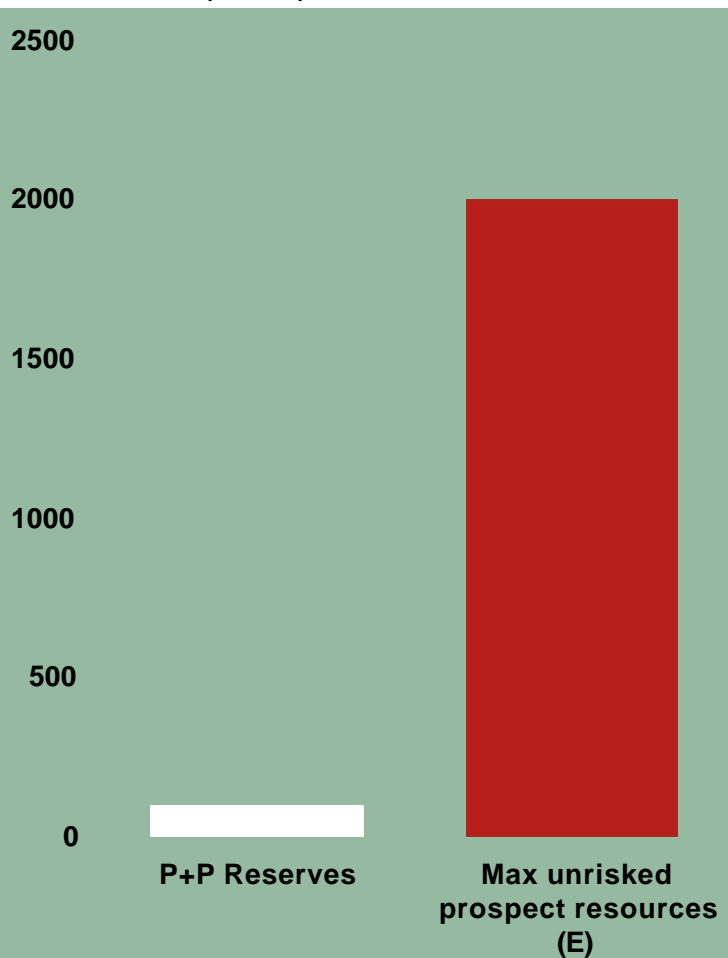
- Development CAPEX estimated at USD 45-55 mill.
- Nabrajah field development and drilling
- Infill drilling on Sharyoof and Tasour fields

High Margin Production

- Estimated production 20 000 bopd, +/- 10 %
- Full value of production

AN EXCITING AND DEMANDING YEAR

Substantial upside potential



Adding value through

- Increased exploration
- Focus on transferring resources to reserves at low costs
- Maximise production from current core assets