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DNO
EST - 1971

Q3 2021 Interim Results



A low cost, low carbon E&P company

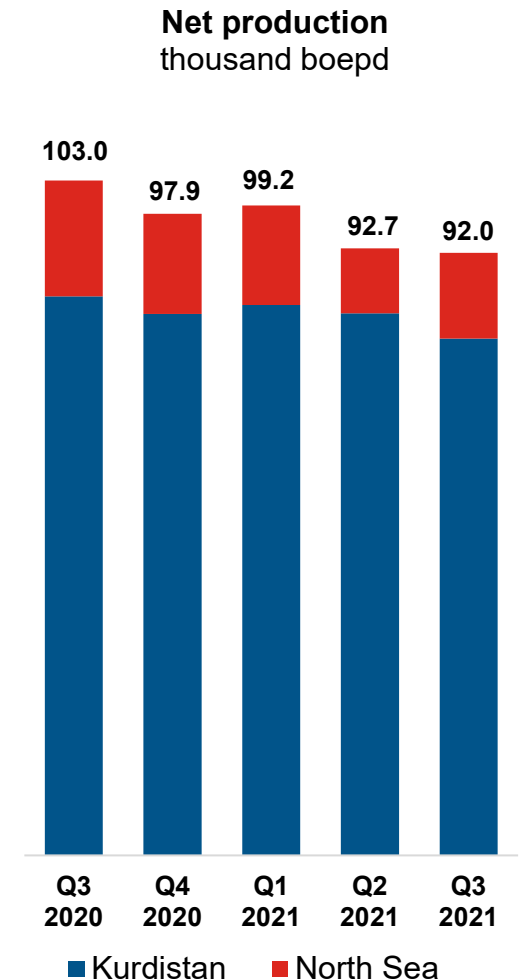
- Proudly celebrating its Golden Anniversary, DNO remains a growth-oriented E&P company focused on the Middle East and the North Sea
- Diverse portfolio with lifting costs averaging only USD 5 per barrel
- Industry beating low CO₂ intensity of 10 kilograms per operated barrel of oil produced

Operational and financial highlights

Cover photo: On board the Borgland Dolphin drilling rig during DNO operations offshore Norway

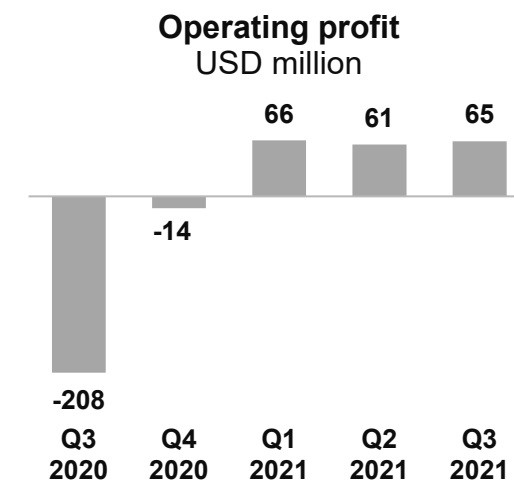
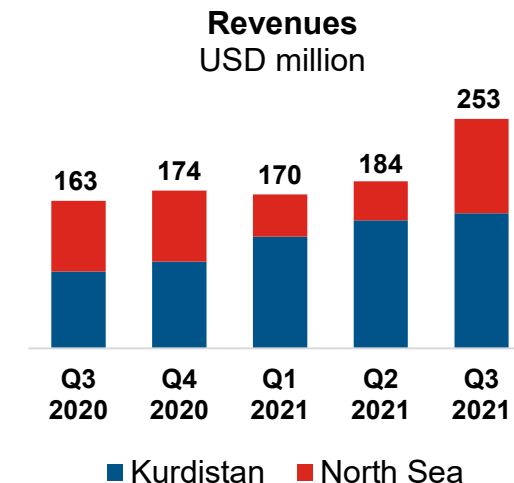
Q3 2021 operational highlights

- Gross operated Tawke license production including the Tawke and Peshkabir fields averaged 105,200 barrels of oil per day (bopd) in Q3 2021 (110,300 bopd in Q2 2021) of which 78,900 bopd net to DNO's interest (82,700 bopd Q2 2021)
- North Sea contributed another 13,100 barrels of oil equivalent per day (boepd), up from 9,900 boepd in Q2 2021 as production resumed at Marulk and Alve fields
- Totaling net DNO production of 92,000 boepd in Q3 2021 (92,700 boepd in Q2 2021)
- Tawke license 2021 gross operated production guidance unchanged at around 110,000 bopd
- North Sea 2021 net production guidance unchanged at around 13,000 boepd
- DNO had 91 licenses across its portfolio at end Q3 2021 (25 operated), of which two in Kurdistan, 74 in Norway, 11 in the United Kingdom, two in the Netherlands, one in Ireland and one in Yemen



Q3 2021 financial highlights

- Revenues totaled USD 253 million in Q3 2021, up 38 percent quarter-on-quarter driven by strengthening oil and gas prices and higher North Sea sales
- Kurdistan revenues of USD 149 million (USD 141 million in Q2 2021) and North Sea revenues of USD 104 million (USD 43 million in Q2 2021)
- Operating profit of USD 65 million in Q3 2021 (USD 61 million in Q2 2021)
- New USD 400 million five-year bonds with coupon rate of 7.875 percent, lowering average debt interest rate and extending maturity
- Received USD 120 million from Kurdistan in Q3 2021 (entitlement USD 88 million, override USD 11 million and USD 20 million towards arrears built up from non-payment of certain invoices in 2019 and 2020)
- At end Q3 2021, outstanding Kurdistan arrears had dropped to USD 203 million, down from the original USD 259 million, excluding any interest



Kurdistan operations

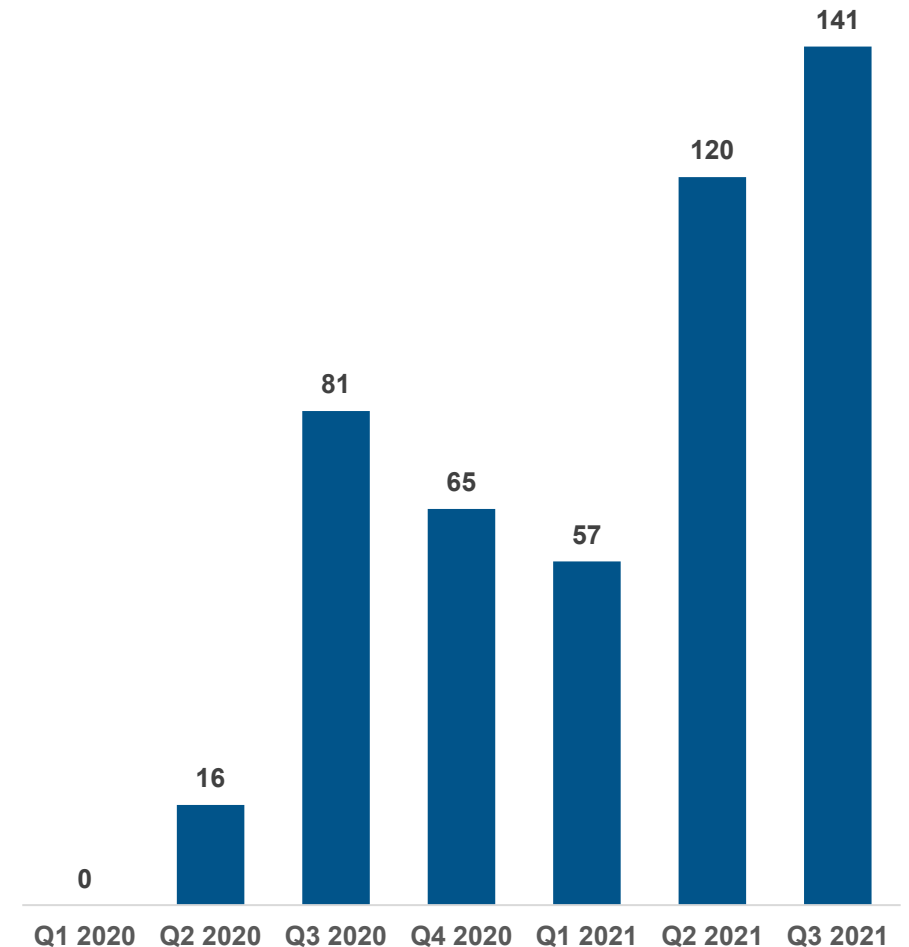
- Q3 2021 Tawke license gross operated production averaged 105,200 bopd, of which Peshkabir field 59,900 bopd (63,000 bopd in Q2 2021) and Tawke field 45,300 bopd (47,300 bopd in Q2 2021)
- Drilling at Tawke field resumed in Q3 2021 after an 18-month pause during which natural production decline was slowed through pressure support from gas injection and workovers
- Q3 2021 production at Peshkabir impacted by well shut-ins for maintenance and interventions
- Both fields slated for multi-year development campaigns
- DNO declared commerciality on Baeshiqa license in Q3 2021 with plans submitted for fast-track development



Gas capture and injection replace flaring, Phase 2 launched

- The USD 110 million Peshkabir-Tawke gas project commissioned in mid-2020 captured and injected eight billion cubic feet of gas through Q3 2021, equivalent to 480,000 tonnes of CO₂
- Kurdistan's first and only gas capture and injection scheme gathers, treats and transports gas over 80 kilometers from the Peshkabir field to the Tawke field for storage and enhanced oil recovery
- In September, the Company initiated a USD 25 million second phase of the gas capture project to reinject and retain gas in the Tawke reservoir and avoid flaring
- DNO's 2020 CO₂ intensity of 10 kilograms per operated barrel is half the 2025 target set by the Oil and Gas Climate Initiative comprising 12 of the world's largest oil and gas companies
- Having eliminated routine venting of methane in operations in 2019, recently launched a leak detection and repair initiative to measure, monitor and mitigate fugitive methane emissions

Emissions avoided with gas injection replacing flaring
(thousand tonnes of CO₂e)



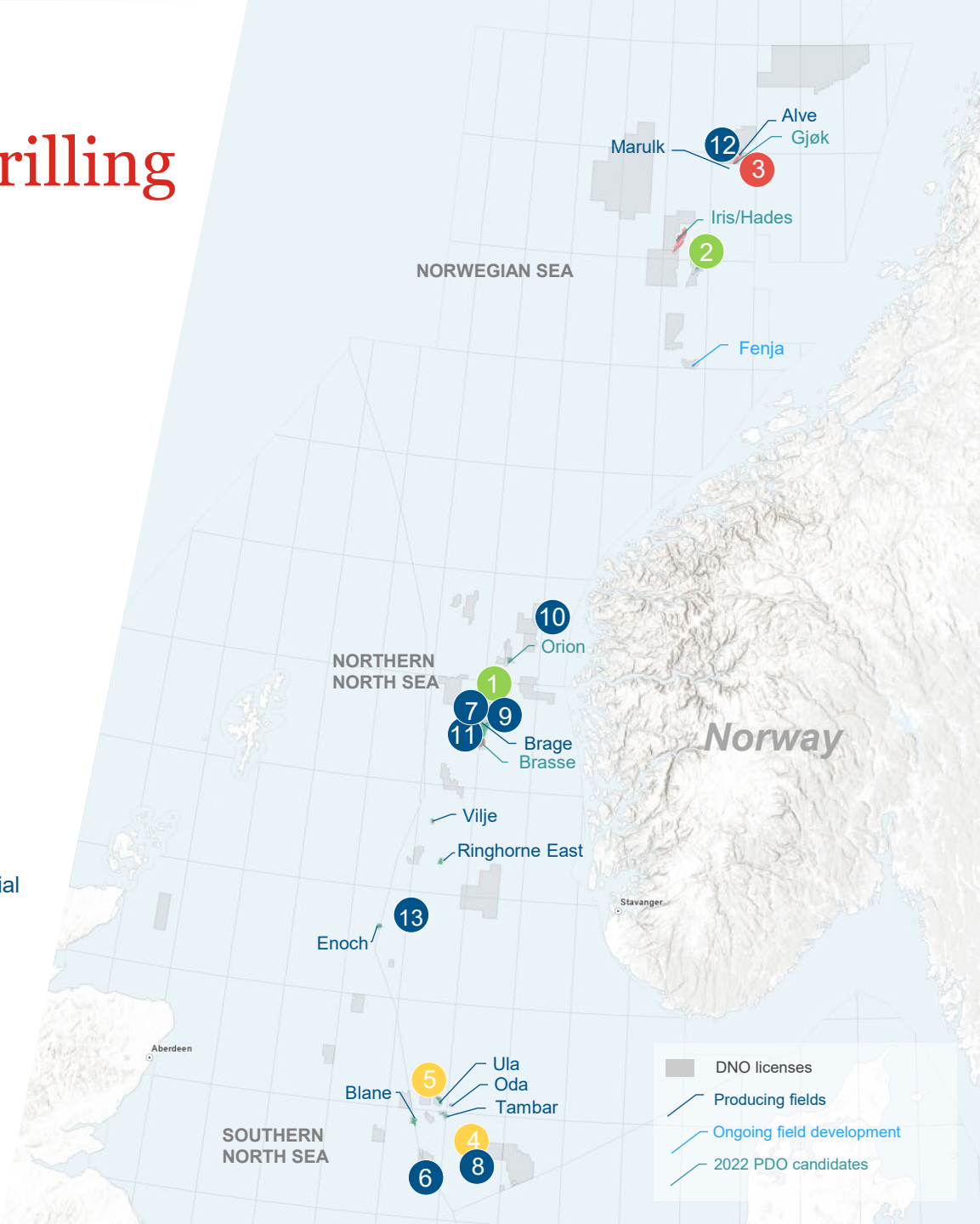
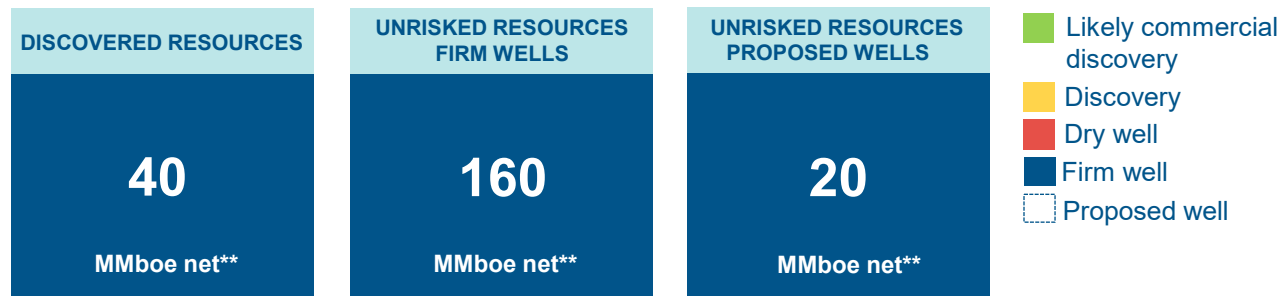
North Sea operations

- Q3 2021 North Sea net production of 13,100 boepd, up from 9,900 boepd in Q2 2021
- Bergknapp appraisal well (DNO 30 percent) on 2020 discovery resulted in a 35 percent resource estimate upgrade in Q3 2021
- Gomez exploration well (DNO 65 percent and operator) encountered hydrocarbons; commerciality being assessed
- Brasse field development (DNO 50 percent and operator) on track for 2022 PDO with DNO recently entering into a strategic framework agreement with Technip FMC covering subsea deliveries (SURF and SPS)
- Due to capital prioritization and risk review, exited Fogelberg and shelved Trym South (DNO 50 percent and operator)
- First of four back-to-back Fenja (DNO 7.5 percent) wells spudded in October, with first oil planned in H1 2023



North Sea 2021-2022 exploration drilling

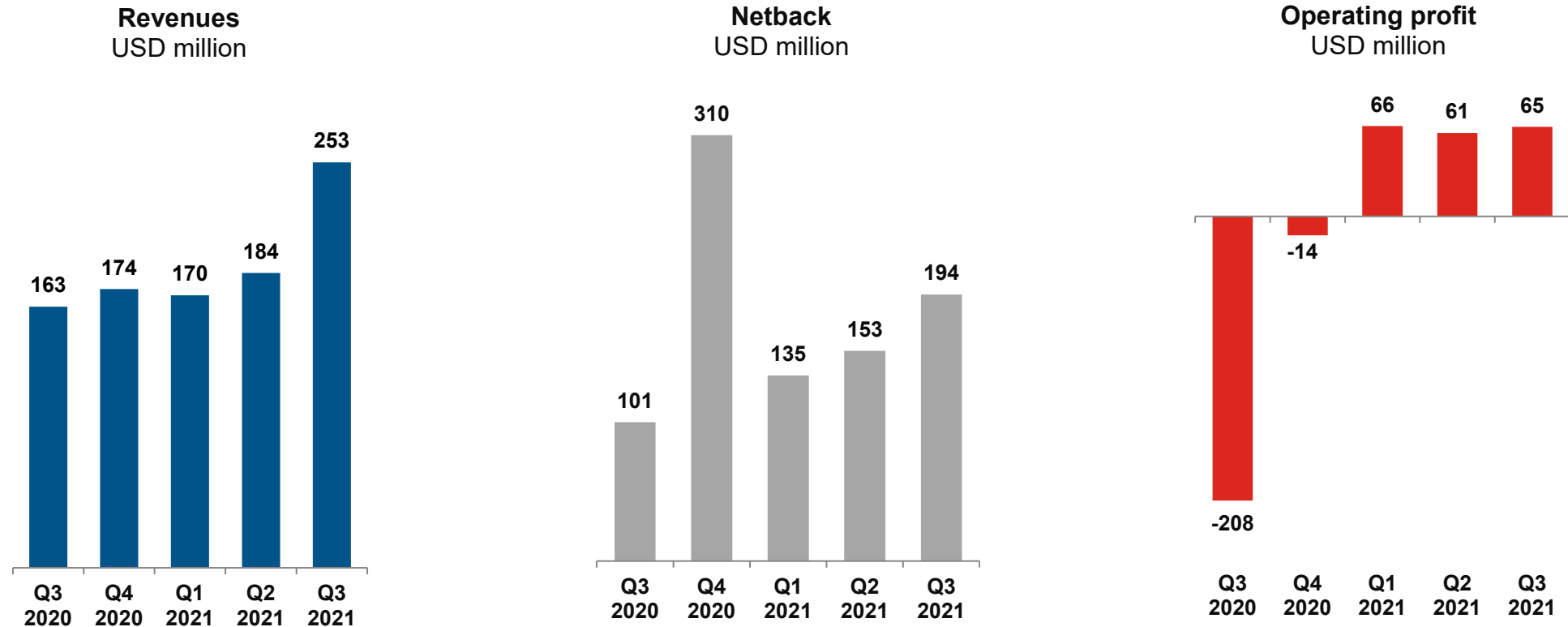
PL	Name	Type	Gross volumes MMboe	DNO interest	2021				2022				
					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1	PL923 Røver Nord	Discovery	45-70	20%	█								
2	PL836S Bergknapp*	Appraisal	53-140	30%		█							
3	PL159B Black Vulture	Appraisal	-	32%			█						
4	PL006C Gomez	Discovery	TBC	65%			█						
5	PL906 Mugnetind	Discovery	TBC	30%				█					
6	PL969 Edinburgh	Exploration	100-675	45%					█				
7	PL293B Kveikje	Exploration	10-25	29%					█				
8	PL1085 Overly	Exploration	5-80	25%						█			
9	PL923 Røver Sør	Exploration	10-40	20%							█		
10	PL929 Ofelia	Exploration	10-40	10%								█	
11	PL055 Brage South	Exploration	4-30	14%									█
12	PL943 Uer	Exploration	10-95	30%									█
13	PL1036 Zee	Exploration	11-50	60%									█



*Bergknapp discovery made in 2020, appraised in 2021
 **Mean recoverable resources net to DNO

Financial review

DNO financial results – key figures



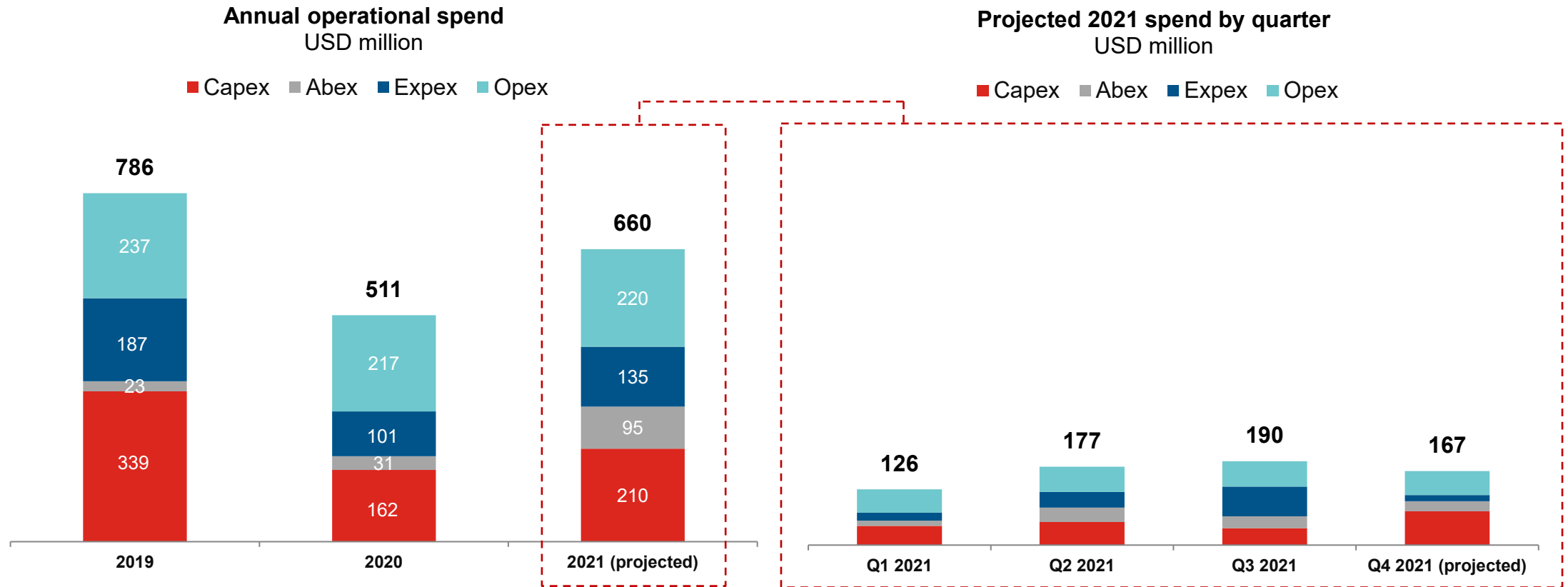
- Revenues climb on higher North Sea sales and strengthening oil and gas prices
- Netback improved on higher revenues and tax refunds, partly offset by higher cost of goods sold
- Operating profit impacted by net non-cash impairments and higher expensed exploration in the quarter

Financial summary

USD million	Q3 2021	Q2 2021	YTD 2021	YTD 2020
Revenues	253.5	184.3	607.6	440.7
Production costs	-56.8	-56.6	-165.8	-165.5
Movement in overlift/underlift	2.1	18.8	40.5	-3.8
Depreciation, depletion and amortization	-51.0	-48.8	-152.7	-281.6
Cost of goods sold	-105.6	-86.6	-278.0	-450.9
Gross profit	147.8	97.7	329.6	-10.2
Expensed exploration	-36.4	-26.9	-73.8	-40.5
Administrative expenses	-4.6	3.3	-6.7	-5.3
Other operating income/-expenses	-1.1	-0.8	-3.6	-1.5
Impairment of oil and gas assets	-40.3	-12.6	-52.8	-243.0
Profit/-loss from operating activities	65.4	60.9	192.7	-300.4
Net finance	-28.6	-29.1	-77.5	-86.9
Profit/-loss before income tax	36.9	31.9	115.2	-387.3
Tax income/-expense	-6.0	24.8	23.8	161.7
Net profit/-loss	30.9	56.7	139.0	-225.6

- Stable production costs, increase in cost of goods sold driven by movement in overlift/underlift
- Net non-cash impairments of USD 40 million, primarily related to revised Ula area production and cost profiles

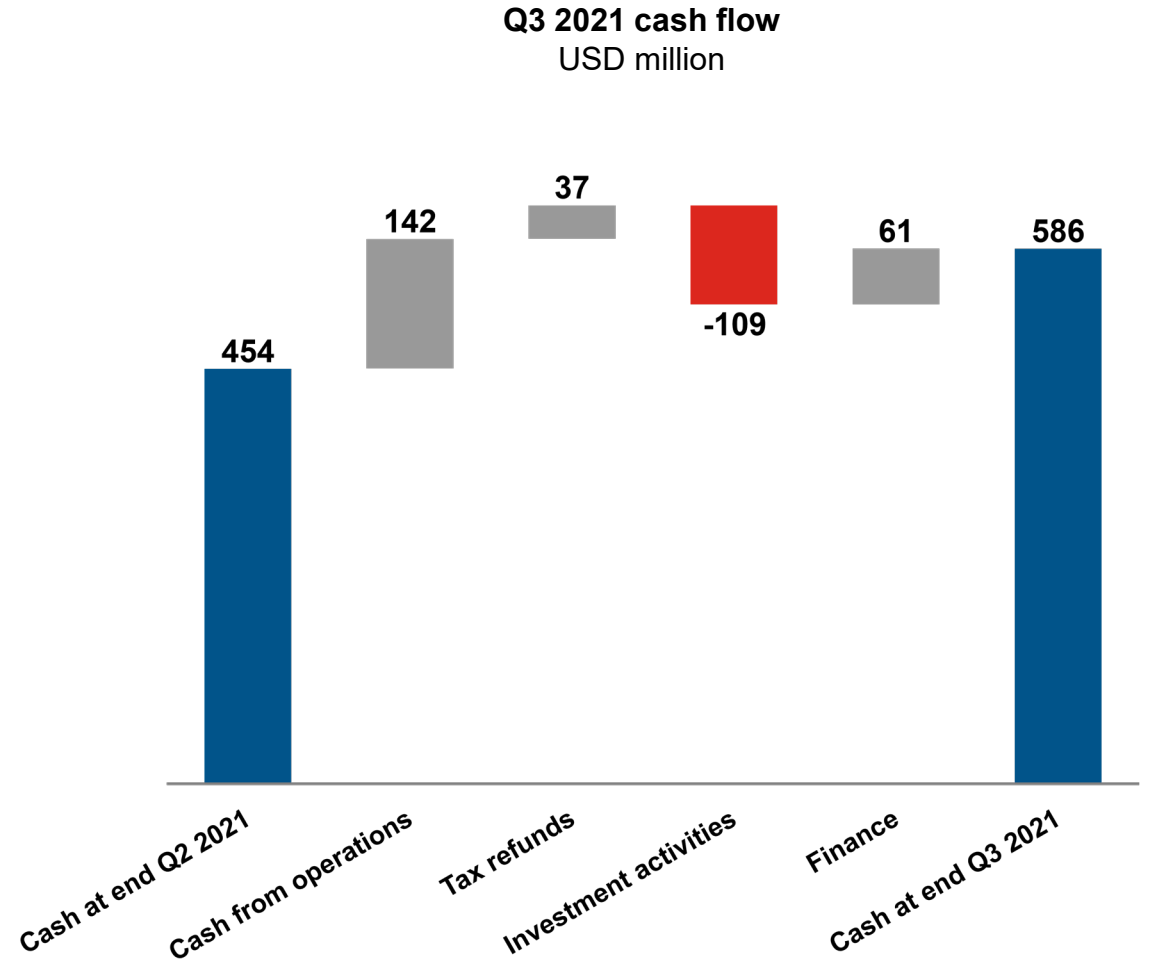
Operational spend update



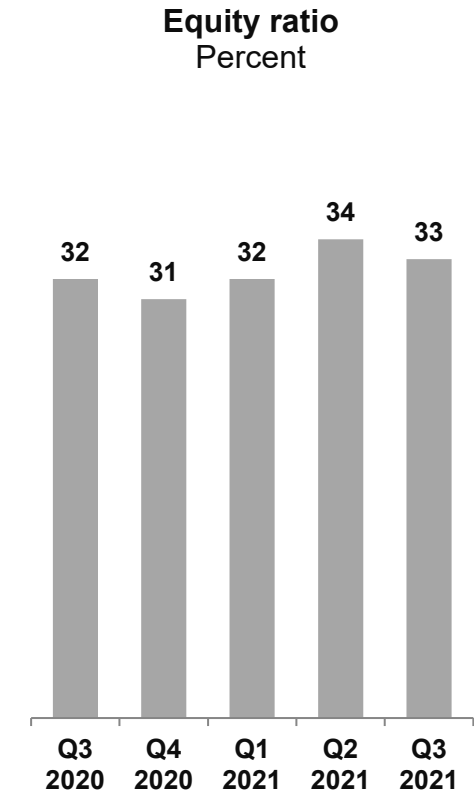
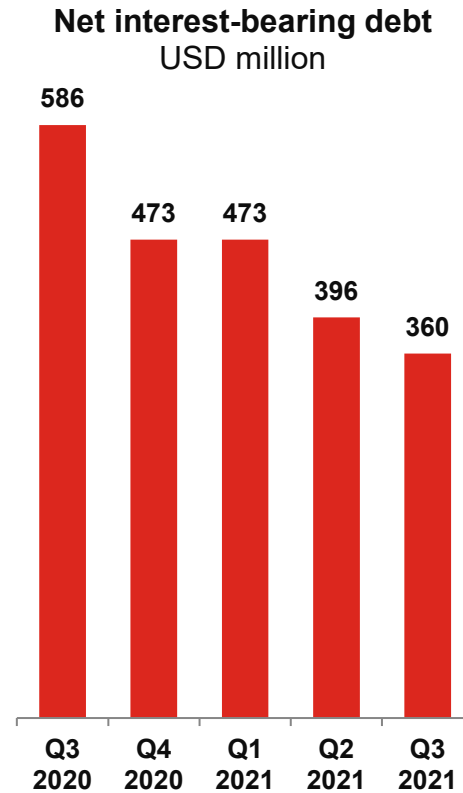
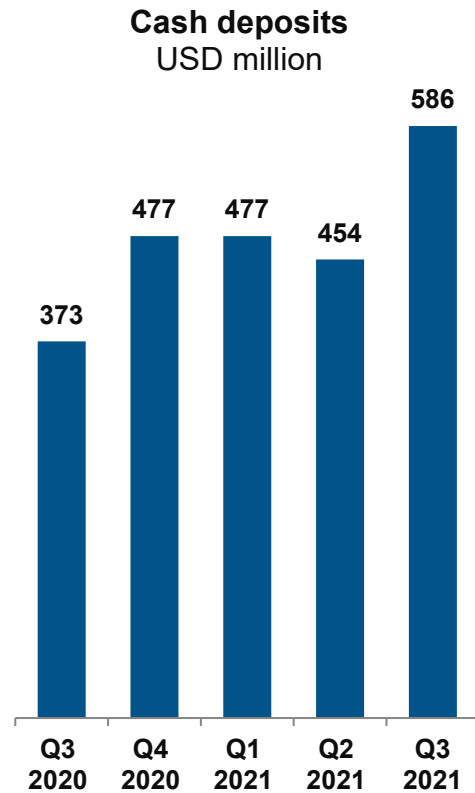
- Operational spend projected at USD 660 million in 2021 (USD 10 million higher than previous guidance) of which USD 200 million in Kurdistan and USD 460 million in the North Sea (before 78 percent tax refund for exploration and abandonment in North Sea)

Q3 2021 cash flow

- Operational cash flow of USD 142 million in Q3 2021 (USD 160 million in Q2 2021)
- North Sea tax refunds of USD 37 million received in Q3 2021 (USD 31 million in Q2 2021)
- Investment activities of USD 109 million (USD 93 million in Q2 2021) comprise of USD 81 million in asset investments and USD 28 million in decommissioning
- Net cash from financing activities of USD 61 million (outflows of USD 121 million in Q2 2021) driven by proceeds from new bonds, partly offset by redemption of remaining DNO02 bonds and other finance costs



Capital structure



- Strengthening of balance sheet with increased cash deposits
- Net interest-bearing debt cut by 39 percent to USD 360 million over the last 12 months

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