DNO ASA

ANNUAL STATEMENT OF RESERVES AND RESOURCES

2019

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1 Introduction

This reserves and resources evaluation report has been prepared in accordance with Oslo Stock Exchange listing and disclosure requirements, Circular No. 1/2013.

The report provides the status of hydrocarbon reserves and contingent resources at yearend 2019 for DNO ASA ("DNO"). International petroleum consultants DeGolyer and MacNaughton (D&M) carried out an independent assessment of the Tawke license in the Kurdistan region of Iraq containing the Tawke and Peshkabir fields. International petroleum consultants Gaffney, Cline & Associated (GCA) carried out an independent assessment of DNO's licenses in Norway and the United Kingdom (UK). The Company internally assessed the remaining licenses.

2 Overview

Volumes classified as reserves are those quantities of oil and gas anticipated to be commercially recovered from known accumulations from a given date to the end of the field life and within the license period.

Contingent resources are those quantities of oil and gas estimated on a given date to be potentially recoverable from known accumulations, but not currently considered to be commercially recoverable or where a field development plan has not yet been submitted. DNO's recorded contingent resources are included as class 4 (in the planning phase), class 5 (development likely but undecided), class 6 (development unlikely) and class 7 (not yet evaluated) under the Norwegian Petroleum Directorate (NPD) classification system.

In the attached Annex, Table 1 shows a summary of remaining proven (1P), proven and probable (2P) and proven, probable and possible (3P) reserves on a gross, Company Working Interest (CWI) and Net Entitlement (NE) basis at yearend 2019. Table 2 shows changes in CWI reserves between yearend 2018 and yearend 2019. Table 3 shows a summary of remaining 2C resources on a gross and CWI basis at yearend 2019.

2.1 DNO's Company Working Interest Reserves, Resources and Production

At yearend 2019, DNO's CWI 1P reserves stood at 205.6 million barrels of oil equivalent (MMboe), compared to 239.7 million barrels of oil (MMbbls) at yearend 2018, after adjusting for production during the year and technical revisions, offset partly by reserves added through the acquisition of Faroe Petroleum plc in 2019. On a 2P reserves basis, DNO's CWI reserves stood at 344.8 MMboe, compared to 376.1 MMboe at yearend 2018. On a 3P reserves basis, DNO's CWI reserves were 539.9 MMboe, compared to 538.9 MMbbls at yearend 2018. DNO's CWI 2C resources were 187.8 MMboe, compared to 76.8 MMboe at yearend 2018.

DNO's CWI production in 2019 increased to 38.2 MMboe (of which 31.9 MMbbls in Kurdistan, 6.0 MMboe in Norway and the balance in the UK), compared to 29.9 MMboe in 2018 (of which 29.1 MMbbls in Kurdistan and the balance in Oman).

The Company's CWI yearend 2019 Reserve Life Index (R/P) stood at 5.4 years on a 1P reserves basis, 9.0 years on a 2P reserves basis and 14.1 years on a 3P reserves basis.

2.2 Kurdistan Region of Iraq

On a CWI basis at yearend 2019, 1P reserves in the Company's Kurdistan portfolio totaled 156.9 MMbbls (239.7 MMbbls at yearend 2018), 2P reserves totaled 274.7 MMbbls (376.1 MMbbls at yearend 2018) and 3P reserves totaled 437.9 MMbbls (538.9 MMbbls at yearend 2018). The CWI 2C resources were 33.5 MMbbls, compared to 55.8 MMbbls at yearend 2018.

2.2.1 Tawke License

At the Tawke license containing the Tawke and Peshkabir fields, at yearend 2019 gross 1P reserves stood at 227.6 MMbbls (156.9 MMbbls on a CWI basis), compared to 348.0 MMbbls (239.7 MMbbls on a CWI basis) at yearend 2018. At yearend 2019 gross 2P reserves stood at 400.0 MMbbls (274.7 MMbbls on a CWI basis), compared to 501.9 MMbbls (344.3 MMbbls on a CWI basis) at yearend 2018. At yearend 2019 gross 3P reserves stood at 640.7 MMbbls (437.9 MMbbls on a CWI basis), compared to 696.8 MMbbls (476.6 MMbbls on a CWI basis) at yearend 2018.

At the Tawke field, gross 1P reserves stood at 176.3 MMbbls (121.3 MMbbls on a CWI basis) at yearend 2019, compared to 293.8 MMbbls (201.8 MMbbls on a CWI basis) at yearend 2018. The year-to-year change in gross volumes was due to the net effect of 2019 field production of 25.1 MMbbls and a downward technical revision of 92.4 MMbbls. Tawke field cumulative production since inception stood at 280.1 MMbbls at yearend 2019.

Gross 2P reserves at the Tawke field stood at 283.9 MMbbls (194.4 MMbbls on a CWI basis) at yearend 2019, compared to 375.8 MMbbls (257.2 MMbbls on a CWI basis) at yearend 2018, after adjusting for 2019 field production and a downward technical revision of 66.8 MMbbls.

Gross 3P reserves at the Tawke field stood at 420.6 MMbbls (287.1 MMbbls on a CWI basis) at yearend 2019, compared to 476.5 MMbbls (325.2 MMbbls on a CWI basis) at yearend 2018, after adjusting for 2019 field production and a downward technical revision of 30.8 MMbbls.

Gross 2C resources at the Tawke field were recorded at 49.6 MMbbls (33.5 MMbbls on a CWI basis) at yearend 2019, compared to 74.5 MMbbls (50.3 MMbbls on a CWI basis) at yearend 2018.

At the Peshkabir field, at yearend 2019 gross 1P reserves stood at 51.3 MMbbls (35.6 MMbbls on a CWI basis) from 54.2 MMbbls (37.9 MMbbls on a CWI basis) at yearend 2018. The year-to-year change in gross volumes was due to the net effect of 2019 field production of 20.1 MMbbls and an upward technical revision of 17.2 MMbbls. Peshkabir field cumulative production since inception stood at 31.6 MMbbls at yearend 2019.

Gross 2P reserves at the Peshkabir field stood at 116.1 MMbbls (80.3 MMbbls on a CWI basis) at yearend 2019, compared to 126.1 MMbbls (87.1 MMbbls on a CWI basis) at yearend 2018, after adjusting for 2019 field production and an upward technical revision of 10.1 MMbbls.

Gross 3P reserves at the Peshkabir field stood at 220.0 MMbbls (150.8 MMbbls on a CWI basis) at yearend 2019, compared to 220.2 MMbbls (151.4 MMbbls on a CWI basis) at yearend 2018, after adjusting for 2019 field production and an upward technical revision of 19.9 MMbbls.

No 2C resources were recorded for the Peshkabir field at yearend 2019. Notwithstanding the discovery of a gas cap and existence of solution gas at the Peshkabir field, no gas reserves or contingent resources are booked as the Company is proceeding with its plans to utilize this gas for enhanced oil recovery at the Tawke field.

Effective from 1 August 2017, DNO was assigned the 20 percent interest in the Tawke license held by the Kurdistan Regional Government as part of a landmark settlement of receivables owed to the Company for past oil deliveries. Following the settlement, DNO holds a 75 percent interest in the Tawke license containing the Tawke and Peshkabir fields. DNO’s share of profit oil increased from 55 percent to 75 percent, while its share of the cost oil remained 75 percent. This is in addition to three percent of aggregate Tawke license revenues payable from 1 August 2017 until 31 July 2022. DNO’s CWI and NE reserves and resources reflect this settlement agreement.

2.2.2 Erbil License

The Company notified the Kurdistan regional Government in early 2020 of its plan to relinquish operatorship and participation in the Erbil license containing the Benenan and Bastora heavy oil fields, effective from 21 May 2020. Therefore, no reserves or 2C resources were recorded for the Erbil license at yearend 2019.

2.2.3 Baeshiqa License

The Baeshiqa license contains two large structures with multiple independent stacked target reservoirs, including in the Cretaceous, Jurassic and Triassic formations. In February 2019, DNO spud the Baeshiqa-2 exploration well to test the Jurassic and Triassic reservoirs at the Baeshiqa structure. In November 2019, the Company reported a discovery after flowing variable rates of light oil and sour gas to surface from the upper part of the Triassic Kurra Chine B reservoir.

No reserves or 2C resources were recorded for the Baeshiqa license at yearend 2019, pending conclusion of ongoing testing activities in the license.

2.3 Norway and United Kingdom

At yearend 2019, DNO held 87 licenses in Norway in various stages of exploration, development and production. Across its Norway portfolio and on a CWI basis, DNO’s 1P reserves totaled 47.5 MMboe, 2P reserves stood at 68.3 MMboe, 3P reserves totaled 99.5 MMboe and 2C resources stood at 138.9 MMboe.

At yearend 2018, DNO’s portfolio of 21 licenses in Norway held 2C resources of 7.6 MMboe on a CWI basis. No reserves were recorded in DNO’s portfolio in Norway at yearend 2018.

In the UK at yearend 2019, DNO held 12 licenses. Across its UK portfolio and on a CWI basis, DNO’s 1P reserves totaled 1.2 MMboe, 2P reserves stood at 1.8 MMboe, 3P reserves totaled 2.6 MMboe and 2C resources stood at 10.5 MMboe.

At yearend 2018, DNO held one license in the UK with 2C resources of 8.5 MMbbls on a CWI basis. No reserves were recorded in the UK at yearend 2018.

The growth in DNO’s reserves and resources in Norway and the UK in 2019 was primarily driven by acquisition of Faroe Petroleum plc.

2.4 Yemen

Production start-up at the Yaalen field at Block 47 in Yemen, currently under force majeure, remains on hold. At yearend 2019, gross 2C resources at Block 47 stood at 6.2 MMbbls (4.8 MMbbls on a CWI basis), unchanged from yearend 2018.

3 Management Discussion and Analysis

3.1 Disclaimer

The report, including this Management's Discussion and Analysis (MD&A), contains and was prepared, *inter alia*, on the basis of forward-looking information and statements. Such information and statements are based on management’s current assumptions, expectations, estimates and projections and are therefore subject to risks and uncertainties that could cause actual results, performance or events to differ materially. The Company can give no assurance that those assumptions, expectations, estimates and projections will occur or be realized and readers should not place undue reliance on forward-looking statements. Forward-looking statements are generally identifiable by their use of terms such as “expect”, “believe”, “estimate”, “may”, “plan”, “could”, “will”, “intend”, “schedule” and similar terms or expressions. There are a number of factors that could cause actual results or events to differ materially from those underlying forward-looking information and statements. These factors include, among others: technical, geological and geotechnical conditions; economic and market conditions in or affecting the geographic areas and industries that are or will be major markets for

DNO; oil and gas price fluctuations; market acceptance of new products and services; changes in laws and governmental regulations; political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities; delays or advancements in the approval of projects and delays in the reimbursement for shared costs; the risk of doing business in developing countries and countries subject to national or international sanctions; fluctuations in interest rates or currency exchange rates; and other such factors that may be discussed from time to time in the MD&A. All forward-looking statements contained in the report, including this MD&A, are expressly qualified in their entirety by the cautionary statements contained in this disclaimer. Additionally, DNO makes no representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of these forward-looking statements and the MD&A, and neither DNO nor any of its directors, officers or employees will have any liability to the readers resulting from reliance on these forward-looking statements and this MD&A.

3.2 Assumptions and Methodology

DNO's reserves updates are completed in accordance with standard guidelines advised by the Society of Petroleum Engineers (SPE)[1,2] and comply with Oslo Stock Exchange disclosure requirements, Circular No. 1/2013.

Reported reserves fall within class 1-3 of the NPD classification and 2C resources fall within class 4-7 of the NPD classification.

The estimation and auditing of reserves are undertaken in accordance with generally accepted engineering and evaluation principles. It should be noted that reserves information is imprecise due to inherent uncertainties in—and the limited nature of—data upon which the reserves are predicated.

DNO has a reserves review committee consisting of competent professional geoscientists, engineers and economists to facilitate the review and reporting process and ensure compliance with standards and procedures. The committee collects and coordinates the review of all technical data and provides a full report of the Company's reserves and resources to the Managing Director for review and approval.

Economically recoverable reserves have been calculated based on input for the technical reserves and economic parameters such as license terms and projected future oil and gas prices. The reserves reported here are restricted to those volumes expected to be economically recovered prior to the expiry date of the respective licenses.

3.3 Oil Price

D&M and GCA utilized internal forward price curves as the basis for their calculations of remaining DNO reserves and resources.

3.4 Ownership

DNO's interests in certain licenses is governed by a Production Sharing Contract (PSC), which sets out the manner in which oil and gas production is shared between the government and the license holder.

DNO and its joint venture partners typically bear all risks and costs of exploration, development and production in these licenses. In return, if exploration is successful, DNO and its partners recover their share of investments and operating costs from what is referred to as "cost oil", being a percentage of oil and gas produced and sold after deduction of the government royalty (if any). In addition to cost oil, DNO and its partners are entitled to receive a share of the remaining production, after payment

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[1] For a full description of these guidelines and definitions, see www.spe.org

[2] https://www.spe.org/en/industry/petroleum-resources-management-system-2018/

of the royalty (if any) and deduction of cost oil, which is referred to as “profit oil”. Profit oil is shared among the government, DNO and its partners in accordance with the percentages set out in each PSC.

DNO’s NE reserves in the licenses governed by a PSC comprise the Company’s entitlement to cost oil and profit oil. DNO’s entitlement to cost oil includes its advances towards the government carried interest (if any). NE reserves are based on economic evaluation of the license agreements, incorporating projections of future production, costs and oil and gas prices. NE volumes may therefore fluctuate over time, even though there are no changes in the underlying gross and CWI volumes.

The government may also have a participating interest in the license through a government-controlled enterprise. If so, the government will receive a corresponding share of cost oil (unless the government’s share of costs is advanced or carried by the other partners) and profit oil through the government-controlled enterprise.

DNO believes that reporting CWI volumes facilitates the comparison of reserves and resources across countries and regions that have different tax regulations or tax regimes. CWI volumes include DNO’s additional share of cost oil resulting from recovery of its advances towards the government carried interest (if any).

At yearend 2019, all of the Company’s interests in licenses in Kurdistan and Yemen were governed by PSCs.

4 Annex

Table 1 – Remaining reserves at yearend 2019 (Gross, CWI and NE)

Asset (Region, Field)	Proven (1P)			Proven + Probable (2P)			Proven + Probable + Possible (3P)		
	Gross	CWI	NE	Gross	CWI	NE	Gross	CWI	NE
	(MMboe)	(MMboe)	(MMboe)	(MMboe)	(MMboe)	(MMboe)	(MMboe)	(MMboe)	(MMboe)
Developed Assets									
Kurdistan, Tawke	99.7	68.8	25.0	157.7	108.3	42.9	234.3	160.2	52.8
Kurdistan, Peshkabir	50.9	35.4	12.8	67.4	46.7	18.5	102.5	70.6	23.3
Kurdistan Developed	**150.6**	**104.2**	**37.8**	**225.1**	**155.0**	**61.4**	**336.8**	**230.8**	**76.1**
Norway, Alve	15.3	4.9	4.9	21.4	6.8	6.8	25.4	8.1	8.1
Norway, Brage	12.2	1.7	1.7	18.2	2.6	2.6	29.9	4.3	4.3
Norway, Marulk	3.6	0.6	0.6	12.1	2.1	2.1	25.7	4.4	4.4
Norway, Oda	19.8	3.0	3.0	28.9	4.3	4.3	40.1	6.0	6.0
Norway, Ringhorne East	10.0	2.3	2.3	12.3	2.8	2.8	17.4	3.9	3.9
Norway, Tambar	6.6	3.0	3.0	10.4	4.7	4.7	16.6	7.5	7.5
Norway, Tambar East	0.0	0.0	0.0	0.5	0.2	0.2	0.7	0.3	0.3
Norway, Trym	2.5	1.3	1.3	4.7	2.4	2.4	10.4	5.2	5.2
Norway, Ula	16.8	3.4	3.4	22.9	4.6	4.6	33.3	6.7	6.7
Norway, Vilje	7.5	2.2	2.2	11.1	3.2	3.2	17.0	4.9	4.9
Norway Developed	**94.4**	**22.2**	**22.2**	**142.6**	**33.6**	**33.6**	**216.4**	**51.2**	**51.2**
UK, Blane	2.2	1.0	1.0	3.6	1.6	1.6	5.0	2.2	2.2
UK, East Foinaven	0.8	0.1	0.1	1.1	0.1	0.1	1.5	0.2	0.2
UK, Enoch	0.7	0.1	0.1	0.9	0.1	0.1	1.5	0.2	0.2
UK Developed	**3.7**	**1.2**	**1.2**	**5.6**	**1.8**	**1.8**	**8.0**	**2.6**	**2.6**
Total Developed		**127.6**	**61.2**		**190.4**	**96.8**		**284.6**	**129.9**

Asset (Region, Field)	Proven (1P)			Proven + Probable (2P)			Proven + Probable + Possible (3P)		
	Gross	CWI	NE	Gross	CWI	NE	Gross	CWI	NE
	(MMboe)	(MMboe)	(MMboe)	(MMboe)	(MMboe)	(MMboe)	(MMboe)	(MMboe)	(MMboe)
Under Development Assets									
Kurdistan, Tawke	76.6	52.5	22.0	126.2	86.1	24.7	186.3	126.9	27.0
Kurdistan, Peshkabir	0.4	0.2	0.1	48.7	33.6	9.6	117.5	80.2	17.1
Kurdistan Under Development	**76.9**	**52.7**	**22.1**	**174.9**	**119.7**	**34.3**	**303.8**	**207.1**	**44.1**
Norway, Brasse	24.6	12.3	12.3	34.5	17.3	17.3	47.9	24.0	24.0
Norway, Fenja	71.2	5.3	5.3	90.9	6.8	6.8	115.6	8.7	8.7
Norway, Ringhorne East	8.5	1.9	1.9	11.8	2.7	2.7	18.1	4.1	4.1
Norway, Tambar	1.7	0.7	0.7	2.7	1.2	1.2	4.0	1.8	1.8
Norway, Ula	24.6	4.9	**4.9**	33.6	6.7	6.7	48.7	9.7	9.7
Norway Under Development	**130.6**	**25.2**	**25.2**	**173.4**	**34.7**	**34.7**	**234.3**	**48.3**	**48.3**
Total Under Development		**78.0**	**47.3**		**154.3**	**68.9**		**255.3**	**92.3**
TOTAL DNO ASA		**205.6**	**108.5**		**344.8**	**165.8**		**539.9**	**222.2**

CWI and NE reserves in DNO's licenses governed by PSCs (Kurdistan and Yemen) are net to DNO after royalty and include DNO's additional share of cost oil covering its advances towards the government carried interest (if any). CWI reserves reflect pre-tax shares while NE reserves reflect post-tax shares. NE reserves are based on economic evaluation of the license agreements, incorporating projections of future production, costs and oil and gas prices. NE reserves may therefore fluctuate over time, even if there are no changes in the underlying gross and CWI volumes.

CWI and NE reserves in DNO's licenses not governed by PSCs (Norway and the UK) are equivalent and reflect pre-tax shares.

Following the Kurdistan Receivables Settlement Agreement effective 1 August 2017, DNO's interest in the Tawke license increased to 75 percent plus three percent of aggregate license revenues until 31 July 2022. CWI and NE reserves in the table above include the reserves attributable to DNO from this settlement agreement.

Table 2 – Reserves development 2018-2019 (CWI)

DNO ASA	Developed Assets			Under Development			TOTAL		
	1P	2P	3P	1P	2P	3P	1P	2P	3P
	(MMboe)	(MMboe)	(MMboe)	(MMboe)	(MMboe)	(MMboe)	(MMboe)	(MMboe)	(MMboe)
Balance as of Yearend 2018	**105.1**	**143.3**	**188.6**	**134.6**	**232.8**	**350.3**	**239.7**	**376.1**	**538.9**
Production	-38.2	-38.2	-38.2				-38.2	-38.2	-38.2
Acquisitions	36.3	58.4	80.0	35.8	47.6	68.2	72.1	106.0	148.2
Divestments	-9.7	-13.0	-16.2	-3.8	-37.2	-69.3	-13.4	-50.2	-85.6
Extentions and discoveries									
New developments									
Revision of previous estimates	34.1	40.0	70.5	-88.6	-88.8	-93.8	-54.6	-48.9	-23.4
Balance as of Yearend 2019	**127.6**	**190.5**	**284.6**	**78.0**	**154.3**	**255.3**	**205.6**	**344.8**	**539.9**

CWI reserves in DNO's licenses governed by PSCs (Kurdistan and Yemen) are net to DNO after royalty and include DNO's additional share of cost oil covering its advances towards the government carried interest (if any).

CWI reserves in the table above include the reserves attributable to DNO from the Kurdistan Receivables Settlement Agreement.

Acquisition category reflects acquisition of Faroe Petroleum plc and an assets swap with Equinor Energy AS.

Divestment category reflects relinquishment of the Erbil license an assets swap with Equinor Energy AS.

Table 3 – Contingent resources (2C) at yearend 2019 (Gross and CWI)

Region	2C Resources	
	Gross	CWI
	(MMboe)	(MMboe)
Kurdistan	49.6	33.5
Norway	660.9	138.9
UK	56.6	10.5
Yemen	6.2	4.8
TOTAL DNO ASA		**187.8**

CWI 2C resources in DNO's licenses governed by PSCs (Kurdistan and Yemen) are net to DNO after royalty and reflect DNO's additional share of cost oil covering its advances towards the government carried interest (if any).