DNO
EST - 1971

2020 Q1 Interim Results Presentation

Corporate overview and operational highlights

Cover Photo: Celebrating completion of Zartik drilling pad in preparation to spud in Kurdistan

DNO

DNO corporate overview

- DNO moved quickly in mid-March 2020 to scale back expenditures and preserve cash following oil price crash and growing restrictions on operations from spreading coronavirus pandemic
- Cut 2020 budget by USD 350 million or 35 percent to USD 640 million, with reductions across all spend categories and business units
- Deferred most discretionary drilling and capital projects across the portfolio and continue to identify savings
- Renegotiated service contracts for savings, extended payment terms
- Applied lessons learned from impact on operations during the ISIS crisis in Kurdistan region of Iraq to secure supply chains, organize staff movements and implement team security, health and extraction protocols
- 2020 Kurdistan and Norway investment programs fully funded

DNO corporate overview (cont)

- Committed to retain position as the leading international oil company in Kurdistan with a 75 percent interest in two fields contributing more than a quarter of oil exports from the region
- While strengthening North Sea presence with exploration success through a promising discovery this year on Norwegian Continental Shelf and award of new licenses securing DNO's position as fifth largest license holder
- Notwithstanding turmoil in oil industry, DNO delivers strong operational metrics through Q1 2020 with production split around 80:20 between Kurdistan and North Sea
- One of the first to hit the brakes, DNO is positioned to be one of the first to press down on the accelerator with signs of sustained market recovery, notably through short-cycle drilling in Kurdistan
- DNO has 106 licenses across its portfolio (28 operated), of which three in Kurdistan, 87 in Norway, 12 in the UK, two in the Netherlands, one in Ireland and one in Yemen

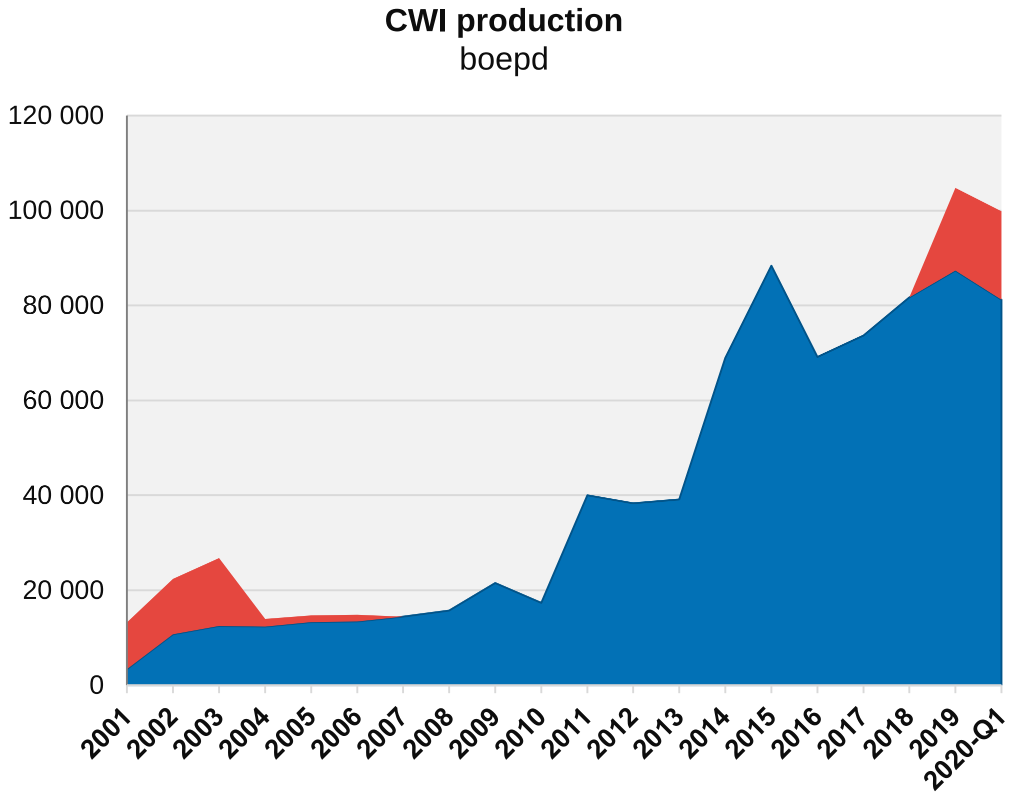
Q1 2020 operational highlights

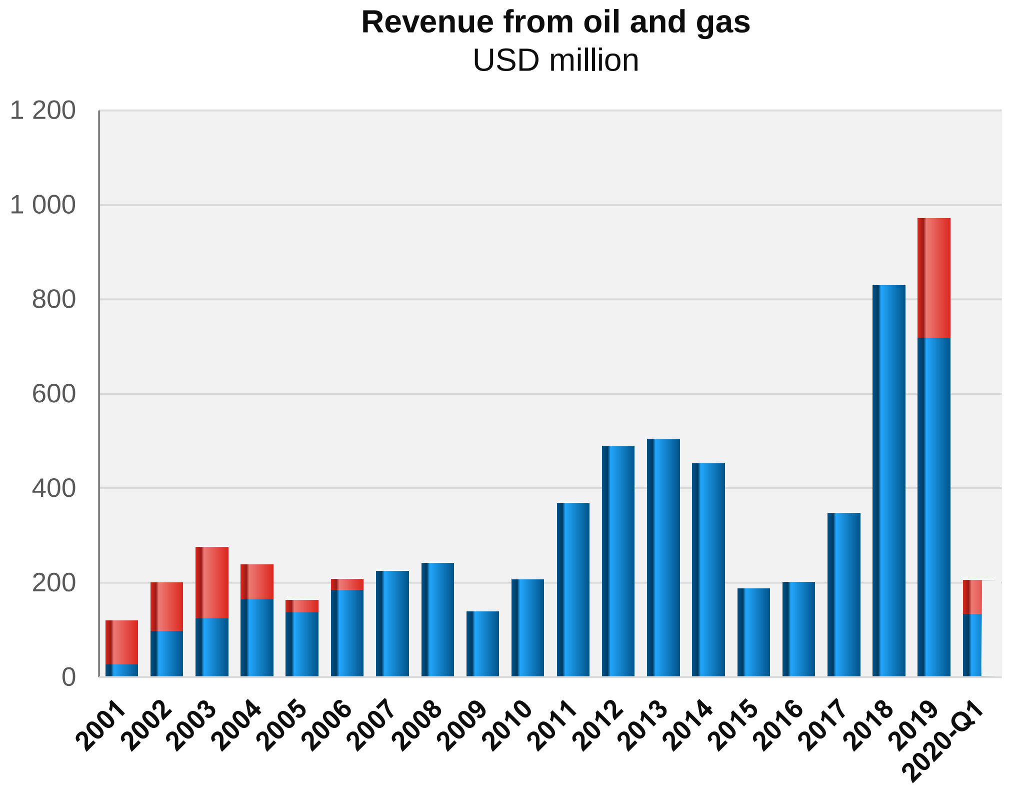
- On a quarterly basis, Q1 2020 operated production in Kurdistan of 115,207 bopd (122,795 bopd in Q4 2019)
- Of which 81,221 bopd represented Company Working Interest (CWI) production net to DNO in Q1 2020 in Kurdistan (86,570 bopd in Q4 2019)
- North Sea operations contributed an additional 18,636 boepd of CWI production (18,975 boepd in Q4 2019)
- Bringing total Q1 2020 CWI production to 99,857 boepd (105,546 boepd in Q4 2019)
- In Q1 2020, completed drilling of nine wells across portfolio, including five development/infill wells in Kurdistan and one exploration/appraisal/well and three development/infill wells in Norway
- In Kurdistan, DNO released four drilling rigs in line with budget cuts but utilizes Company-operated workover rig to service production wells at the Tawke and Peshkabir fields

Q1 2020 financial highlights

- Revenues of USD 206 million in Q1 2020 (USD 275 million in Q4 2019)
- Received payments totaling USD 107 million from Kurdistan in Q1 2020 and another USD 90 million covering October 2019 and March 2020 exports after the reporting period for total of USD 197 million
- Entitlement and override payments for November 2019 through February 2020 (total USD 233 million) and override payments commencing March 2020 deferred by government, given deterioration of Kurdistan's fiscal position with collapse in oil prices, but DNO following up to agree acceptable terms and timing of payments
- Drew USD 115 million from reserve-based lending (RBL) facility to fund North Sea business unit
- Exited Q1 2020 with cash balances of USD 543 million (USD 486 million at yearend 2019)

Historical production and revenue trends





Middle East North Sea

Kurdistan fundamentals remain strong

- Kurdistan continues to drive DNO operations
- Q1 2020 Tawke gross license level operated production averaged 115,207 bopd (122,795 bopd in Q4 2019)
- To which Tawke field contributed 61,493 bopd in Q1 2020 (63,881 in Q4 2019)
- And Peshkabir field contributed 53,714 bopd in Q1 2020 (58,914 in Q4 2019)
- Five wells drilled across Tawke license in Q1 2020
- Low lifting costs below USD 5 per barrel give DNO competitive advantage when oil prices are weak and strong cash flow when oil prices recover
- Peshkabir to Tawke gas recovery and reinjection project completed and facilities commissioning underway

Appraising and exploring at Baeshiqa

- Baeshiqa license in Kurdistan portfolio contains two large structures with multiple target reservoirs, including in Cretaceous, Jurassic and Triassic formations
- Last November, DNO reported a discovery in the Baeshiqa-2 exploration well after flowing variable rates of light oil and sour gas to surface from the upper part of the Triassic Kura Chine B reservoir following acid stimulation
- Testing of three other prospective Triassic zones (Kura Chine A, lower B and C) has now been completed with all three also flowing variable rates of light oil and sour gas to surface
- Evaluation of test results will determine next steps towards further appraisal and assessment of commerciality
- Additionally, a third well on the license will spud mid-month, with its primary target a shallower Jurassic formation on a separate structure (Zartik) around 15 kilometers southeast of the Baeshiqa-2 well

Building on North Sea platform

- North Sea CWI production averaged 18,636 boepd in Q1 2020 (18,975 boepd in Q4 2019)
- Of which 14,330 bopd of oil and condensate and 25.9 million cubic feet per day of gas (mmcfd) in Q1 2020 (14,314 bopd and 28.0 mmcfd in Q4 2019)
- Awarded 10 exploration licenses under Norway's Awards in Predefined Areas (APA) 2019 licensing round with five in the North Sea, two in the Norwegian Sea and three in the Barents Sea
- In continuous discussions with partners to reduce operating and other costs and defer non-critical projects
- Bergknapp exploration well (DNO 30 percent) discovered hydrocarbons in multiple formations of poor to good reservoir quality with recoverable estimates ranging 26-97 million barrels of oil equivalent (MMboe)
- The near-field discovery is Norway's largest to date in 2020 and with high probability of commerciality

Cash return to shareholders and bond buybacks

- In January 2020, DNO completed a shareholder authorized share buyback of up to 10 percent, increasing shares held by the Company from 35,000,000 to 108,381,415 which in February 2020 were resolved to be cancelled, following which total outstanding shares will be reduced to 975,432,746
- DNO has purchased USD 71.6 million in nominal value of FAPE01 bonds originally issued by Faroe Petroleum plc
- Following bond buybacks and cancellations due to put option exercises, USD 14.2 million in nominal value of the FAPE01 bonds remain outstanding
- The Company has suspended a dividend program launched in August 2018 of NOK 0.40 per share per year payable semi-annually, following three distributions totaling NOK 620 million or USD 72 million as part of the ongoing cost reduction program
- Board of Directors expected to request shareholder approval to renew authorization to acquire up to 10 percent of own shares and resume dividend program at forthcoming Annual General Meeting on 27 May 2020
- DNO01 bonds (USD 140 million) reach maturity on 18 June 2020

Additional financing secured

- In November 2019 DNO increased and extended its RBL and exploration financing facility (EFF)
- RBL increased from USD 245 million to USD 350 million with additional tranche of USD 350 million with November 2026 maturity date and covering North Sea assets
- EFF increased from NOK 700 million to NOK 1,000 million with additional tranche of NOK 500 million with yearend 2023 maturity date
- EFF based on Norwegian exploration cost refund system will cover major part of DNO's exploration and appraisal in Norway
- In November 2020, in addition to its exploration tax refund of NOK 824 million, DNO expects to receive a cessation tax refund of NOK 502 million in respect of the consolidation of two Norwegian entities into one following the acquisition of Faroe Petroleum plc

2020 forward drilling plan

- In 2020, DNO to drill one exploration well in Kurdistan (Zartik-1) as operator and no development wells but one drilling rig cold stacked in Tawke and another at Peshkabir can quickly be mobilized if conditions warrant

- In Norway, DNO's 2020 drilling program has also been scaled back and deferred, but firm plans remain in place at five licenses over the balance of the year, including two exploration, one appraisal, two infill and two development/geopilot wells

- Drilling of Gabriel exploration well (DNO 49 percent with Equinor as operator) in Northern North Sea underway and expected to reach target section in less than ten days

- Pre-drill recoverable resources ranging 5-34 MMboe gross and close to existing infrastructure

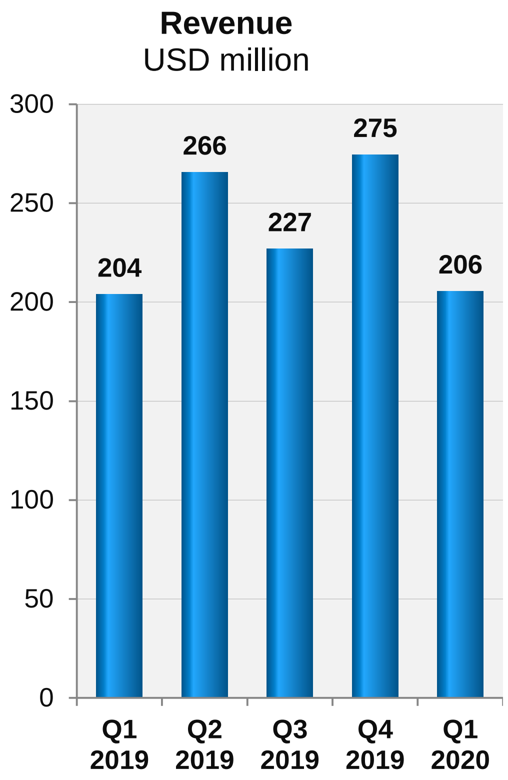
- Drilling of Polmak exploration well (DNO 20 percent with Lundin Energy as operator) in the Barents Sea will commence in Q3 2020 targeting new Triassic carbonate play model with pre-drill recoverable resources ranging 20-1,139 MMbbl gross

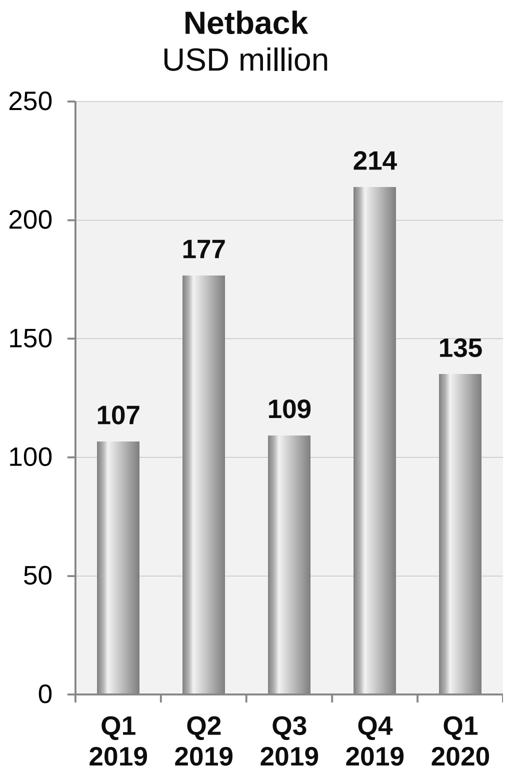
2020 forward drilling plan (cont)

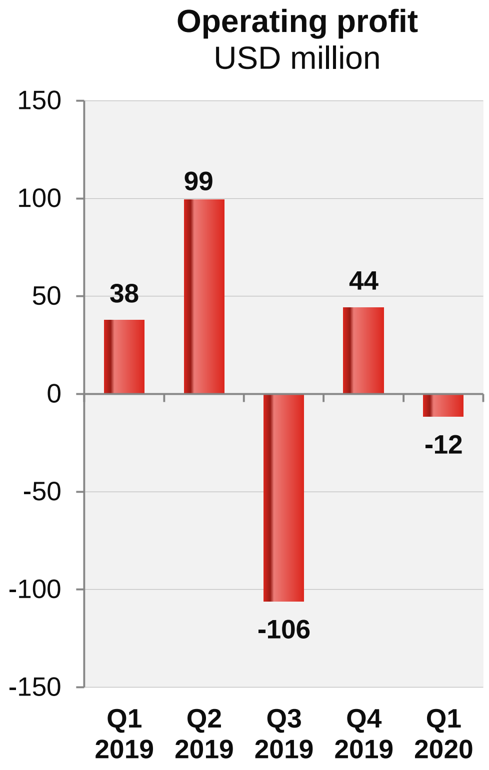
- Hades appraisal well (DNO 20 percent with OMV as operator) to spud in Q2 2020 in the Norwegian Sea with evaluation ongoing of a development together with the Iris discovery (appraised in 2019) with recoverable resources ranging 43-135 MMboe gross
- Drilling campaign at the Fenja field development (DNO 7.5 percent with Neptune Energy as operator) in the Norwegian Sea has been modified due to collapse in oil prices and COVID-19 with license partners opting to carry out drilling in three phases over the next two years with production startup now expected in Q4 2021
- Drilling of two 2020 development/geopilot wells is underway, with Fenja estimated by the operator to contain 97 MMboe and plateau at around 40,000 boepd
- Two more infill wells to be drilled in 2020 at the Ula field (DNO 20 percent with AkerBP as operator) in the North Sea
- In the United Kingdom, no drilling is planned and the balance of the Schooner and Ketch decommissioning program suspended and deferred to 2021/2022, reducing 2020 spend by USD 41 million net to DNO

Financial review

DNO financial results – key figures







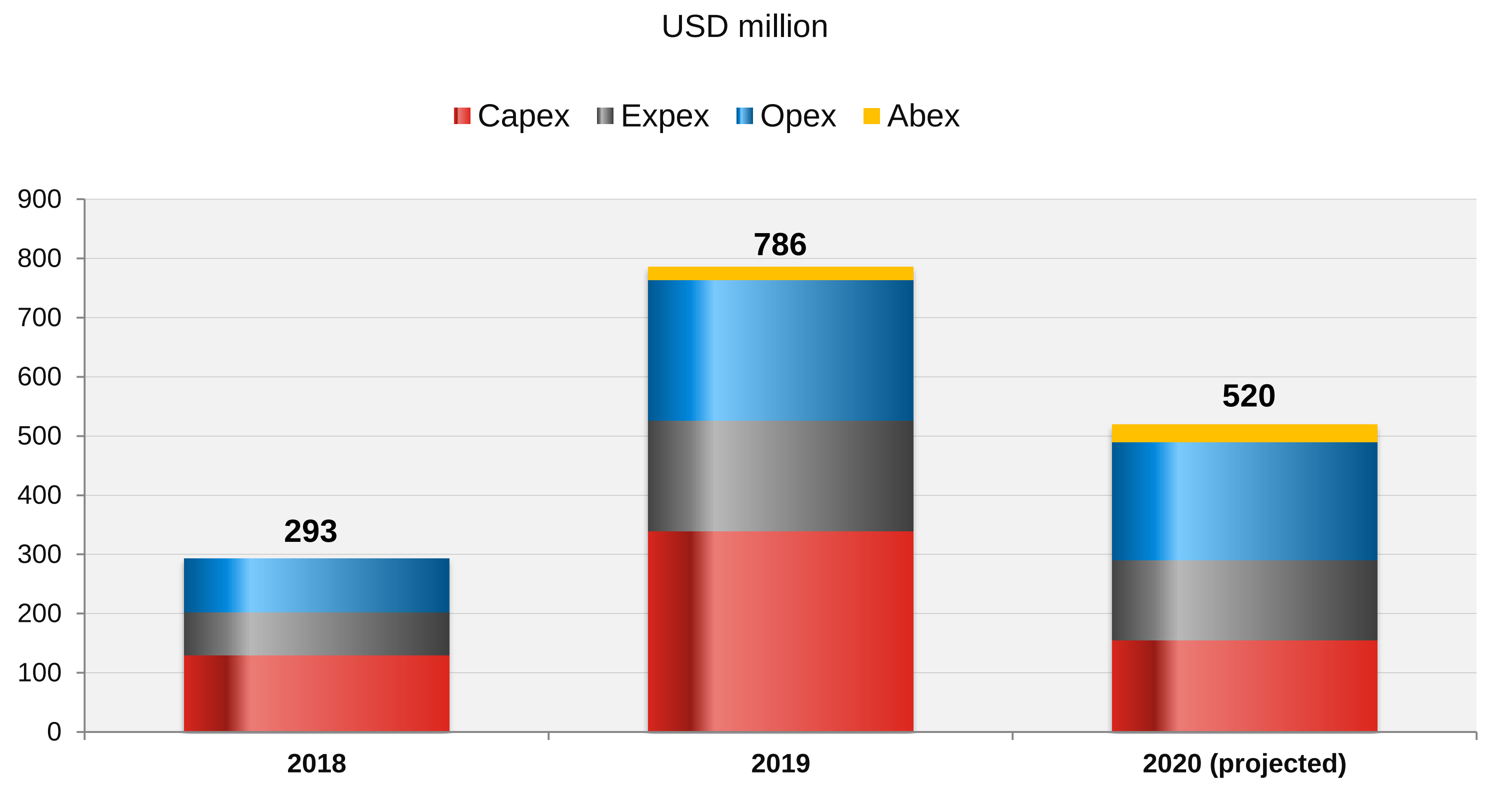
- Revenues split USD 135 million from Kurdistan and USD 71 million from the North Sea in Q1 2020

Financial summary

USD million	Q1 2020	Q4 2019	Q1 2019	2019
Revenues	**205.6**	**274.6**	**204.1**	**971.4**
Cost of goods sold	-167.2	-151.7	-117.0	-541.4
Gross profit	**38.4**	**123.0**	**87.1**	**430.0**
Expensed exploration	-14.8	-47.9	-32.8	-146.4
Administrative expenses	4.6	-6.1	-15.4	-26.1
Other operating income/expenses	-0.6	-0.9	-1.1	-19.8
Impairment of oil and gas assets	-39.2	-23.7	-	-162.0
Profit/loss from operating activities	**-11.5**	**44.4**	**37.9**	**75.6**
Net finance	-38.6	-25.6	-22.2	-123.4
Profit/loss before income tax	**-50.1**	**18.8**	**15.7**	**-47.8**
Tax income	10.7	32.1	35.4	121.3
Net profit/loss	**-39.4**	**50.9**	**51.1**	**73.5**

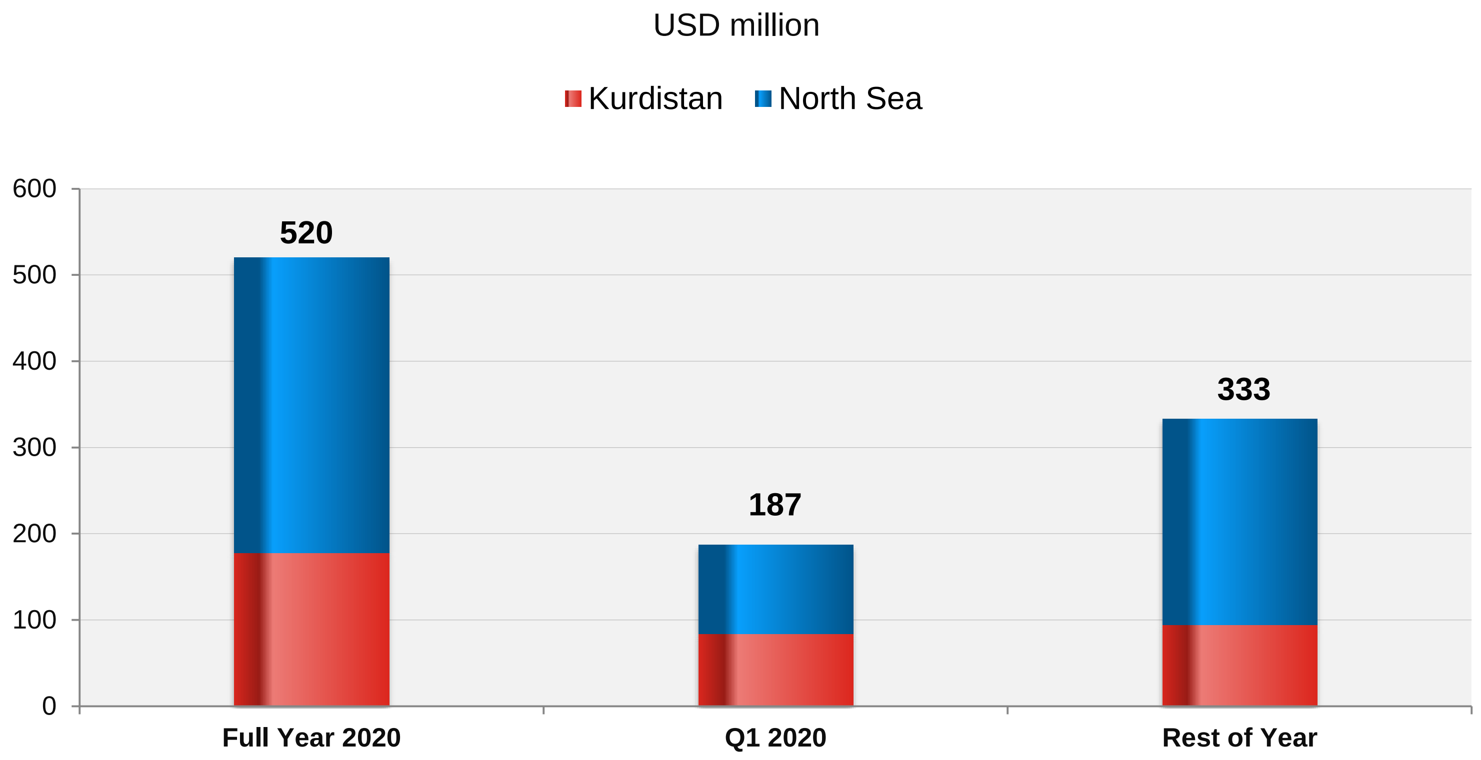
- Impairment of USD 39 million in Q1 2020 applies to North Sea assets

Annual operational spend

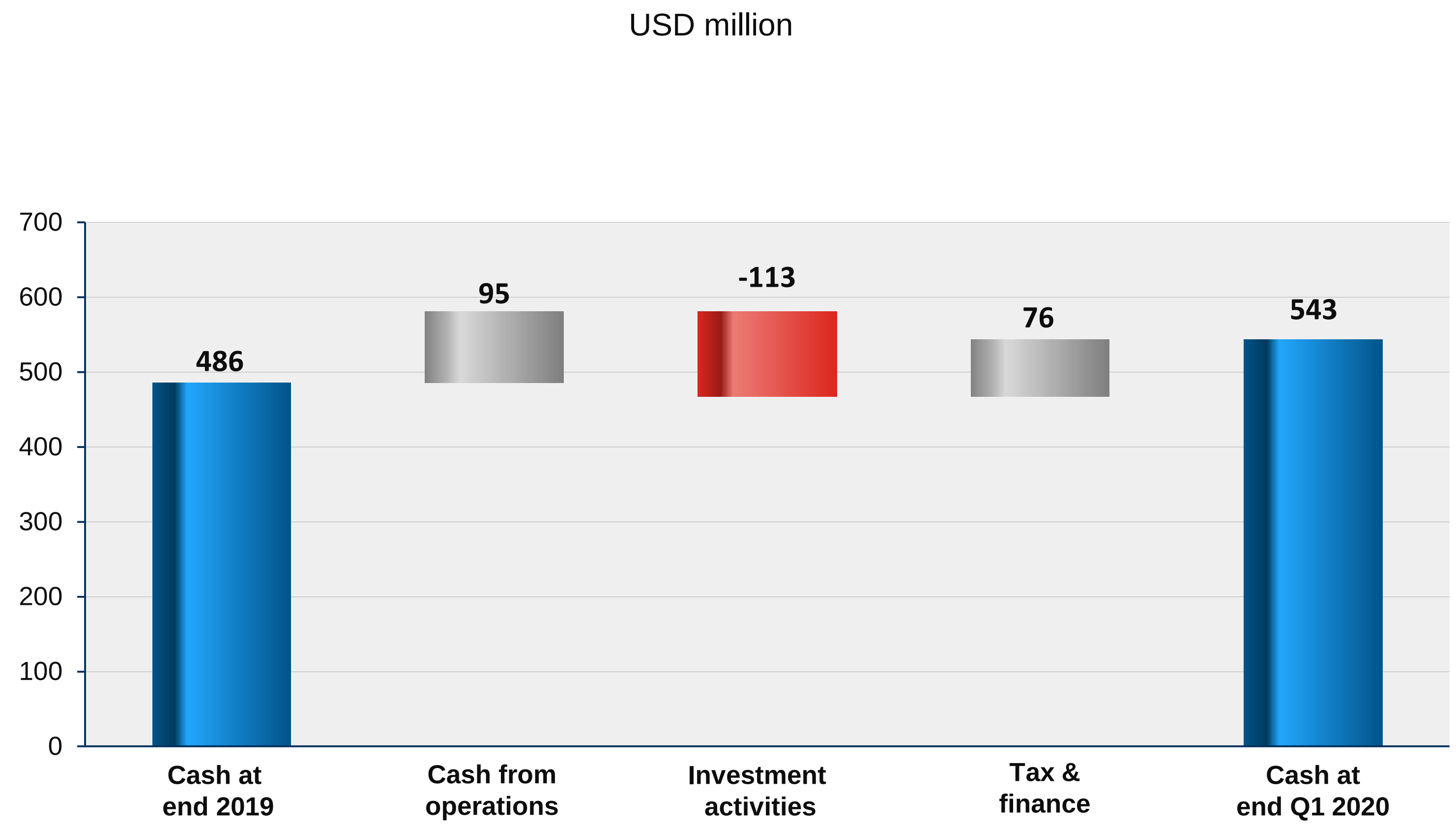


Note: Exploration cost (Expex) and abandonment cost (Abex) are pre-tax. Operating cost (Opex) includes processing and transportation tariffs in Norway and the UK. Approximately 75 percent of Norwegian Expex will be funded through the EFF.

2020 projected operational spend by region

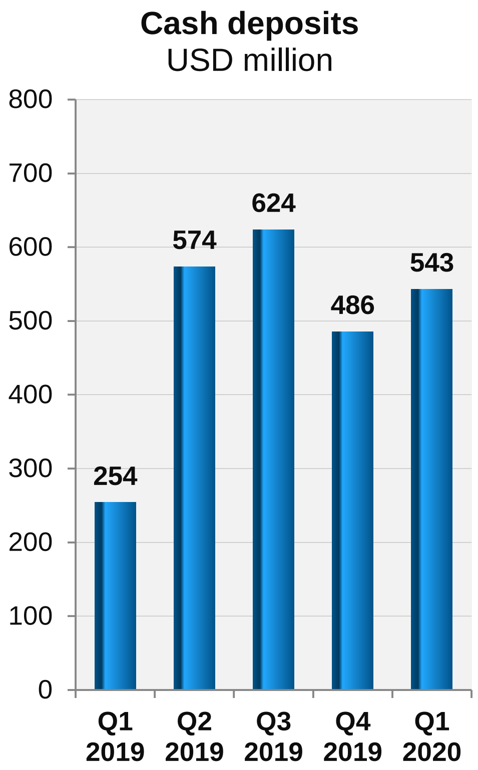


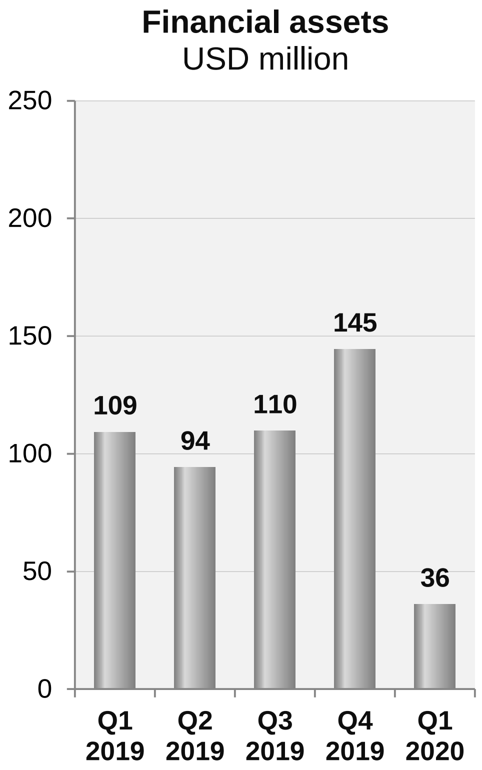
Q1 2020 cash flow

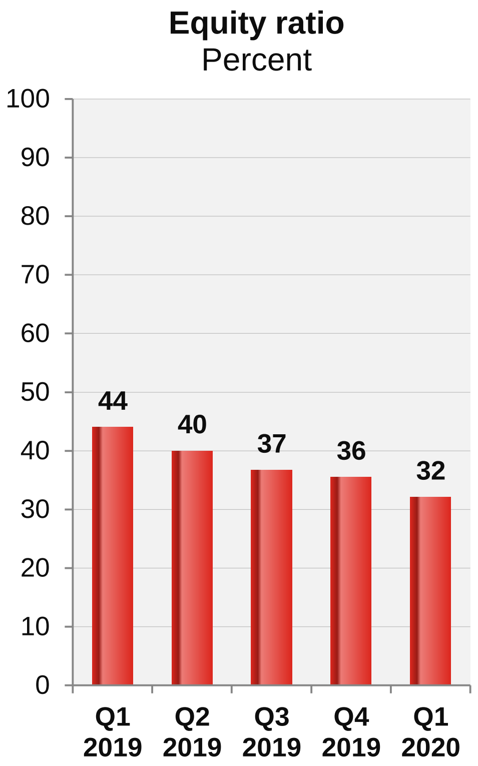


- Investment activities split USD 58 million in the North Sea and USD 55 million in Kurdistan

Capital structure







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