



DNO INTERNATIONAL ASA  
**PRESENTATION FIRST QUARTER 2009**

# Agenda

## Introduction & Operational Review

- Ivar Brandvold, COO

## Financial Review

- Haakon Sandborg, CFO

## Q&A



# Making positive change

## Strategy

- During the last years DNO's strategy has been focused on low cost projects in high potential areas - avoiding long term capital commitments
- This strategy made the company well prepared to adapt to recent oil price levels

## Shift in focus

- Shift in focus to production and near term developments, with exploration activity to be undertaken on a more selective basis
- This will reduce the overall investment level for this year significantly compared to 2008

## Ready for full scale production

- Tie-in of the Tawke pipeline to Iraq's Northern pipeline system was completed by the end of Q1'09
- On 10 May, DNO received formal notice by KRG to commence crude oil export from the Tawke field



# Initiation of crude oil export from Kurdistan

Start of export on 1 June, 2009

Marketed by SOMO

Confirmation received

- DNO is instructed by KRG to complete any outstanding work and undertake all necessary preparations
- Ensure safe and smooth operation on the commencement date



## Key events in the First Quarter 2009

- The tie-in of the Tawke pipeline to Iraq's Northern pipeline system was completed by the end of first quarter 2009
- The Annual Statement of Reserves shows an increase to 163 mboe (P50)
- Exploration drilling has temporarily been suspended in Yemen and Kurdistan with prospects being matured to define the drilling program going forward
- DNO divested 11.9 per cent of DETNOR in January, bringing the total ownership to 25 per cent
- Netback in the first quarter was negative with NOK 6 million while the net profit in the first quarter was NOK 138 million due to a partial impairment reversal on the DETNOR investment

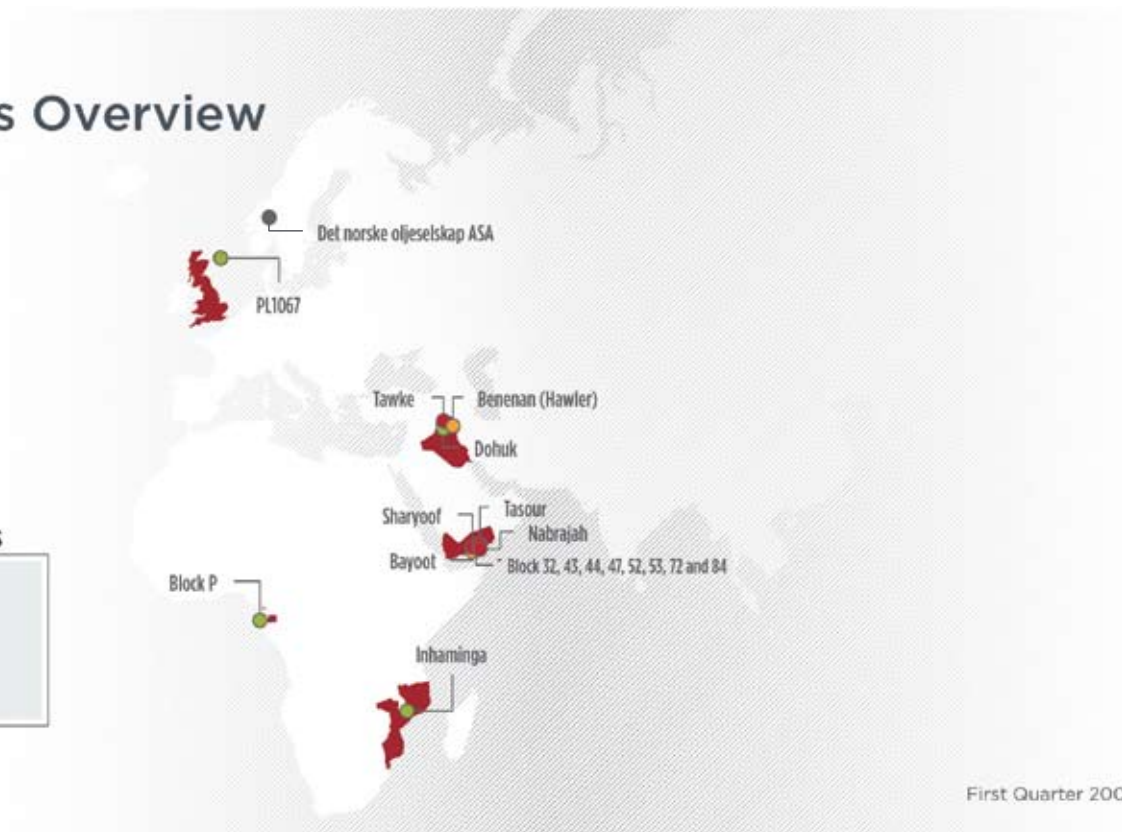


# OPERATIONS



# Business Overview

## DNO Activities

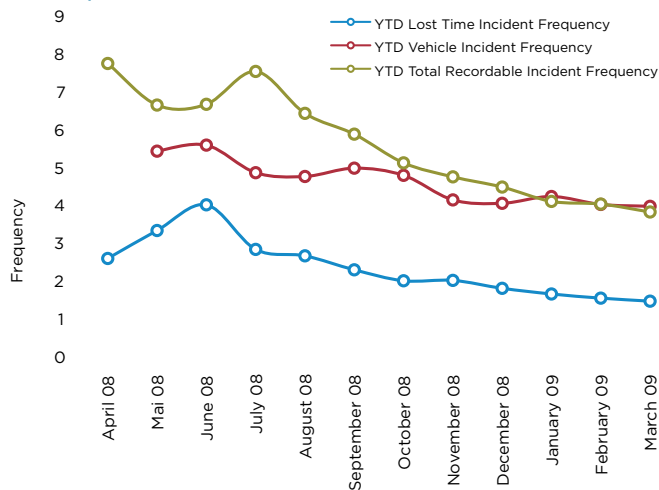


# HSE summary

## DNO's approach

- Based on continuous improvement processes aimed to create and maintain a good environment for employees, contractors and for the communities in which the Company operates
- Application of acknowledged risk reduction principles shall eliminate or minimize any exposure
- Maintain, as far as practically possible, zero discharge of emissions or pollutions to the environment.
- With DNO operating on land, reducing the risk exposure related to driving and logistics is a primary focus to the company

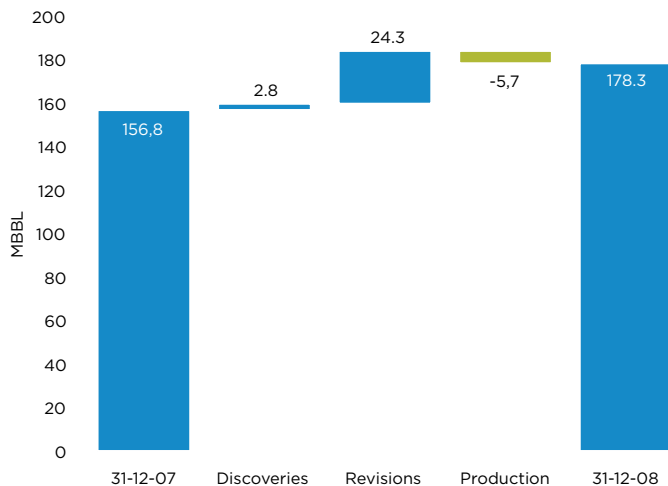
## HSE performance trends



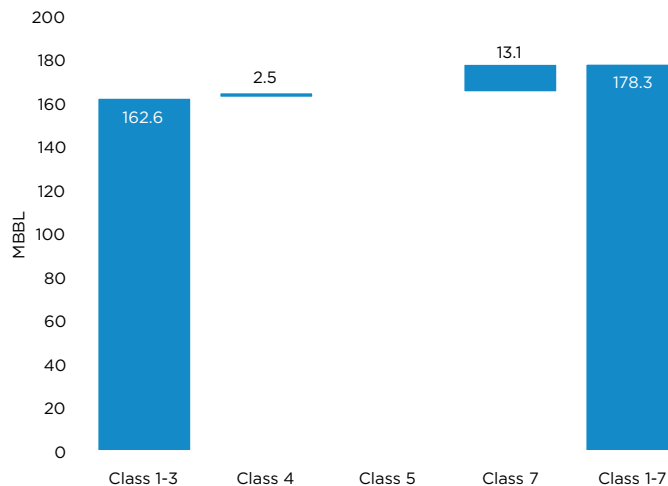


# 2009 Annual statement of reserves

## Reserves & resources (1-7)\*



## Classification 1-7\*

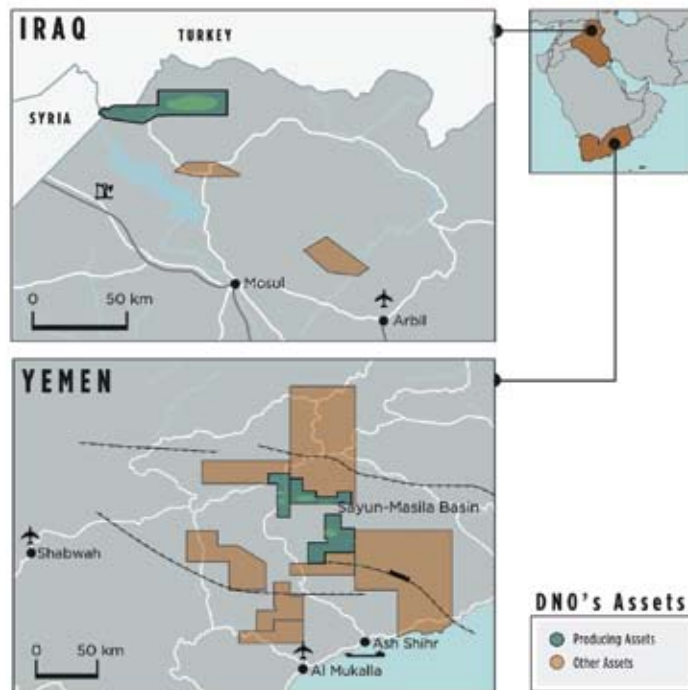
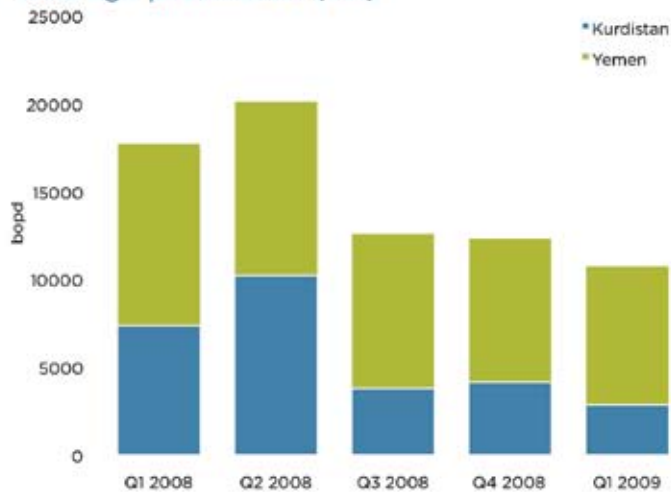


\*Does not include associated reserves (P50) and resources in Det norske oljeselskap ASA (36,9%) of 40,1 mbbl



# Production profile

Average production (WI)



# Kurdistan update

## Key events Q1 2009

- Tawke test production continued in Q1'09
- Tawke tie-in to Northern pipeline system completed - ready for full scale production
- Diesel topping-plant commissioned
- KRG assignment of 3<sup>rd</sup> party interests in Tawke, Dohuk and Erbil PSCs
- Benenan 3D processing completed

## Going forward

- Start up of Tawke full scale production
- Further assessment of Benenan discovery, including way forward
- Start up of exploration drilling scheduled for Q4'09



# Kurdistan – high E&P activity

## High activity

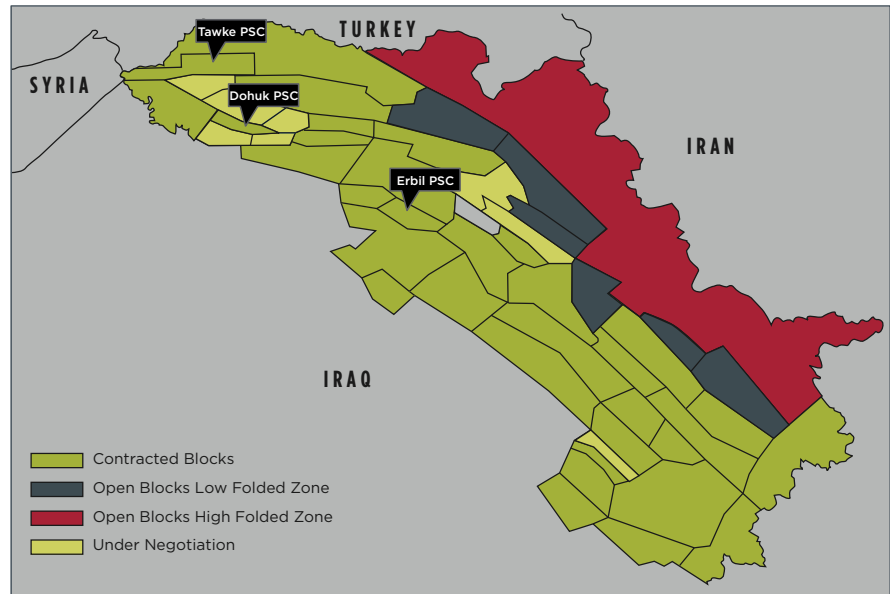
- More than 30 international companies present in Kurdistan
- High drilling and seismic activity

## Corporate activity

- Genel Enerji; new partner in Tawke and Dohuk PSCs

## Crude oil export

- Commence on 1 June, 2009
- Tawke and Taq-Taq field
- Marketed by SOMO



## Tie-in area completed



## Diesel topping-plant commissioned



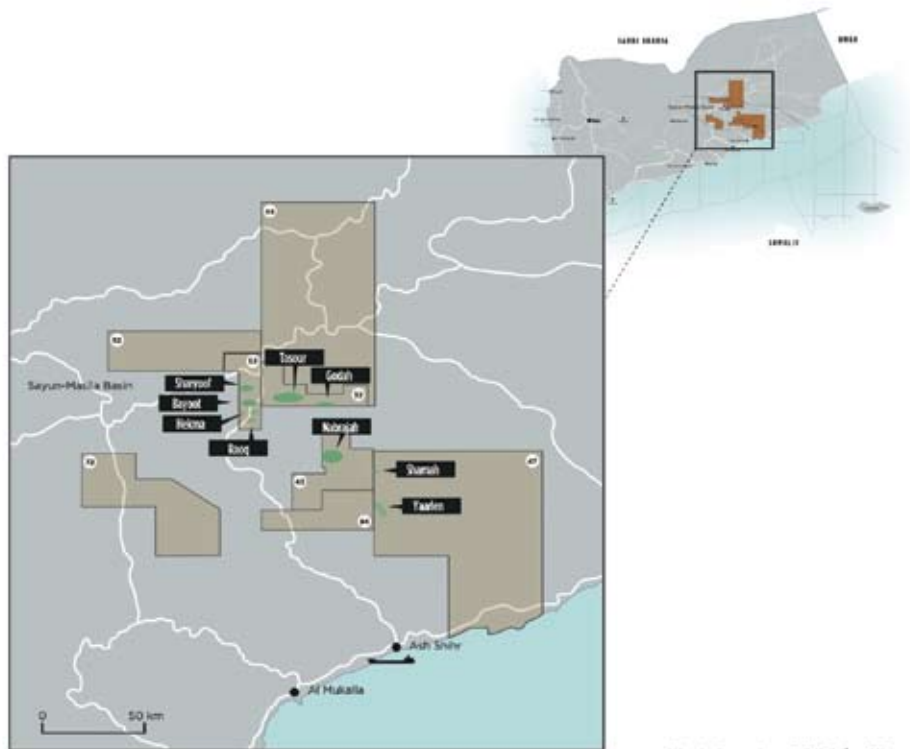
# Yemen update

## Key events Q1 2009

- Successful infill well Tasour #25
- Bayoot development on track, oil pipeline replaced tanker trucking
- Raoq #1 well in Block 53 confirmed oil in new Basement structure
- Temporary stop in drilling operations

## Going forward

- Complete Bayoot development
- Evaluate the discoveries for possible further appraisal or commerciality
- Definition of well program going forward, priority to strategic prospects and commitments



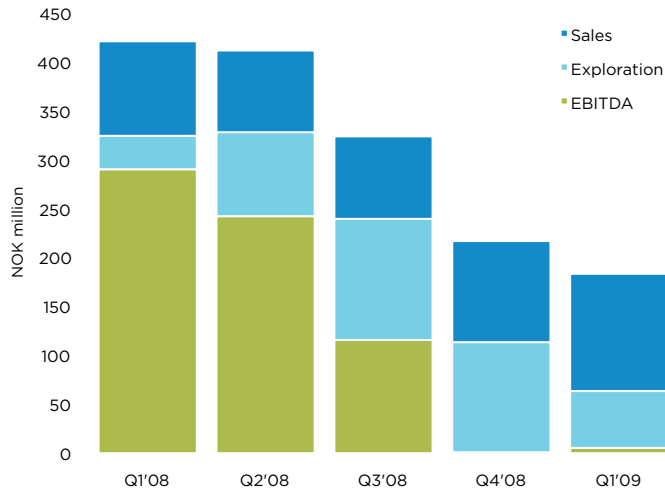
# FINANCIALS





# Financial summary Q1 2009

## Quarterly key financials



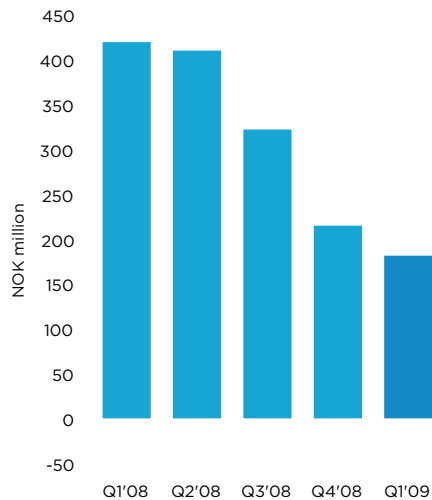
## Key points

- Long-term value addition through low-cost reserve growth and field development
- Drop in cash flow and profits due to lower oil prices and lower production
- Conservative investment plan applied in first quarter
- DETNOR share divestment, third party assignments and reduced investments strengthen financial capacity, additional measures available

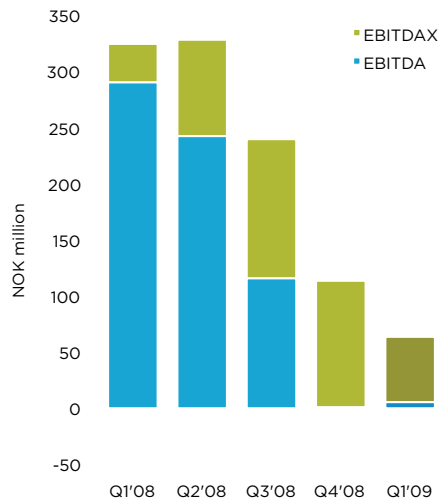


# Financial summary

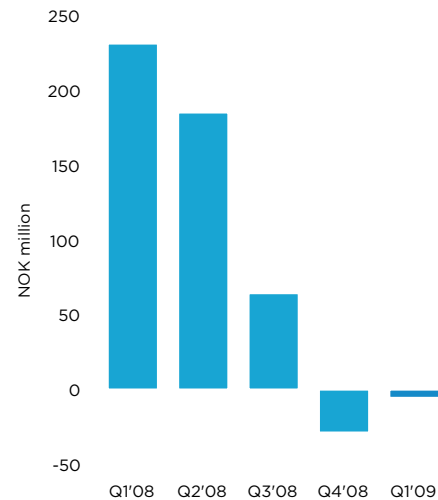
## Sales



## EBITDAX and EBITDA



## Netback



# Condensed income statement

NOK Million	Q1 2009	Q4 2008	Q1 2008	2008
Sales	183.8	217.3	421.9	1,376.2
Cost of goods sold	-190.2	-198.7	-212.8	-745.5
<b>Gross profit</b>	<b>-6.4</b>	<b>18.6</b>	<b>209.1</b>	<b>630.7</b>
Dry well cost expensed	-8.9	-73,5	-4.1	-158,3
Seismic and other exploration expensed	-49.3	-39,3	-30.0	-198,6
Other	-12.5	-203,4	-20.9	-265,1
<b>Profit/(loss) from operating activities</b>	<b>-77.1</b>	<b>-297,5</b>	<b>154.1</b>	<b>8,8</b>
Share of profit/(loss) associates	1.8	87.0	-3.3	83.3
Net finance	204.5	-702.1	-35.7	-782.0
<b>Profit/(loss) before income tax</b>	<b>129.2</b>	<b>-912,7</b>	<b>115.0</b>	<b>-689,9</b>
Income tax expense	8.7	-64,6	-52.6	-214.0
<b>Net profit/(loss)</b>	<b>137.9</b>	<b>-977,3</b>	<b>62.4</b>	<b>-903,9</b>



# Net finance

NOK Million	Q1 2009	Q4 2008	Q1 2008	2008
Other financial income	23.8	1.2	-	13.9
Impairment/reversal of impairment of financial assets	229.9	-738.4	-	-765.4
Net interest cost	-32.4	-52.1	-31.6	-158.3
Exchange rate gain (loss), unrealized items	-7.9	65.4	1.4	114.1
Other financial items	-7.1	108.9	-8.9	97.1
<b>Net finance</b>	<b>206.3</b>	<b>-615.2</b>	<b>-39.1</b>	<b>-698.6</b>

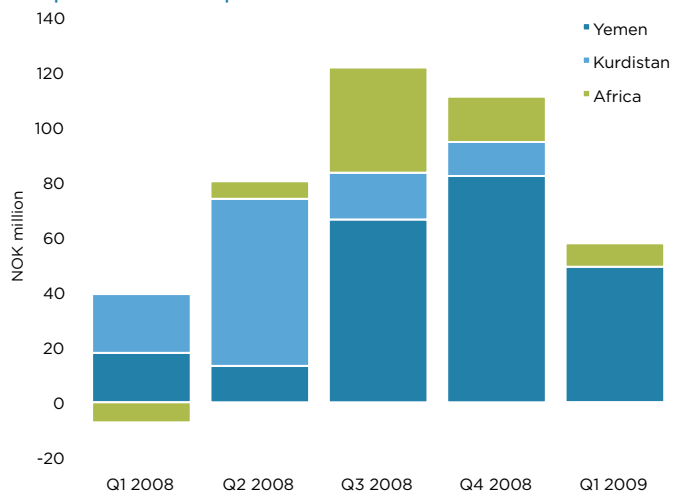
## Key points Q1'09

- Gain of NOK 23.8 million from sale of DETNOR shares in January 2009
- NOK 239 million non-cash reversal in Q1'09 of impairment on DETNOR investment
- Interest costs down on lower interest rates
- Improved FX balance following conversion of bond debt to USD in Q4'08



# Exploration expenditure

## Exploration expensed



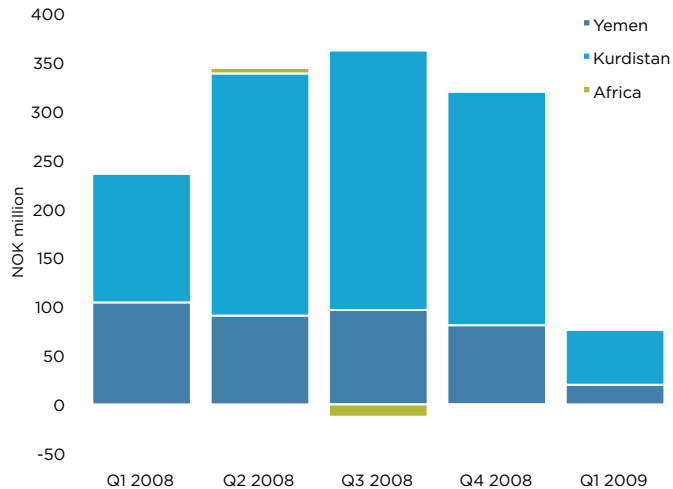
## Q1 2009 exploration expenses

- Reduced exploration activity, maturing of prospects for later drilling
- NOK 58 million in expensed exploration in the quarter, including NOK 29 million in Yemen seismic survey



# Capital expenditure

## CAPEX per segment



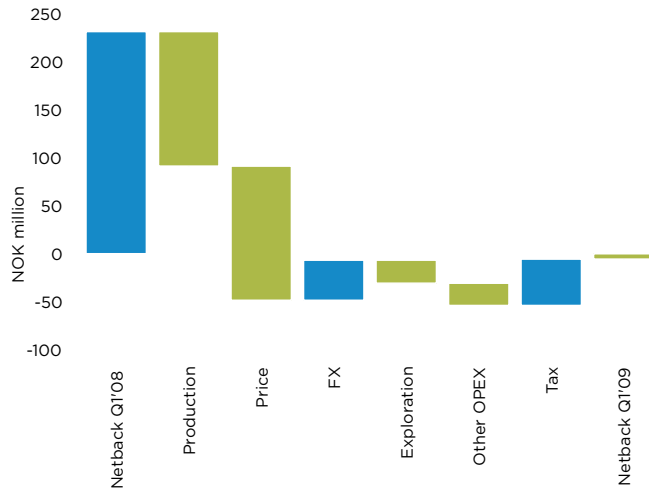
## Q1 2009 CAPEX

- Overall investment levels significantly down from previous quarters
- NOK 77 million in Capex in the quarter:
  - NOK 50 million on pipeline tie-in, diesel-topping plant and other development on the Tawke field
  - NOK 11 million on Bayoot development
  - NOK 8 million production wells on BI 32

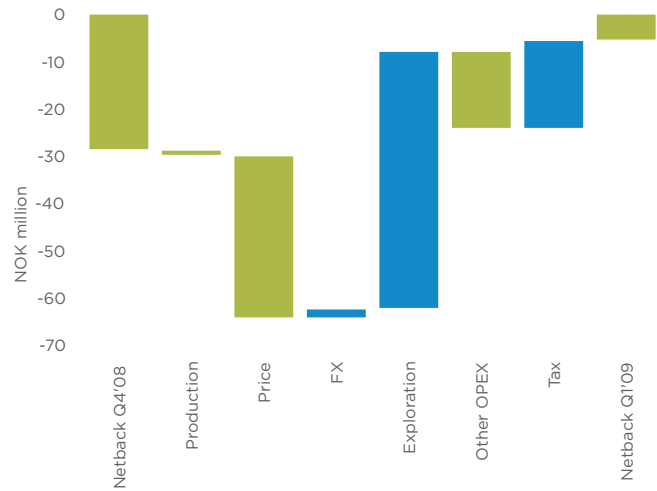


# Netback analysis

Q1 2008 - Q1 2009

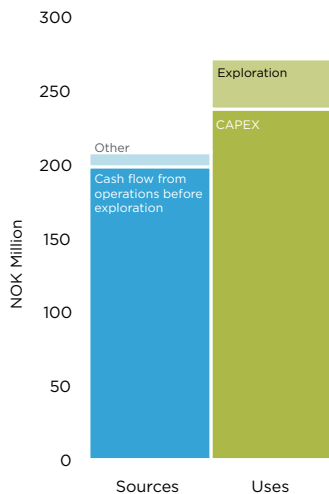


Q4 2008 - Q1 2009

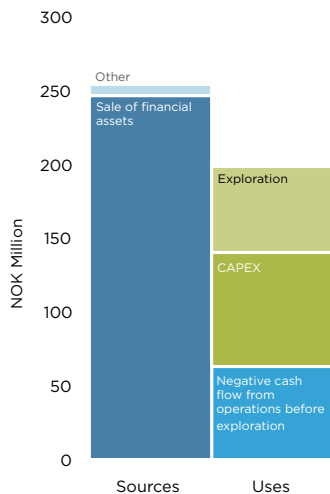


# Sources and Uses

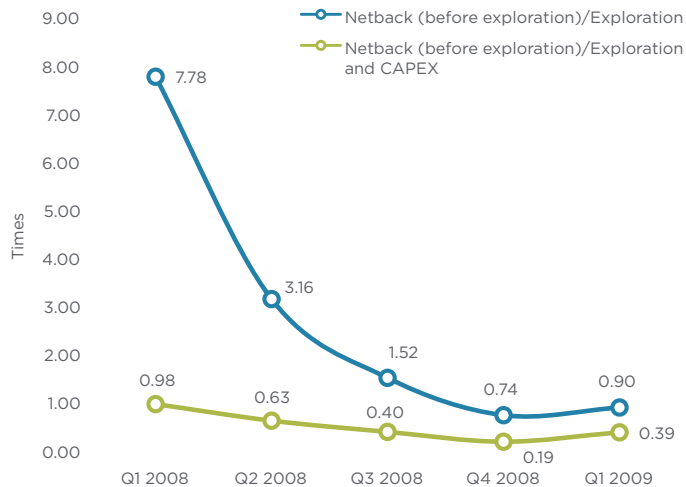
Q1 2008



Q1 2009



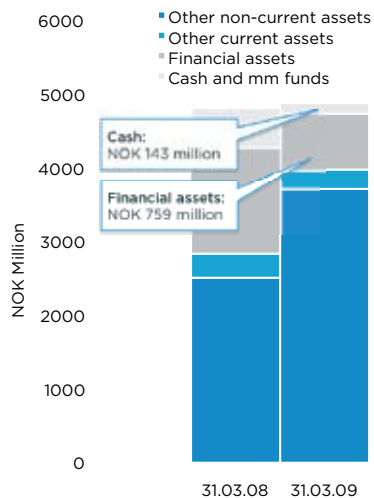
Cash flow coverage





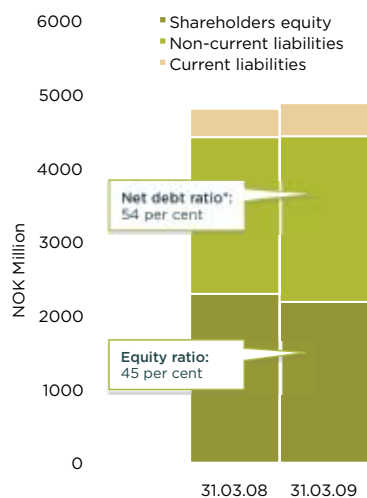
# Capital structure

## Assets

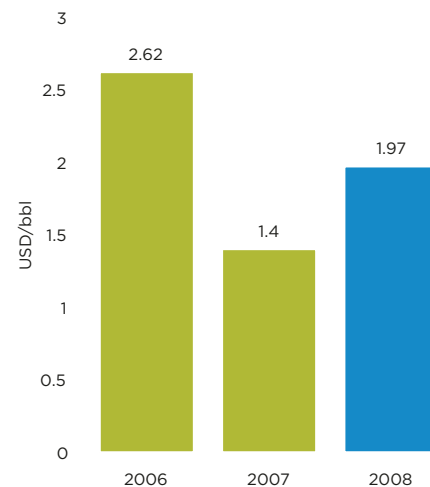


\*Net debt ratio = net debt/(net debt + equity)

## Equity and liabilities



## Debt per barrel 2P reserves\*\*



\*\*Including associated



## Summary and closing remarks

- Through successful technical completion and pipeline tie-in, the Tawke field is ready for increased production from a strong proved and developed reserve base
- Preparations for commencement of crude oil export from Tawke on 1 June
- First quarter results affected by lower oil prices and production
- Several measures taken to maintain financial capacity, additional funding options are available
- Limited long-term capital commitments, significantly lower investment levels in 2009



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This presentation was prepared for the presentation at the First Quarter 2009 results presentation, May 13, 2009. 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.



SECOND QUARTER 2009: 19 AUGUST 2009

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