

DNO ASA
Interim Results
First Quarter 2020



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

Key figures

USD million	Q1 2020	Quarters		Full-Year
		Q4 2019	Q1 2019	2019
Key financials				
Revenues	205.6	274.6	204.1	971.4
Gross profit	38.4	123.0	87.1	430.0
Profit/-loss from operating activities	-11.5	44.4	37.9	75.6
Net profit/-loss	-39.4	50.9	51.1	73.5
EBITDA	135.1	157.0	106.6	549.4
EBITDAX	149.9	204.9	139.4	695.8
Netback	135.1	213.9	106.6	606.3
Acquisition and development costs	96.7	112.3	92.0	407.9
Exploration expenses	14.8	47.9	32.8	146.4
Production				
Gross operated production (boepd)	115,207	122,795	131,669	126,985
CWI production (boepd)*	99,857	105,546	107,523	104,767
Key performance indicators				
Lifting costs (USD/boe)	5.4	5.6	5.6	5.4
Netback (USD/boe)	14.9	22.0	12.1	16.3

* The CWI production in 2019 includes production from the assets added through the swap agreement with Equinor Energy AS, effective from 1 January 2019.

For more information about key figures, see the section on alternative performance measures.

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
- 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 Peshkibir fields

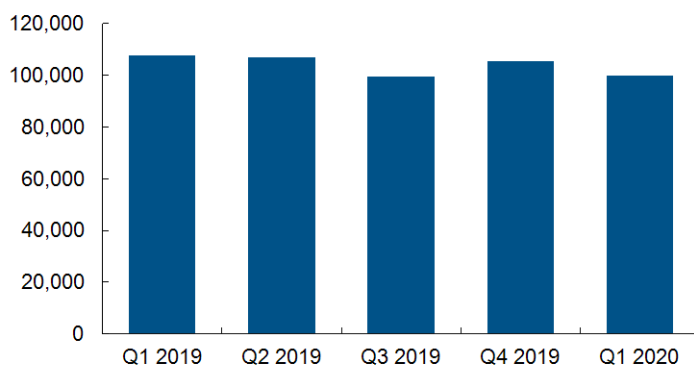
Q1 2020 financial highlights

- 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)

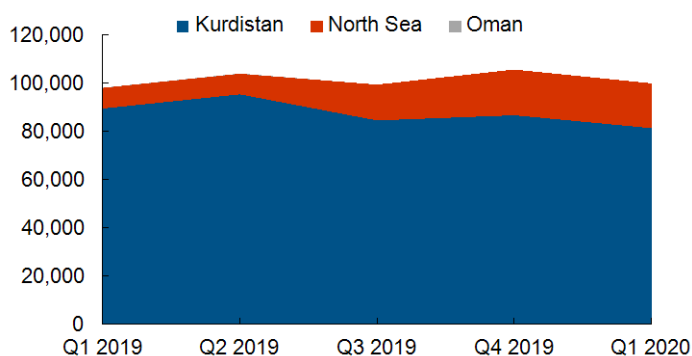
Operational review

Production

Quarterly CWI production (boepd)



CWI production by segment (boepd)



Gross operated production averaged 115,207 bopd during the first quarter, compared to 122,795 bopd in the previous quarter.

Company Working Interest (CWI) production during the first quarter stood at 99,857 boepd, compared to 105,546 boepd in the previous quarter. In Kurdistan, CWI production averaged 81,221 bopd, down from 86,570 bopd in the previous quarter. CWI production from the North Sea averaged 18,636 boepd, slightly down from 18,975 boepd in the previous quarter.

Net entitlement (NE) production averaged 60,366 boepd during the first quarter, slightly down from 60,507 boepd in the previous quarter.

Gross operated production

boepd	Q1 2020	Quarters Q4 2019	Q1 2019	Full-Year 2019
Kurdistan	115,207	122,795	126,759	123,940
North Sea	-	-	4,723	2,999
Oman	-	-	187	46
Total	115,207	122,795	131,669	126,985

The table above shows gross operated production (boepd) from the Group's operated licenses.

Company Working Interest (CWI) production

boepd	Q1 2020	Quarters Q4 2019	Q1 2019	Full-Year 2019
Kurdistan	81,221	86,570	89,365	87,378
North Sea	18,636	18,975	18,071	17,368
Oman	-	-	87	21
Total	99,857	105,546	107,523	104,767

The North Sea CWI production in 2019 includes production from the assets added through the swap agreement with Equinor Energy AS, effective from 1 January 2019.

Net entitlement (NE) production

boepd	Q1 2020	Quarters Q4 2019	Q1 2019	Full-Year 2019
Kurdistan	41,730	41,532	37,390	38,373
North Sea	18,636	18,975	18,071	17,368
Oman	-	-	42	10
Total	60,366	60,507	55,503	55,752

The table above reflects the Group's NE production (boepd). The NE production (boepd) from the North Sea equals the segment's CWI production (boepd).

Activity overview

Kurdistan region of Iraq

Tawke license

Gross production from the Tawke license, containing the Tawke and Peshkabir fields, averaged 115,207 bopd during the first quarter of 2020. Tawke production averaged 61,493 bopd and Peshkabir production averaged 53,714 bopd during this period.

DNO completed drilling of five development/infill wells in the first quarter, four at Tawke and one at Peshkabir.

The Peshkabir to Tawke gas recovery and reinjection project is complete and facilities commissioning is underway.

DNO holds a 75 percent operated interest in the Tawke and Peshkabir fields with partner Genel Energy plc (25 percent).

Erbil license

The Company notified the Government in early 2020 that it will relinquish operatorship and participation in the Erbil license, effective 21 May 2020.

Baeshiqa license

Testing and appraisal of the Baeshiqa-2 exploration well continued during the quarter and is now concluded. The testing has proven light oil and sour gas in three separate Triassic aged reservoirs. Evaluation of the test results will determine next steps towards further appraisal and assessment of commerciality. The Zartik-1 well will spud mid-May 2020 on a separate prospect, Zartik, located 15 kilometers southeast of the Baeshiqa discovery on the same license. Site construction was completed at the end of last month on time and below budget.

DNO holds a 32 percent operated interest in the Baeshiqa license. Partners include ExxonMobil with 32 percent, Turkish Energy Company with 16 percent and the Kurdistan Regional Government with 20 percent.

North Sea

CWI production averaged 18,636 boepd in the North Sea during the first quarter of 2020, of which 17,751 boepd was in Norway and 886 boepd was in the United Kingdom (UK).

The Company has diversified production across 13 fields of which nine are in Norway and four in the UK.

In the North Sea, two wells were spud during the quarter, including one exploration well and one production well in Norway.

DNO holds a 30 percent interest in the Wintershall Dea-operated Bergknapp discovery in production license 836S, southeast of Åsgard, with several tie-back options. Estimated recoverable resources are in the range 26-97 MMboe.

The Company was awarded 10 exploration licenses during the quarter, of which two are operated, under Norway's Awards in Predefined Areas 2019 licensing round, with five in the North Sea, two in the Norwegian Sea and three in the Barents Sea. After a round of relinquishments DNO holds a total of 87 licenses in Norway, of which 23 are operated, securing its position as the fifth largest license holder. The Company also holds 15 licenses in the UK, the Netherlands and Ireland, of which one is operated.

Responding to the coronavirus crisis

DNO reacted quickly in mid-March 2020 to the oil price crash and growing restrictions on operations from the spreading coronavirus pandemic. The Company has now cut the 2020 budget by 35 percent or USD 350 million and it continues to seek further savings.

DNO cut or deferred most discretionary drilling and capital projects across the portfolio and has renegotiated service contracts for savings and extended payment terms. The Company has also reduced overheads, including staff, in all locations.

Notwithstanding the disruption caused by the pandemic, DNO continues to deliver strong operational metrics. In Kurdistan, it has drawn on lessons learned during the ISIS crisis to secure supply chains, organize staff movements and implement team security, health and extraction protocols.

Although one of the first to hit the brakes, DNO has positioned itself 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.

Financial review

Revenues, operating profit and cash

Revenues in the first quarter stood at USD 205.6 million, compared to USD 274.6 million in the previous quarter. The decrease in revenues compared to the previous quarter was primarily driven by lower realized price and lower sales volumes. Kurdistan generated revenues of USD 134.6 million (USD 191.1 million in the previous quarter), while the North Sea generated revenues of USD 71.0 million (USD 83.5 million in the previous quarter).

The Group reported an operating loss of USD 11.5 million in the first quarter, compared to an operating profit of USD 44.4 million in the previous quarter. The operating loss in the first quarter was impacted by lower revenues, higher DD&A and impairments compared to the previous quarter, partially offset by lower exploration costs expensed.

The Group ended the quarter with a cash balance of USD 543.2 million and USD 36.1 million in market value of treasury shares and financial investments, compared to USD 485.7 million and USD 144.5 million at yearend 2019 respectively.

Cost of goods sold

In the first quarter, the cost of goods sold stood at USD 167.2 million, compared to USD 151.7 million in the previous quarter. The increase in cost of goods sold compared to the previous quarter was primarily driven by higher DD&A.

Lifting costs

Lifting costs stood at USD 49.2 million in the first quarter, compared to USD 54.1 million in the previous quarter. In Kurdistan, the average lifting cost during the first quarter stood at USD 3.7 per per barrel of oil equivalent (boe). In the North Sea, the average lifting cost during the first quarter stood at USD 13.0 per boe.

USD million	Quarters			Full-Year
	Q1 2020	Q4 2019	Q1 2019	2019
Kurdistan	27.2	26.7	28.2	106.7
North Sea	22.0	27.2	21.5	92.4
Total	49.2	54.1	49.8	199.1

(USD/boe)	Quarters			Full-Year
	Q1 2020	Q4 2019	Q1 2019	2019
Kurdistan	3.7	3.3	3.5	3.3
North Sea	13.0	15.6	28.0	17.7
Average	5.4	5.6	5.6	5.4

Depreciation, depletion and amortization (DD&A)

DD&A of oil and gas production assets amounted to USD 106.0 million in the first quarter compared to USD 87.6 million in the previous quarter. The increase in DD&A compared to the previous quarter was primarily driven by higher DD&A per boe following the annual update in reserves basis at yearend 2019. Updates in reserves basis affecting the depreciation calculations are reflected prospectively.

USD million	Quarters			Full-Year
	Q1 2020	Q4 2019	Q1 2019	2019
Kurdistan	73.3	59.4	52.2	217.6
North Sea	32.7	28.2	15.2	89.2
Total	106.0	87.6	67.4	306.8

(USD/boe)	Quarters			Full-Year
	Q1 2020	Q4 2019	Q1 2019	2019
Kurdistan	19.3	15.5	15.5	15.5
North Sea	19.3	16.1	19.7	17.1
Average	19.3	15.7	16.3	16.0

Exploration costs expensed

Exploration costs expensed of USD 14.8 million in the first quarter were mainly related to exploration activities in the North Sea.

USD million	Quarters			Full-Year
	Q1 2020	Q4 2019	Q1 2019	2019
Kurdistan	0.4	0.6	0.7	2.1
North Sea	14.4	47.3	32.2	144.6
Other	-	-	-0.1	-0.2
Total	14.8	47.9	32.8	146.4

Acquisition and development costs

Acquisition and development costs stood at USD 96.7 million in the first quarter, of which USD 56.0 million was in Kurdistan and USD 39.9 million in the North Sea.

USD million	Quarters			Full-Year
	Q1 2020	Q4 2019	Q1 2019	2019
Kurdistan	56.0	73.6	39.4	235.6
North Sea	39.9	38.2	51.5	170.0
Other	0.9	0.5	1.1	2.4
Total	96.7	112.3	92.0	407.9

Consolidated statements of comprehensive income

(unaudited, in USD million)	Note	Quarters		Full-Year
		Q1 2020	Q1 2019	2019
Revenues	2,3	205.6	204.1	971.4
Cost of goods sold	4	-167.2	-117.0	-541.4
Gross profit		38.4	87.1	430.0
Other income		-	0.1	-0.5
Administrative expenses		4.6	-15.4	-26.1
Other operating expenses		-0.6	-1.1	-19.3
Impairment oil and gas assets	7	-39.2	-	-162.0
Exploration expenses	5	-14.8	-32.8	-146.4
Profit/-loss from operating activities		-11.5	37.9	75.6
Financial income		1.5	1.9	9.6
Financial expenses	10	-40.1	-24.1	-133.1
Profit/-loss before income tax		-50.1	15.7	-47.8
Tax income/-expense	6	10.7	35.4	121.3
Net profit/-loss		-39.4	51.1	73.5
Other comprehensive income				
Currency translation differences		-111.0	-3.1	-27.0
Items that may be reclassified to profit or loss in later periods		-111.0	-3.1	-27.0
Net fair value changes from financial instruments	8	-15.0	29.4	25.8
Items that are not reclassified to profit or loss in later periods		-15.0	29.4	25.8
Total other comprehensive income, net of tax		-126.0	26.3	-1.2
Total comprehensive income, net of tax		-165.5	77.3	72.3
Net profit/-loss attributable to:				
Equity holders of the parent		-39.4	51.1	73.5
Total comprehensive income attributable to:				
Equity holders of the parent		-165.5	77.3	72.3
Earnings per share, basic (USD per share)		-0.04	0.05	0.07
Earnings per share, diluted (USD per share)		-0.04	0.05	0.07
Weighted average number of shares outstanding (excluding treasury shares) (millions)		976.62	1,048.81	1,036.37

Consolidated statements of financial position

ASSETS		At 31 Mar		At 31 Dec
(unaudited, USD million)	Note	2020	2019	2019
Non-current assets				
Goodwill		242.0	372.5	333.9
Deferred tax assets	6	51.6	47.2	63.7
Other intangible assets	7	318.3	324.3	346.6
Property, plant and equipment	7	1,220.9	1,194.5	1,349.5
Financial investments	8	6.0	31.3	21.0
Tax receivables	6	18.9	35.7	-
Total non-current assets		1,857.9	2,005.4	2,114.7
Current assets				
Inventories	4	29.1	26.5	28.2
Trade and other receivables	9	483.1	301.1	478.5
Tax receivables	6	134.9	60.3	164.8
Cash and cash equivalents		543.2	254.4	485.7
Total current assets		1,190.2	642.4	1,157.2
Assets held for sale		-	247.0	-
TOTAL ASSETS		3,048.2	2,894.7	3,271.9
EQUITY AND LIABILITIES		At 31 Mar		At 31 Dec
(unaudited, USD million)	Note	2020	2019	2019
Equity				
Shareholder's equity		978.2	1,270.4	1,161.3
Non-current liabilities				
Deferred tax liabilities	6	170.8	62.9	217.6
Interest-bearing liabilities	10	943.3	689.0	836.0
Lease liabilities	11	9.7	11.0	11.1
Provisions for other liabilities and charges	11	362.1	464.4	422.8
Total non-current liabilities		1,485.9	1,227.3	1,487.5
Current liabilities				
Trade and other payables		274.1	233.7	288.9
Income tax payable	6	-	-	0.2
Current interest-bearing liabilities	10	212.9	53.2	225.6
Current lease liabilities	11	3.0	3.1	3.3
Provisions for other liabilities and charges	11	93.9	18.0	105.1
Total current liabilities		583.9	308.0	623.0
Liabilities directly associated with assets held for sale		-	88.9	-
Total liabilities		2,069.9	1,624.1	2,110.5
TOTAL EQUITY AND LIABILITIES		3,048.2	2,894.7	3,271.9

Consolidated cash flow statement

(unaudited, in USD million)	Note	Quarters		Full-Year
		Q1 2020	Q1 2019	2019
Operating activities				
Profit/-loss before income tax		-50.1	15.7	-47.8
Adjustments to add/-deduct non-cash items:				
Exploration cost capitalized in previous years carried to cost	5	-	-	27.8
Depreciation, depletion and amortization	4	107.5	68.7	311.8
Impairment oil and gas assets	7	39.2	-	162.0
Other*		13.4	18.6	6.7
Change in working capital items and provisions:				
- Inventories		-0.9	-0.2	-2.0
- Trade and other receivables		-4.6	10.3	-147.4
- Trade and other payables		-14.8	-63.9	-18.1
- Provisions for other liabilities and charges		5.5	9.1	92.5
Cash generated from operations				
		95.3	58.1	385.3
Tax refund received		-	-	56.9
Interest received		1.2	1.3	7.6
Interest paid		-18.1	-9.1	-78.2
Net cash from/-used in operating activities				
		78.5	50.2	371.5
Investing activities				
Purchases of intangible assets		-18.7	-13.7	-68.5
Purchases of tangible assets		-78.0	-78.3	-339.4
Payments for decommissioning		-16.7	-5.8	-22.6
Acquisition of Faroe Petroleum plc net of cash acquired		-	-428.5	-428.7
Proceeds from license transactions		-	-	29.6
Proceeds from sale of financial investments		-	-	6.6
Net cash from/-used in investing activities				
		-113.4	-526.3	-823.0
Financing activities				
Proceeds from borrowings net of issue costs	10	131.0	46.2	537.9
Repayment of borrowings	10	-20.0	-19.6	-197.6
Purchase of treasury shares		-17.7	-	-82.3
Paid dividend		-	-24.6	-46.6
Payments of lease liabilities		-0.7	-0.6	-3.2
Net cash from/-used in financing activities				
		92.5	1.4	208.3
Net increase/-decrease in cash and cash equivalents				
		57.6	-474.7	-243.2
Cash and cash equivalents at beginning of the period		485.7	729.1	729.1
Cash and cash equivalents at the end of the period				
		543.2	254.4	485.7
Of which restricted cash		13.7	12.9	14.3

* Includes adjustment for interest income, interest expense, accretion expense in relation to ARO provision, amortization of borrowing issue costs and other non-cash changes.

Consolidated statement of changes in equity

(unaudited, in USD million)	Other comprehensive income							Total equity
	Share capital	Share premium	Other paid-in capital/Other reserves	Fair value changes equity instruments	Currency translation differences	Retained earnings		
Total equity as of 31 December 2018	35.0	247.7	24.6	-	-32.9	943.2	1,217.8	
Reallocation of equity*	-	-	25.8	18.7	-1.5	-43.0	-	
Total equity as of 1 January 2019	35.0	247.7	50.4	18.7	-34.4	900.2	1,217.8	
Fair value changes from equity instruments	-	-	-	29.4	-	-	29.4	
Currency translation differences	-	-	-	-	-3.1	-	-3.1	
Other comprehensive income/-loss	-	-	-	29.4	-3.1	-	26.3	
Profit/-loss for the period	-	-	-	-	-	51.1	51.1	
Total comprehensive income	-	-	-	29.4	-3.1	51.1	77.3	
Issue of share capital	-	-	-	-	-	-	-	
Purchase of treasury shares	-	-	-	-	-	-	-	
Payment of dividend	-	-	-	-	-	-24.7	-24.7	
Transactions with shareholders	-	-	-	-	-	-24.7	-24.7	
Total equity as of 31 March 2019	35.0	247.7	50.4	48.1	-37.5	926.6	1,270.4	

(unaudited, in USD million)	Other comprehensive income							Total equity
	Share capital	Share premium	Other paid-in capital/Other reserves	Fair value changes equity instruments	Currency translation differences	Retained earnings		
Total equity as of 31 December 2019	33.3	247.7	-30.2	-	-36.6	947.0	1,161.3	
Reallocation of equity*	-	-	-	44.5	-24.8	-19.7	-	
Total equity as of 1 January 2020	33.3	247.7	-30.2	44.5	-61.4	927.3	1,161.3	
Fair value changes from equity instruments	-	-	-	-15.0	-	-	-15.0	
Currency translation differences	-	-	-	-	-111.0	-	-111.0	
Other comprehensive income/-loss	-	-	-	-15.0	-111.0	-	-126.0	
Profit/-loss for the period	-	-	-	-	-	-39.4	-39.4	
Total comprehensive income	-	-	-	-15.0	-111.0	-39.4	-165.5	
Issue of share capital	-	-	-	-	-	-	-	
Purchase of treasury shares	-0.4	-	-17.3	-	-	-	-17.7	
Payment of dividend	-	-	-	-	-	-	-	
Transactions with shareholders	-0.4	-	-17.3	-	-	-	-17.7	
Total equity as of 31 March 2020	32.9	247.7	-47.5	29.5	-172.4	887.8	978.2	

* Reallocation of equity is related to change in the presentation of other comprehensive income. Total equity is unchanged.

On 28 February 2020, the Company announced that shareholders at an Extraordinary General Meeting overwhelmingly approved the resolution to cancel all 108,381,415 treasury shares held by the Company. The cancellation of treasury shares will be completed during second quarter of 2020.

Notes to the consolidated interim financial statements

Note 1 | Basis of preparation and accounting policies

Principal activities and corporate information

DNO ASA (the Company) and its subsidiaries (DNO or the Group) are engaged in international oil and gas exploration, development and production.

Basis of preparation

DNO ASA's consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* and IFRS standards issued and effective at date of reporting as adopted by the EU. These interim financial statements have also been prepared in accordance with Oslo Stock Exchange regulations.

The interim financial statements do not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the DNO ASA Annual Report and Accounts 2019.

The interim financial information for 2020 and 2019 is unaudited.

Subtotals and totals in some of the tables included in these interim financial statements may not equal the sum of the amounts shown due to rounding.

The interim financial statements have been prepared on a historical cost basis, with the following exception: liabilities related to share-based payments, derivative financial instruments and equity instruments are recognized at fair value. A detailed description of the accounting policies applied is included in the DNO ASA Annual Report and Accounts 2019.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of DNO ASA Annual Report and Accounts 2019.

Note 2 | Segment information

The Group reports the following two operating segments: Kurdistan and the North Sea (which includes the Group's oil and gas activities in Norway and the UK). The segment assets do not include internal receivables/liabilities.

Three months ending 31 March 2020 USD million	Note	Kurdistan	North Sea	Other	Total reporting segments	Un-allocated/eliminated	Total Group
Income statement information							
Revenues	3	134.6	71.0	-	205.6	-	205.6
Inter-segment revenues		-	-	-	-	-	-
Cost of goods sold	4	-100.6	-65.8	-	-166.4	-0.8	-167.2
Gross profit		34.0	5.2	-	39.2	-0.8	38.4
Profit/-loss from operating activities		33.3	-45.7	-1.5	-13.9	2.4	-11.5
Financial income/-expense (net)	10						-38.6
Tax income/-expense	6	-	10.8	-	10.8	-0.1	10.7
Net profit/-loss							-39.4
Financial position information							
Non-current assets		777.2	1,065.1	-	1,842.3	15.6	1,857.9
Current assets		393.1	432.5	4.7	830.4	359.8	1,190.2
Total assets		1,170.3	1,497.6	4.7	2,672.7	375.4	3,048.2
Non-current liabilities		58.2	707.9	0.3	766.4	719.5	1,485.9
Current liabilities		105.1	297.6	27.9	430.6	153.3	583.9
Total liabilities		163.3	1,005.5	28.2	1,197.0	872.9	2,069.9

Note 2 | Segment information (continued)

Three months ending 31 March 2019 USD million	Note	Kurdistan	North Sea	Other	Total reporting segment	Un-allocated/eliminated	Total Group
Income statement information							
Revenues	3	168.6	35.4	-	204.1	-	204.1
Inter-segment revenues		-	-	-	-	-0.2	-
Cost of goods sold	4	-80.6	-35.5	-	-116.1	-0.9	-117.0
Gross profit		88.0	0.1	-	88.1	-1.0	87.1
Profit/-loss from operating activities		87.1	-38.8	-3.7	44.5	-6.8	37.9
Financial income/-expense (net)	10						-22.2
Tax income/-expense	6	-	35.4	-	35.4	-	35.4
Net profit/-loss							51.1
Financial position information							
Non-current Assets		773.9	1,186.8	0.0	1,960.7	44.7	2,005.4
Current assets		213.3	244.6	6.7	464.7	177.6	642.4
Total assets before assets held for sale		987.2	1,431.4	6.7	2,425.4	222.3	2,647.7
Assets held for sale		-	247.0	-	247.0	-	247.0
Total assets		987.2	1,678.4	6.7	2,672.4	222.3	2,894.7
Non-current liabilities		61.6	575.9	0.3	637.8	589.4	1,227.3
Current liabilities		76.6	103.7	16.6	196.8	111.2	308.0
Total liabilities before liabilities associated with assets held for sale		138.2	679.6	16.9	834.7	700.6	1,535.3
Liabilities directly associated with assets held for sale		-	88.9	-	88.9	-	88.9
Total liabilities		138.2	768.4	16.9	923.5	700.6	1,624.1

Note 3 | Revenues

USD million	Quarters		Full-Year
	Q1 2020	Q1 2019	2019
Sale of oil	194.1	197.0	918.1
Sale of gas	5.9	6.2	36.5
Sale of natural gas liquids (NGL)	4.5	0.7	13.0
Tariff income	1.1	0.2	3.7
Total revenues from contracts with customers	205.6	204.1	971.4

Note 4 | Cost of goods sold/ Inventory

USD million	Quarters		Full-Year
	Q1 2020	Q1 2019	2019
Lifting costs	-49.2	-49.8	-199.1
Tariff and transportation expenses	-9.4	-4.1	-37.7
Production costs based on produced volumes	-58.6	-53.9	-236.8
Movement in overlift/underlift	-1.1	5.6	7.2
Production costs based on sold volumes	-59.7	-48.2	-229.6
Depreciation, depletion and amortization	-107.5	-68.7	-311.8
Total cost of goods sold	-167.2	-117.0	-541.4

Lifting costs consist of expenses related to the production of oil and gas, including operation and maintenance of installations, well intervention activities and insurances. Tariff and transportation expenses consist of charges incurred by the Group for the use of infrastructure owned by other companies in the North Sea.

USD million	At 31 Mar		At 31 Dec
	2020	2019	2019
Spare parts	29.1	26.5	28.2
Total inventory	29.1	26.5	28.2

Total inventory of USD 29.1 million as of 31 March 2020 was related to Kurdistan (USD 14.3 million) and the North Sea (USD 14.8 million). The provision for obsolete inventory in Kurdistan was USD 18.1 million as of 31 March 2020 (unchanged from yearend 2019).

Note 5 | Exploration expenses

USD million	Quarters		Full-Year
	Q1 2020	Q1 2019	2019
Exploration expenses (G&G and field surveys)	-6.0	-2.4	-17.6
Seismic costs	-0.4	-7.3	-22.0
Exploration cost capitalized in previous years carried to cost	-	-0.7	-27.8
Exploration costs capitalized this year carried to cost	-1.2	-13.0	-47.9
Other exploration cost expensed	-7.2	-9.4	-31.2
Total exploration expenses	-14.8	-32.8	-146.4

Total exploration expenses in the first quarter were mainly related to exploration activities in the North Sea.

Note 6 | Income taxes

USD million	Quarters		Full-Year
	Q1 2020	Q1 2019	2019
Tax income/-expense			
Change in deferred taxes	-7.7	-2.8	6.8
Income tax receivable/-payable	18.4	38.2	114.5
Total tax income/-expense	10.7	35.4	121.3

USD million	At 31 Mar		At 31 Dec
	2020	2019	2019
Income tax receivable/-payable			
Tax receivables (non-current)	18.9	35.7	-
Tax receivables (current)	134.9	60.3	164.8
Income tax payable	-	-	-0.2
Net tax receivable/-payable	153.8	96.0	164.5
Deferred tax assets/-liabilities			
Deferred tax assets	51.6	47.2	63.7
Deferred tax liabilities	-170.8	-62.9	-217.6
Net deferred tax assets/-liabilities	-119.1	-15.7	-153.9

The tax income, tax receivables and recognized deferred tax assets/-liabilities relate to activity on the Norwegian Continental Shelf (NCS) and the UK Continental Shelf (UKCS). The Company's subsidiary, DNO Norge AS, which carries out the Group's activity on the NCS, is currently not in a tax payable position and can claim a 78 percent refund of the eligible exploration costs limited to taxable losses for the year. The refund is paid out in November-December in the subsequent year. Tax receivables include exploration tax receivable on NCS, tax receivable in relation to decommissioning spend on UKCS and a tax receivable in relation to cessation of petroleum activity on NCS of DNO North Sea (Norge) AS.

Under the terms of the Production Sharing Contracts (PSC) in the Kurdistan region of Iraq, the Company's subsidiary, DNO Iraq AS, is not required to pay any corporate income taxes. The share of profit oil of which the government is entitled to is deemed to include a portion representing the notional corporate income tax paid by the government on behalf of DNO. Current and deferred taxation arising from such notional corporate income tax is not calculated for Kurdistan as there is uncertainty related to the tax laws of the KRG and there is currently no well-established tax regime for international oil companies. This is an accounting presentational issue and there is no corporate income tax required to be paid.

Profits/-losses by Norwegian companies from foreign upstream activities outside of Norway are not taxable/deductible in Norway in accordance with the General Tax Act, section 2-39. Under these rules only certain financial income and expenses are taxable in Norway.

Note 7 | Intangible assets/ Property, plant and equipment (PP&E)

USD million	Quarters		Full-Year
	Q1 2020	Q1 2019	2019
Additions of other intangible assets	18.7	13.7	68.8
Additions of other intangible assets through business combinations*	-	282.1	268.1
Other intangible assets reclassified to assets held for sale*	-	-3.3	-
Additions of PP&E	78.0	78.3	388.7
Additions of PP&E through business combinations*	-	560.6	704.5
PP&E assets reclassified to assets held for sale*	-	-157.0	-
Additions of RoU assets	1.2	12.9	15.7
Additions of RoU assets through business combinations*	-	2.0	2.0
Impairment oil and gas assets	-39.2	-	-162.0

Additions of intangible assets are related to capitalized exploration costs, license interests and administrative software. Additions of PP&E are related to development assets, production assets including changes in estimate of asset retirement, and other PP&E. Additions of RoU assets are related to lease contracts under IFRS 16 *Leases* (presented as part of the PP&E balance sheet item).

Impairments

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. An assessment of the recoverable amount is made when an impairment indicator exists. Goodwill is tested for impairment annually or more frequently when there are impairment indicators. Impairment is recognized when the carrying amount of an asset or a cash-generating unit (CGU), including associated goodwill, exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and the value in use.

During the first quarter of 2020, a total impairment charge of USD 39.2 million (USD 36.9 million post-tax) was recognized, triggered by the decrease in near-term oil and gas price forecast and was entirely related to the North Sea; USD 19.3 million was related to impairment of technical goodwill (with no tax impact) on the Ula Area CGU; USD 8.4 million was related to impairment of technical goodwill (with no tax impact) on the Vilje field; USD 2.8 million was related to impairment of technical goodwill (with no tax impact) and USD 1.4 million was related to impairment of PP&E on the Marulk field; USD 3.7 million was related to impairment of technical goodwill (with no tax impact) on the Ringhorne East field; and USD 3.5 million was related to impairment of PP&E on other CGUs.

During 2019, a total impairment charge of USD 162.0 million was recognized, of which USD 13.9 million was related to impairment of technical goodwill (with no tax impact) on the Ringhorne East field, triggered by updated production profiles; USD 89.4 million was related to impairment of technical goodwill (with no tax impact) on the Brasse discovery, triggered by a reduction in reserves estimates; USD 32.6 million was related to an upward revision in the cost estimate for decommissioning the Schooner and Ketch fields; USD 4.5 million was related to impairment of technical goodwill (with no tax impact) on the Marulk field, triggered by updated cost profiles; USD 2.0 million was related to impairment of technical goodwill (with no tax impact) on the Vilje field, triggered by updated cost profiles; USD 12.8 million was related to an impairment of the Erbil license as DNO plans to relinquish operatorship and participation in the Erbil license effective from 21 May 2020; and USD 6.8 million was related to other CGUs.

USD million	Three months ending 31 March 2020		Full-Year ending 31 December 2019	
	Impairment (-)/ reversal (+)	Recoverable/ carrying amount	Impairment (-)/ reversal (+)	Recoverable/ carrying amount
Erbil license, Kurdistan	-	-	-12.8	-
Brasse, North Sea	-	-	-89.4	39.6
Ringhorne East, North Sea	-3.7	31.0	-13.9	41.7
Ula Area, North Sea	-19.3	220.8	-	-
Vilje, North Sea	-8.4	22.8	-2.0	37.5
Marulk, North Sea	-4.3	13.4	-4.5	19.7
Schooner and Ketch, North Sea	-	-	-32.6	-
Other CGUs, North Sea	-3.5	-	-6.8	4.6
Total	-39.2	288.0	-162.0	143.1

Note 8 | Financial investments

Financial investments are comprised of equity instruments and are recorded at fair value (market price, where available) at the end of the reporting period. Fair value changes are included in other comprehensive income (FVTOCI).

USD million	Quarters		Full-Year
	Q1 2020	Q1 2019	2019
Beginning of the period	21.0	230.8	230.8
Additions	-	226.3	226.3
Fair value changes through other comprehensive income (FVTOCI)	-15.0	29.4	25.8
Disposal	-	-455.2	-461.8
Total financial investments end of the period	6.0	31.3	21.0

Financial investments include the following:

USD million	At 31 Mar		At 31 Dec
	2020	2019	2019
Listed securities:			
RAK Petroleum plc	6.0	26.3	21.0
Panoro Energy ASA	-	5.0	-
Total financial investments	6.0	31.3	21.0

As of 31 March 2020, the Company held a total of 15,849,737 shares in RAK Petroleum plc. RAK Petroleum plc is listed on the Oslo Stock Exchange. Through its subsidiary, RAK Petroleum Holdings B.V. RAK Petroleum plc is the largest shareholder in DNO ASA with 40.45 percent of the total issued shares. Change in fair value during the quarter was recognized in other comprehensive income.

On 11 January 2019, the Company obtained control of Faroe Petroleum plc (renamed to DNO North Sea plc) and subsequently de-listed the company from UK's Alternative Investment Market (AIM) of the London Stock Exchange on 14 February 2019. Change in fair value prior to control being obtained was recognized in other comprehensive income in the first quarter of 2019.

On 8 November 2019, the Company sold its shareholding in Panoro Energy ASA.

Prior to DNO obtaining control, the acquisition of Faroe Petroleum plc shares was accounted for as an equity instrument (shown as an addition in the above table). Disposals relate to the step acquisition of Faroe Petroleum plc and the sale of the Company's shares in Panoro Energy ASA.

Note 9 | Trade and other receivables

USD million	At 31 Mar		At 31 Dec
	2020	2019	2019
Trade debtors	331.0	171.2	301.1
Underlift	29.7	23.8	37.6
Other short-term receivables	122.4	106.1	139.8
Total trade and other receivables	483.1	301.1	478.5

The trade debtors as of 31 March 2020 relate mainly to oil deliveries from the Tawke license in Kurdistan for the period October through December 2019 and January through March 2020. DNO has since reporting date received payments for Tawke oil sales for October 2019 and March 2020, totaling USD 90.0 million net to DNO.

The underlift receivable of USD 29.7 million as of 31 March 2020 relates mainly to DNO's North Sea licenses, valued at production cost including depreciation, which will be realized based on market value when the volumes are lifted. Other short-term receivables mainly relate to items of working capital in licenses in Kurdistan and the North Sea and accrual for earned income not invoiced in the North Sea.

Note 10 | Interest-bearing liabilities

Interest-bearing liabilities

USD million	Ticker	Facility currency	Facility amount/limit	Interest	Maturity	At 31 Mar		At 31 Dec
						2020	2019	2019
Non-current								
Bond loan (ISIN NO0010740392)	DNO01	USD	140.0	8.75%	18/06/20	-	200.0	
Bond loan (ISIN NO0010823347)	DNO02	USD	400.0	8.75%	31/05/23	400.0	400.0	400.0
Bond loan (ISIN NO0010852643)	DNO03	USD	400.0	8.375 %	29/05/24	400.0	-	400.0
Bond loan (ISIN NO0010811268)	FAPE01	USD	14.2	8.00%	28/04/23	14.2	85.8	21.2
Capitalized borrowing issue costs						-20.4	-21.0	-23.0
Reserve based lending facility		USD	350.0	see below	07/11/26	149.4	24.1	37.8
Total non-current interest-bearing liabilities						943.3	689.0	836.0
Current								
Bond loan (ISIN NO0010740392)	DNO01	USD	140.0	8.75%	18/06/20	138.5	-	140.0
Exploration financing facility		NOK	1,000.0	see below	see below	74.4	53.2	85.6
Total current interest-bearing liabilities						212.9	53.2	225.6
Total interest-bearing liabilities						1,156.2	742.1	1,061.6

Changes in liabilities arising from financing activities split on cash and non-cash changes

USD million	At 1 Jan 2020	Cash flows		Non-cash changes		At 31 Mar 2020
		flows	Amortization	Currency	Acquisition	
Bond loans	821.2	-7.0	-	-	-	814.2
Bond loans (current)	140.0	-1.3	-0.2	-	-	138.5
Borrowing issue costs	-23.0	-	2.6	-	-	-20.4
Reserve based lending facility	37.8	114.2	-	-2.6	-	149.4
Exploration financing facilities (current)	85.6	5.1	-	-16.2	-	74.4
Total	1,061.6	111.0	2.4	-18.8	-	1,156.2

USD million	At 1 Jan 2019	Cash flows		Non-cash changes		At 31 Mar 2019
		flows	Amortization	Currency	Acquisition	
Bond loans	600.0	-14.2	-	-	100.0	685.8
Borrowing issue costs	-24.3	-	3.3	-	-	-21.0
Reserve based lending facility	-	-	-	-	-	-
Exploration financing facility (non-current)	-	22.9	-	1.3	-	24.2
Exploration financing facility (current)	18.4	17.9	-	-0.8	17.7	53.2
Total	594.1	26.6	3.3	0.5	117.7	742.1

All the bonds are issued by DNO ASA except for FAPE01 which is issued by a subsidiary, DNO North Sea plc. Facility amount for the bonds is shown net of bonds held by the Company.

During the first quarter of 2020, DNO ASA acquired USD 7.0 million of FAPE01 bonds at a price range of 106.88 to 107.13 percent of par plus accrued interest and USD 1.5 million of DNO01 at a price of 89 percent of par plus accrued interest.

Note 10 | Interest-bearing liabilities (continued)

The Group has available a revolving exploration financing facility (EFF) in an aggregate amount of NOK 1 billion with an accordion option of NOK 500 million. Utilization requests need to be delivered for each proposed loan. The facility is secured against the Norwegian exploration tax refund and is repaid when the refund is received which is approximately eleven months after the end of the financial year. The interest rate equals NIBOR plus a margin of 1.70 percent. Utilizations can be made until 31 December 2022. Amount utilized as of the reporting date is disclosed in the table above.

The Group has a reserve-based lending (RBL) facility in relation to its Norway and UK production licenses with a total facility limit of USD 350 million which is available for both debt and issuance of letters of credit. In addition, there is an accordion option of USD 350 million. Interest charged on utilizations is based on the LIBOR, NIBOR or EURIBOR rates (depending on the currency of the drawdown) plus a margin ranging from 2.75 to 3.25 percent. The facility will amortize over the loan life with a final maturity date of 7 November 2026. Amount utilized as of the reporting date is disclosed in the table above. In addition, USD 91 million is utilized in respect of letters of credit.

For additional information on interest-bearing liabilities, see Annual Accounts 2019.

Note 11 | Provisions for other liabilities and charges/ Lease liabilities

USD million	At 31 Mar		At 31 Dec
	2020	2019	2019
Non-current			
Asset retirement obligations (ARO)	359.1	444.5	415.7
Other long-term provisions and charges	3.0	19.9	7.1
Lease liabilities	9.7	11.0	11.1
Total non-current provisions for other liabilities and charges and lease liabilities	371.9	475.4	433.9
Current			
Asset retirement obligations (ARO)	67.5	-	77.1
Other provisions and charges	26.4	18.0	27.9
Current lease liabilities	3.0	3.1	3.3
Total current provisions for other liabilities and charges and lease liabilities	96.9	21.1	108.4
Total provisions for other liabilities and charges and lease liabilities	468.8	496.7	542.3

Asset retirement obligations

The provisions for ARO are based on the present value of estimated future cost of decommissioning oil and gas assets in Kurdistan and the North Sea. The discount rates before tax applied were between 3.5 percent and 3.7 percent.

Non-cancellable lease commitments

The identified lease liabilities have no significant impact on the Group's financing, loan covenants or dividend policy. The Group does not have any residual value guarantees. Extension options are included in the lease liability when, based on the management's judgement, it is reasonably certain that an extension will be exercised.

Undiscounted lease liabilities and maturity of cash outflows (non-cancellable):

USD million	At 31 Mar		At 31 Dec
	2020	2019	2019
Within one year	3.9	5.4	4.4
Two to five years	10.8	11.7	13.0
After five years	1.7	0.5	-
Total undiscounted lease liabilities end of the period	16.4	17.6	17.5

The Group's future minimum lease payments under non-cancellable operating leases are related to office rent including warehouse and equipment. The difference between the recognized lease liabilities in the financial position and the undiscounted lease liabilities is due to discounting and adjustment for short-term leases and low-value leases. The Group's lease contracts related to drilling rigs in Kurdistan are cancellable and are therefore not included in the lease table above or recognized as lease liabilities. The estimated value of leases related to these cancellable contracts was USD 2 million (gross, undiscounted) as of 31 March 2020 (USD 18 million at yearend 2019).

Note 12 | Subsequent events

Export payments from Kurdistan

On 1 April 2020, the Company reported receipt of USD 77.2 million as payment for October 2019 crude oil deliveries to the export market from the Tawke license in the Kurdistan region of Iraq. On 16 April 2020, DNO received USD 34.6 million for March 2020 crude oil deliveries to the export market from the Tawke license in the Kurdistan region of Iraq. The funds will be shared by DNO and partner Genel Energy plc pro-rata to the companies' interests in the license. Separately, a payment of USD 5.7 million has been received net to DNO, representing three percent of gross October 2019 Tawke license revenues, as provided for under the August 2017 receivables settlement agreement with the Kurdistan Regional Government.

Discovery in the Norwegian Sea

On 7 April 2020, the operator of the production license 836 S Wintershall Dea Norge AS, announced a discovery of between 26 and 97 million barrels of oil equivalent (MMboe) at the Bergknapp prospect of which DNO holds a 30 percent interest.

Norwegian Government's decision to reduce Norwegian oil production

On 29 April 2020, the Norwegian Government announced a decision to reduce the country's total oil production from June to December 2020, in order to contribute to a faster stabilization of the global oil market. At the time of issuing this interim report, the field-specific reductions have not yet been decided, and it is therefore too early to conclude how this will affect DNO's NCS production.

Norwegian Government's proposal for time limited changes to the taxation of oil and gas companies

On 30 April 2020, the Norwegian Government proposed certain time limited changes to the taxation of oil and gas companies operating on the NCS with effect from 2020. The companies will be able to expense the investments immediately in the special tax basis, and request cash refund of tax value of losses incurred in 2020 and 2021. The uplift is proposed changed from 5.2 percent per year over four years (20.8 percent in total) to 10.0 percent in the first year. As of the date of issuing this interim report, the proposal has not been approved by the Norwegian Parliament and may be subject to adjustments. If the proposal is approved, the Company estimates that it will increase non-current tax receivable with a corresponding decrease in deferred tax asset in relation to tax losses on the NCS.

DNO completes Baeshiqa testing, prepares to spud next well

On 6 May 2020, the Company announced completion of testing and appraisal of the Baeshiqa-2 exploration well in the Kurdistan Region of Iraq and the imminent spud of an exploration well on a separate prospect, Zartik, located 15 kilometers southeast on the same license. The testing has proven oil and gas in three separate Triassic aged reservoirs. Evaluation of the test results will determine next steps towards further appraisal and assessment of commerciality. For further details, see section on Activity overview.

Alternative performance measures

DNO discloses alternative performance measures (APMs) as a supplement to the Group's financial statements prepared based on issued guidelines from the European Securities and Markets Authority (ESMA). The Company believes that the APMs provide useful supplemental information to management, investors, securities analysts and other stakeholders and are meant to provide an enhanced insight into the financial development of DNO's business operations, financing and future prospects and to improve comparability between periods. Reconciliations of relevant APMs, definitions and explanations of the APMs are provided below.

EBITDA

USD million	Quarters		Full-Year
	Q1 2020	Q1 2019	2019
Revenues	205.6	204.1	971.4
Lifting costs	-49.2	-49.8	-199.1
Tariffs and transportation	-9.4	-4.1	-37.7
Movement in overlift/underlift	-1.1	5.6	7.2
Exploration expenses	-14.8	-32.8	-146.4
Administrative expenses	4.6	-15.5	-26.1
Other operating income/expenses	-0.6	-1.1	-19.8
EBITDA	135.1	106.6	549.4

EBITDAX

USD million	Q1 2020	Q1 2019	2019
EBITDA	135.1	106.6	549.4
Exploration expenses	14.8	32.8	146.4
EBITDAX	149.9	139.4	695.8

Netback

USD million	Q1 2020	Q1 2019	2019
EBITDA	135.1	106.6	549.4
Taxes received/-paid	-	-	56.9
Netback	135.1	106.6	606.3

	Q1 2020	Q1 2019	2019
Netback (USD million)	135.1	106.6	606.3
Company Working Interest production (MMboe)*	9.1	8.8	37.1
Netback (USD/boe)	14.9	12.1	16.3

* For accounting purposes, the CWI production from the assets added through the Equinor Assets Swap was accounted post completion date of 30 April 2019.

Lifting costs

	Q1 2020	Q1 2019	2019
Lifting costs (USD million)	-49.2	-49.8	-199.1
Company Working Interest production (MMboe)*	9.1	8.8	37.1
Lifting costs (USD/boe)	5.4	5.6	5.4

* See comment above under Netback.

Alternative performance measures (continued)

Acquisition and development costs

USD million	Quarters		Full-Year
	Q1 2020	Q1 2019	2019
Purchases of intangible assets	-18.7	-13.7	-68.5
Purchases of tangible assets	-78.0	-78.3	-339.4
Acquisition and development costs*	-96.7	-92.0	-407.9

* Acquisition and development costs exclude estimate changes on asset retirement obligations.

Operational spend

USD million	Q1 2020	Q1 2019	2019
Lifting costs	-49.2	-49.8	-199.1
Tariff and transportation expenses*	-9.4	-4.1	-37.7
Exploration expenses	-14.8	-32.8	-146.4
Exploration costs capitalized in previous years carried to cost (Note 5)	-	0.7	27.8
Acquisition and development costs	-96.7	-92.0	-407.9
Payments for decommissioning*	-16.7	-5.8	-22.6
Operational spend	-186.8	-183.9	-786.0

* Effective from Q1 2020, tariff and transportation expenses and payments for decommissioning are included in this APM. Comparison numbers are restated.

Equity ratio

USD	Q1 2020	Q1 2019	2019
Equity	978.2	1,270.4	1,161.3
Total assets	3,048.2	2,894.7	3,271.9
Equity ratio	32.1%	43.9%	35.5%

Free cash flow

USD million	Q1 2020	Q1 2019	2019
Cash generated from operations	95.3	58.1	385.3
Acquisition and development costs	-96.7	-92.0	-407.9
Payments for decommissioning	-16.7	-5.8	-22.6
Free cash flow	-18.1	-39.7	-45.2

Marketable securities

USD million	Q1 2020	Q1 2019	2019
Financial investments	6.0	31.3	21.0
Treasury shares*	30.1	78.0	123.5
Marketable securities	36.1	109.3	144.5

* Number of treasury shares at reporting date multiplied by the DNO share price at the reporting date.

Net debt

USD million	Q1 2020	Q1 2019	2019
Cash and cash equivalents	543.2	254.4	485.7
Bond loans and reserve based lending (Note 10)	1,102.1	685.8	999.0
Net cash/-debt	-558.9	-431.4	-513.3

Exploration financing facility has been excluded as it is covered by the exploration tax refund booked as an asset in the statement of financial position.

Alternative performance measures (continued)

Definitions and explanations of APMs

ESMA issued guidelines on APMs that came into effect on 3 July 2016. The Company has defined and explained the purpose of the following APMs:

EBITDA (Earnings before interest, tax, depreciation and amortization)

EBITDA, as reconciled above, can also be found by excluding the DD&A and impairment of oil and gas assets from the profit/-loss from operating activities. Management believes that this measure provides useful information regarding the Group's ability to fund its capital investments and provides a helpful measure for comparing its operating performance with those of other companies.

EBITDAX (Earnings before interest, tax, depreciation, amortization and exploration expenses)

EBITDAX, can be found by excluding the exploration expenses from the EBITDA. Management believes that this measure provides useful information regarding the Group's profitability and ability to fund its exploration activities and provides a helpful measure for comparing its performance with those of other companies.

Netback

Netback comprises EBITDA adjusted for taxes received/-paid. Management believes that this measure is useful because it provides an indication of the profitability of the Group's operating activities before tax for the period without regard to significant events and/or decisions in the period that are expected to occur less frequently. This measure is also helpful for comparing the Group's operational performance between time periods and with those of other companies.

Netback (USD/boe)

Netback (USD/boe) is calculated by dividing netback in USD by the CWI production for the relevant period. Management believes that this measure is useful because it provides an indication of the profitability of the Group's operating activities before tax for the period without regard to significant events and/or decisions in the period that are expected to occur less frequently, per CWI boe produced. This measure is also helpful for comparing the Group's operational performance between time periods and with that of other companies.

Lifting costs (USD/boe)

Lifting costs comprise of expenses related to the production of oil and gas, including operation and maintenance of installations, well intervention activities and insurances. DNO's lifting costs per boe are calculated by dividing DNO's share of lifting costs across producing assets by CWI production for the relevant period. Management believes that the lifting cost per boe is a useful measure because it provides an indication of the Group's level of operational cost effectiveness between time periods and with those of other companies.

Acquisition and development costs

Acquisition and development costs comprise the purchase of intangible and tangible assets irrespective of whether paid in the period. Management believes that this measure is useful because it provides an overview of capital investments used in the relevant period.

Operational spend

Operational spend is comprised of lifting costs, tariff and transportation expenses, exploration expenses, acquisition and development costs and payments for decommissioning. Management believes that this measure is useful because it provides a complete overview of the Group's total operational costs, capital investments and payments for decommissioning used in the relevant period.

Equity ratio

The equity ratio is calculated by dividing total equity by the total assets. Management uses the equity ratio to monitor its capital and financial covenants (see Note 9 in the consolidated accounts). The equity ratio also provides an indication of how much of the Group's assets are funded by equity.

Free cash flow

Free cash flow comprises cash generated from operations less acquisition and development costs. Management believes that this measure is useful because it provides an indication of the profitability of the Group's operating activities excluding the non-cash items of the income statement and includes operational spend. This measure also provides a helpful measure for comparing with that of other companies.

Marketable securities

Marketable securities are comprised of the sum of market value of financial investments and treasury shares. Management believes that this measure is useful because it provides an overview of liquid assets that can be converted to cash in a short period of time.

Net debt

Net debt comprises cash and cash equivalents less bond loans and reserve based lending facility. Management believes that net debt is a useful measure because it provides indication of the minimum necessary debt financing (if the figure is negative) to which the Group is subject at the reporting date.

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