



Interim Presentation

# First Quarter 2017

# Corporate overview and operational highlights



# Corporate overview – Q1 2017 and year-to-date

- Kicked off year with strong revenues, positive cash flow and net profit
- Outstanding balance for 2016 Tawke oil exports received in Q1 2017
- With regular payments, stepped up Kurdistan drilling program
- Strengthened balance sheet, exiting the quarter with cash balance of USD 363 million
- In April, exported 3,000 barrels of oil per day (bopd) from Peshkabir field during extended well testing program
- Also in April, received USD 32 million net to DNO for January 2017 exports, including USD 5 million toward booked local sales receivable
- In May, announced fast-track reentry into Norway with acquisition of privately-held Origo Exploration Holding AS

# Q1 2017 operational highlights

- Operated production in Q1 2017 averaged 115,900 barrels of oil equivalent per day (boepd), on par with Q4 2016 production (97,000 boepd in Q1 2016)
- Of which Kurdistan represented 111,000 bopd and Oman 4,900 boepd
- Company Working Interest (CWI) production averaged 71,300 boepd
- Initiated drilling of three wells during Q1 2017, two at the Tawke field and one at Oman offshore Block 8
- Relinquished two licenses in the United Arab Emirates and one in Oman, completing previously announced portfolio rationalization

# Q1 2017 financial highlights

- Q1 2017 revenues of USD 77 million, up from USD 42 million during previous quarter (USD 50 million in Q1 2016)
- Represented highest quarterly revenues since Q4 2014
- Received four Tawke export payments totaling USD 127 million gross, of which USD 89 million net to DNO, including USD 17 million toward booked local sales receivable
- Returned to quarterly profitability, with net profit of USD 15 million
- Purchased 3.5 million own shares at average price of NOK 6.97
- Strong operational cash flow of USD 138 million

# Stepped up Tawke drilling in 2017

- Mobilizing third rig to drill four new Cretaceous production wells at Tawke as part of expanded drilling program
- Revised 2017 Tawke drilling program includes six Cretaceous wells and two shallow Jeribe wells
- Initiated Tawke-35 Cretaceous well production in late April
- To be followed in Q2 2017 by Tawke-38 (Jeribe), Tawke-39 (Jeribe) and Tawke-42 (Cretaceous)
- Commissioned 400,000 barrel third-party storage facility to buffer production during export pipeline disruptions and avoid field shutdowns

# Other operations

- Following extended testing of Jurassic horizon of Peshkabir-2 well, preparing same in shallower Cretaceous discovery
- During two-week Jurassic test in April, around 3,000 bopd trucked to DNO's facility at Fish Khabur and exported
- Plan to spud new Peshkabir-3 appraisal/production well in June
- Finalizing fast-track development plan involving early production facility
- In Oman offshore Block 8, West Bukha-5B oil well drilled to planned depth of 4,500 meters, completed and currently undergoing unloading and testing
- Also offshore Oman Block 8, reinstatement of Bukha-1 gas well scheduled for August

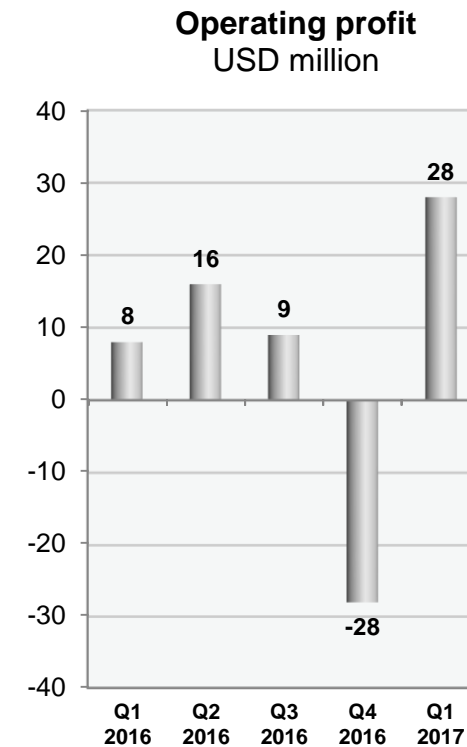
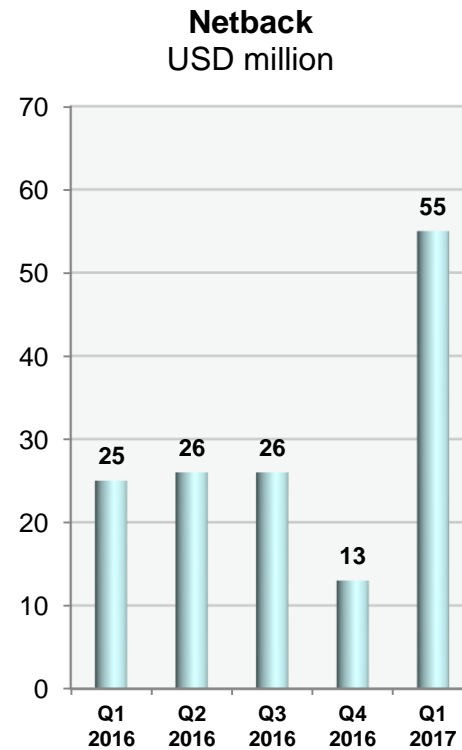
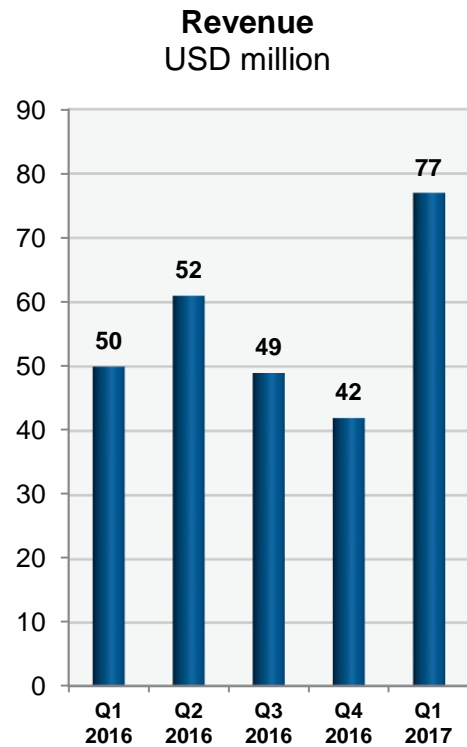
# 2017 drilling schedule

Well	2017											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Peshkabir-2 (exploration/appraisal)	█											
Tawke-35 (Cretaceous producer)		█	█	█								
Tawke-42 (Cretaceous producer)				█	█	█						
Peshkabir-3 (appraisal/producer)						█	█	█	█			
Hawler-1A (appraisal/producer)										█	█	█
Tawke-41 (Cretaceous producer)					█	█	█					
Tawke-43 (Cretaceous producer)							█	█				
Tawke-36 (Cretaceous producer)									█	█		
Tawke-44 (Cretaceous producer)										█	█	█
Tawke-40 (Jeribe water disposal)			█									
Tawke-38 (Jeribe producer)				█								
Tawke-39 (Jeribe producer)					█							
West Bukha-5B (sidetrack)		█	█	█	█	█						
Bukha-1 (reinstatement)							█	█				



# Financial review

# DNO financial results – key figures

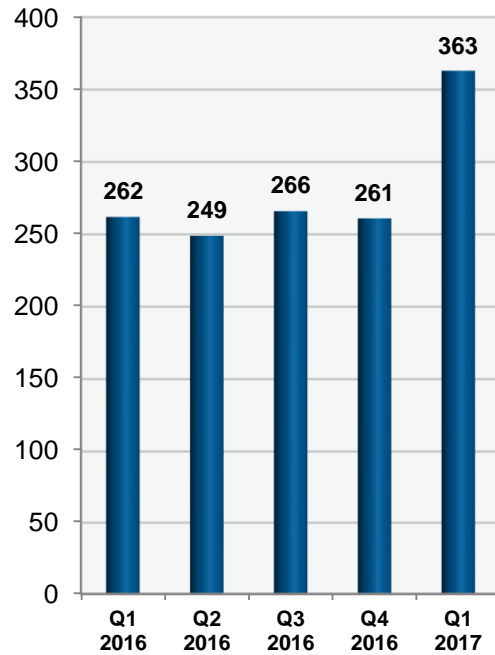


# Financial summary

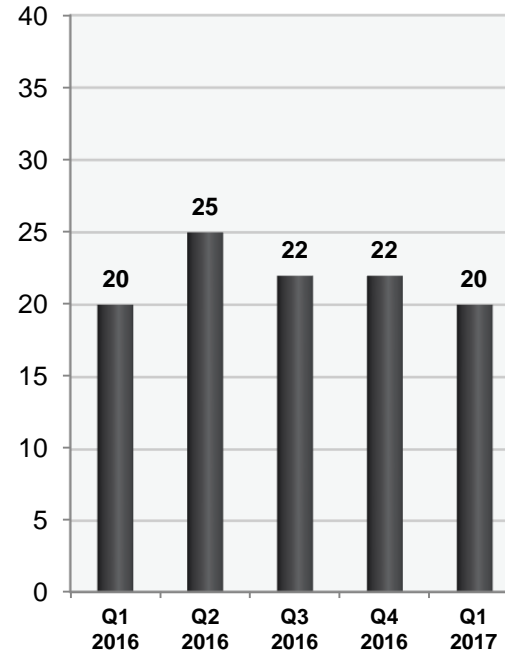
USD million	Q1 2017	Q4 2016	Q1 2016	2016
<b>Revenue</b>	<b>76.7</b>	<b>41.7</b>	<b>49.6</b>	<b>201.8</b>
Cost of goods sold	-30.0	-36.9	-30.7	-128.7
<b>Gross profit</b>	<b>46.7</b>	<b>4.8</b>	<b>18.9</b>	<b>73.1</b>
Expensed exploration	-1.6	-1.3	-3.5	-20.3
Administrative expenses	-5.0	-9.4	-6.8	-31.0
Other operating income/expenses	-1.7	11.5	-0.6	13.5
Impairment of oil and gas assets	-10.6	-33.2	0.0	-29.2
<b>Profit/loss from operating activities</b>	<b>27.8</b>	<b>-27.6</b>	<b>8.0</b>	<b>6.1</b>
Net finance	-12.1	-4.6	-12.2	-39.4
<b>Profit/loss before income tax</b>	<b>15.7</b>	<b>-32.2</b>	<b>-4.3</b>	<b>-33.3</b>
Income tax expense	-1.0	1.0	-0.7	-2.1
<b>Net profit/loss</b>	<b>14.7</b>	<b>-31.2</b>	<b>-4.9</b>	<b>-35.3</b>

# Capital structure

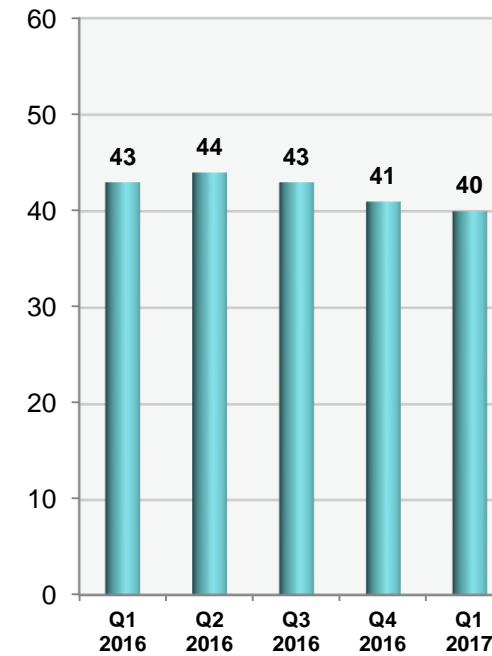
**Cash deposits**  
USD million



**Financial assets**  
USD million



**Equity ratio**  
Percent



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