DNO International ASA

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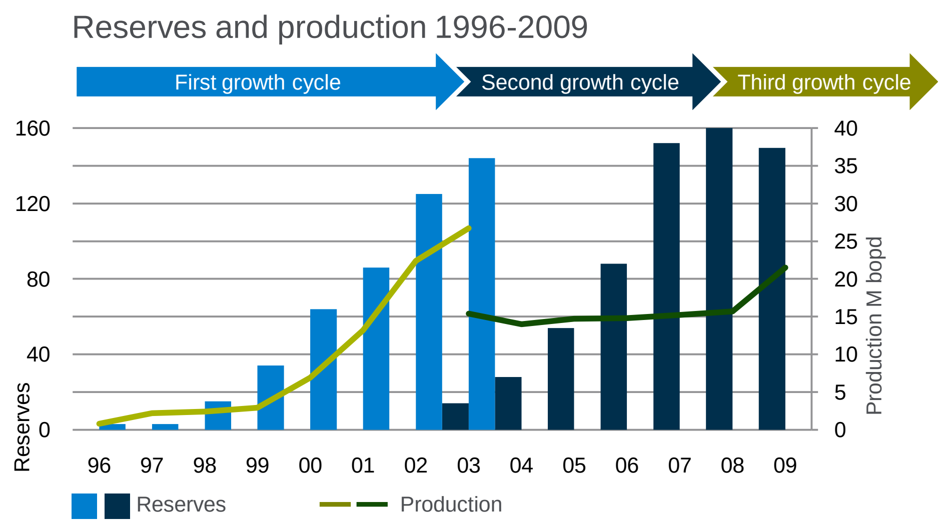
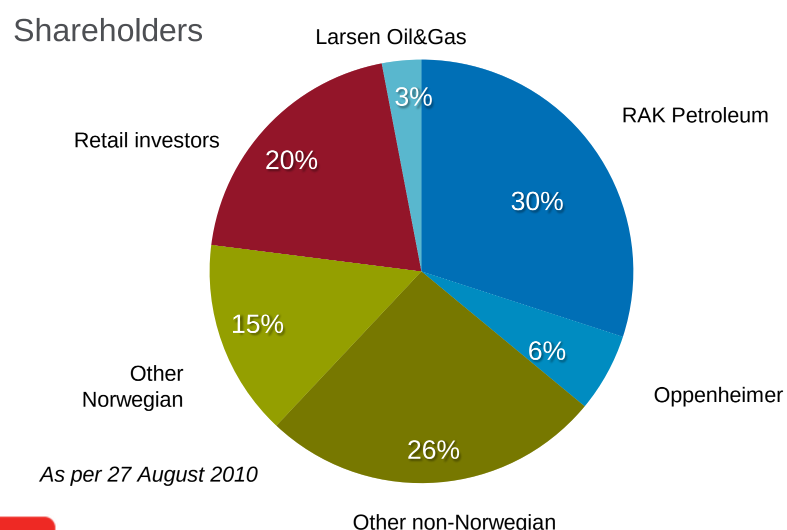
Pareto Oil & Offshore Conference 2010

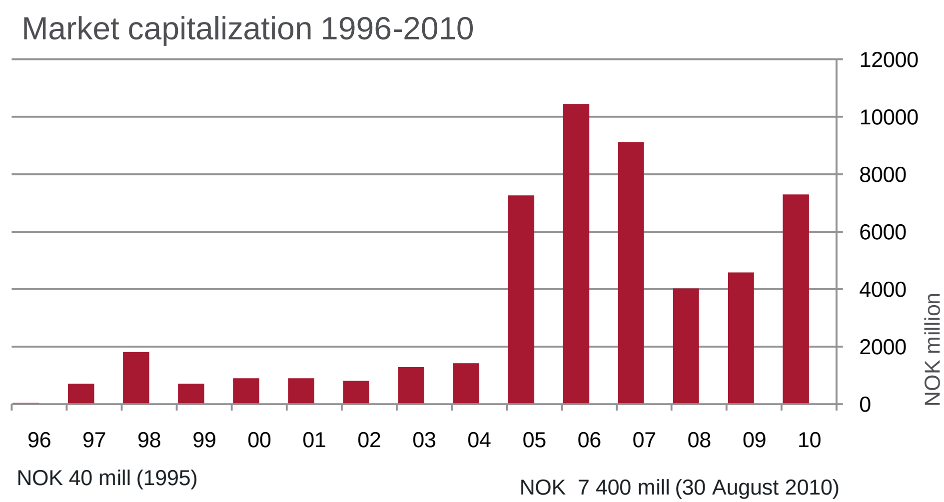
The DNO growth story

- Built substantial reserves through organic growth at low cost
- Proven record of low cost and fast track development
- Developed significant production capacity
- Market cap: NOK 7.4 bn.





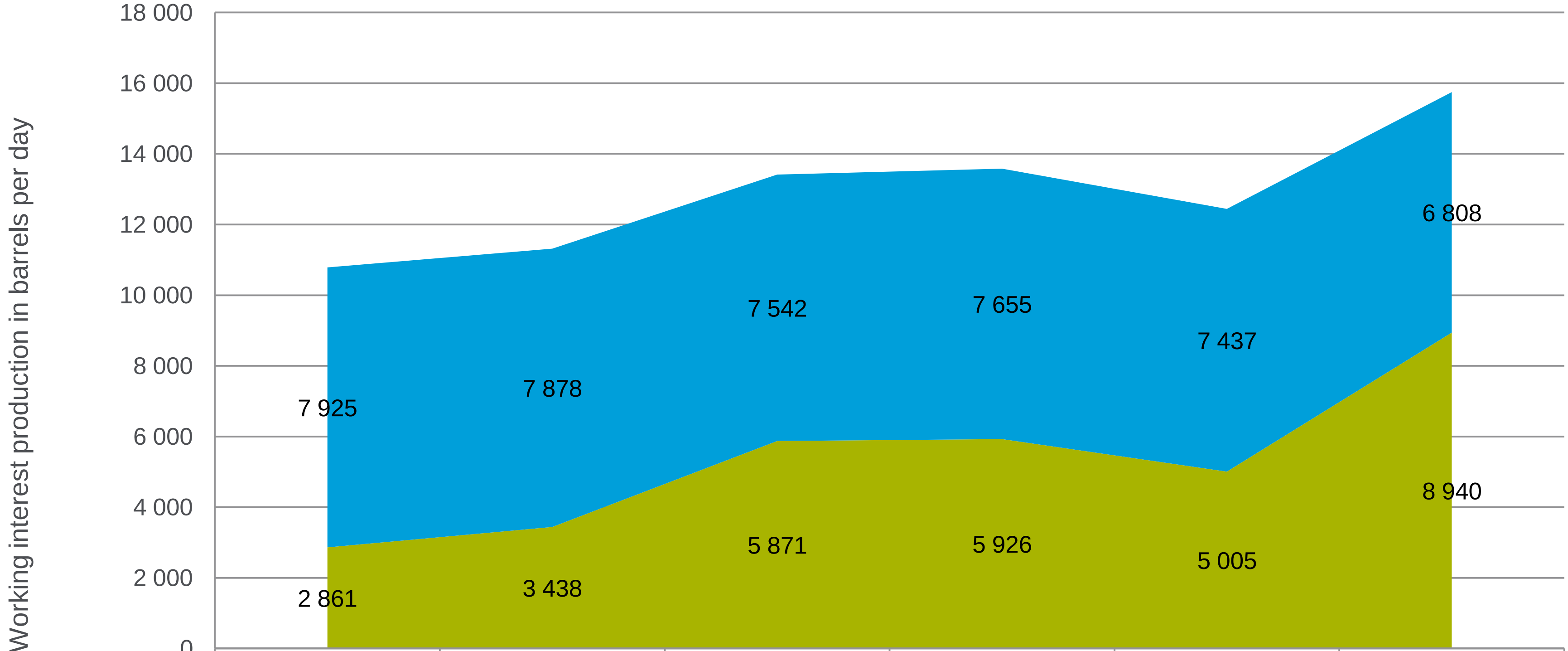
As per 27 August 2010



Well positioned for further growth

- Current production level (WI):
  20-25 000 bopd
- Production capacity (WI):
  40-50 000 bopd
- Reserves at 31.12.09:
  150 million barrels
- Cash position end Q2 2010:
  NOK 820 million
- Significant exploration program in the next 12 months

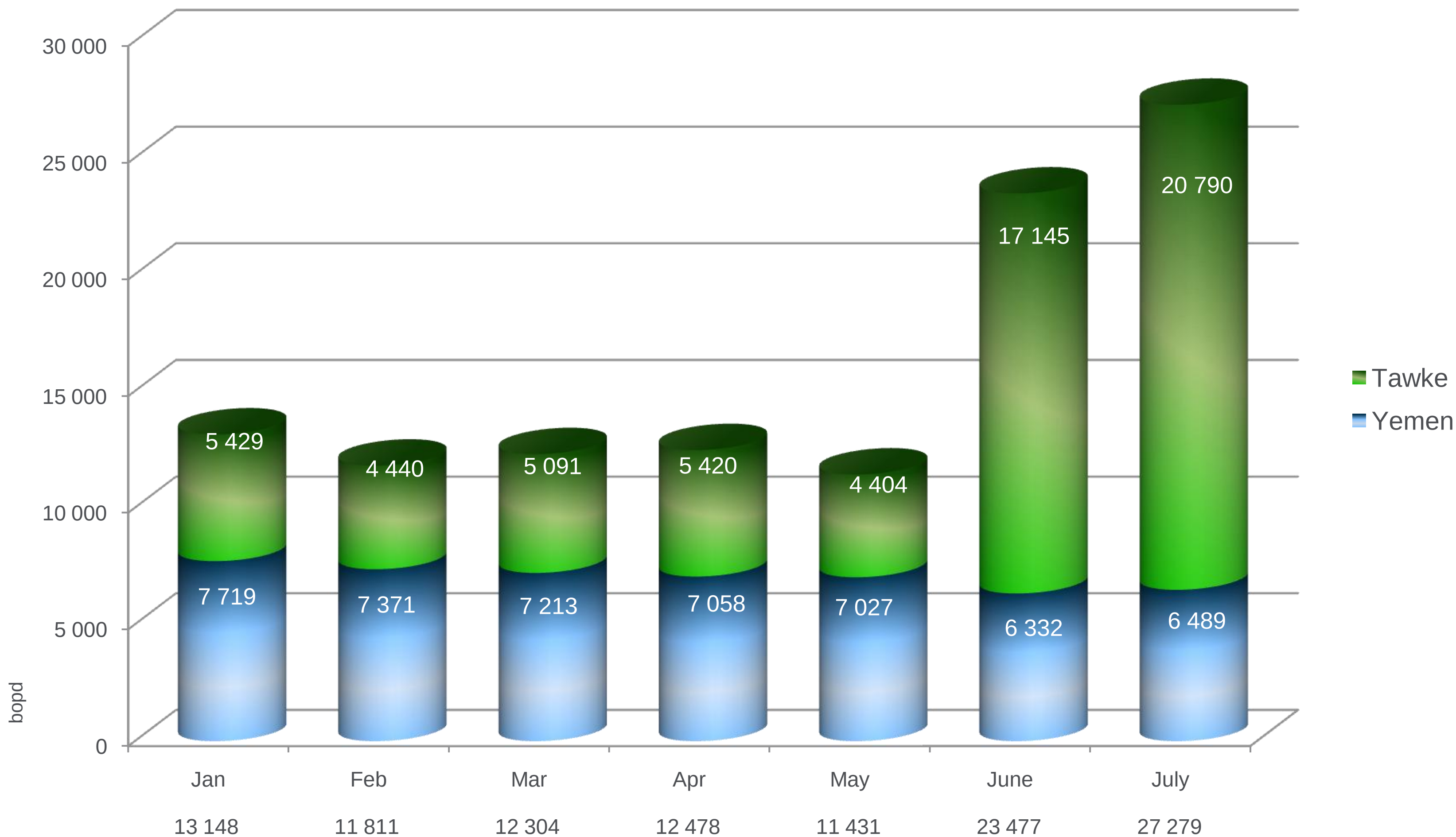
Increase in production volumes



	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Yemen production	7925	7878	7542	7655	7437	6808
Kurdistan production	2861	3438	5871	5926	5005	8940
Total	**10786**	**11316**	**13413**	**13581**	**12442**	**15748**

2010 production development

Working interest production in Kurdistan and Yemen

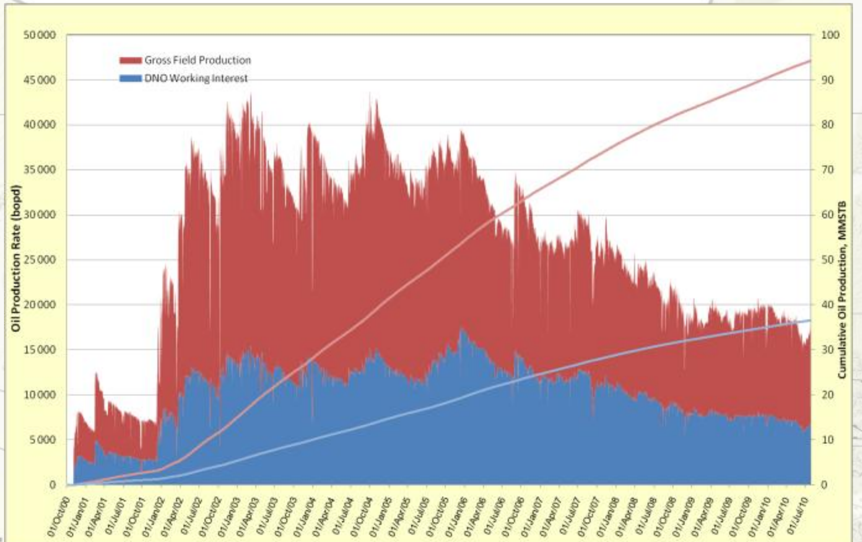


License activities

Business Unit	Activity	Project	Well	2010		2011			
				3Q	4Q	1Q	2Q	3Q	4Q
Yemen	Production	32, 43, 53							
	Field Development	47							
	Exploration	72	1					*11.7 + 6 months*	
Kurdistan	Production	Tawke							
	Expl/ Appraisal	Benenan/ Bastora	1					*25.6*	
	Exploration	Summail Peshkabir	2				*GW 10 return + 180 days*	*GW 10 return + 360 days*	
Mozambique	Exploration	Inhaminga	1					*30.6 + 5 months*	
Equatorial Guinea	Exploration	Block P							
UK	Exploration	Block P1067							*30.9*

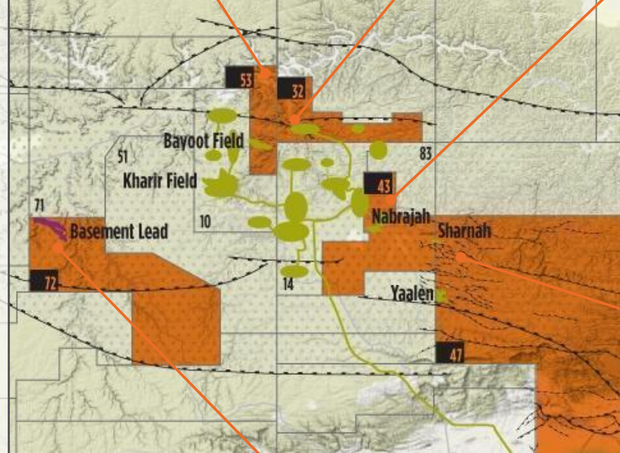
Exploration *Field Development* *Production*

Yemen operational overview



Cumulative gross production: 90 million barrels
DNO share(WI): 37 million barrels

Current gross production: 17 000 bopd
DNO share (WI): 6 400 bopd



Block 53

- Continued Bayoot infill drilling in 2010

Block 32

- Continued Godah infill drilling (G-11 and G-12)

Block 43

- Drilling of Nabrajah-10S (deep horizon) completed
- Evaluating options for increased production and recovery from deep horizon

Block 47

- Yaalen-3 completed in Q2 2010, with successful test results
- Sharnah-2 appraisal well drilled in Q2 2010
- New fast track low cost development

Block 72

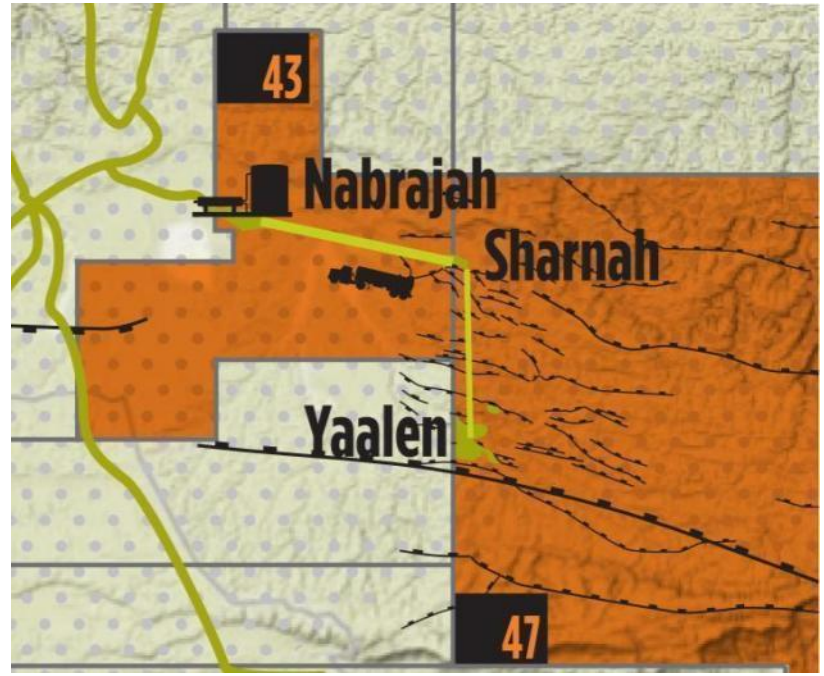
- Basement prospect identified
- Farm-out process completed
- To be drilled in Q4 2010

Yemen Block 47

Yaalen/Sharnah fast track development

- Yaalen-3 well proved up the total field reserves by two successful tests
- Combined estimated production potential close to 10,000 bopd
- “Notice of Commercial Oil Well” submitted to the Ministry on 15 June

- Yaalen is planned to be the hub with the total well-stream to be transported through pipelines from Yaalen to the Nabrajah CPF in Block 43
- Final crude oil processing and water injection at Nabrajah
- This will also extend the lifetime of the Nabrajah field



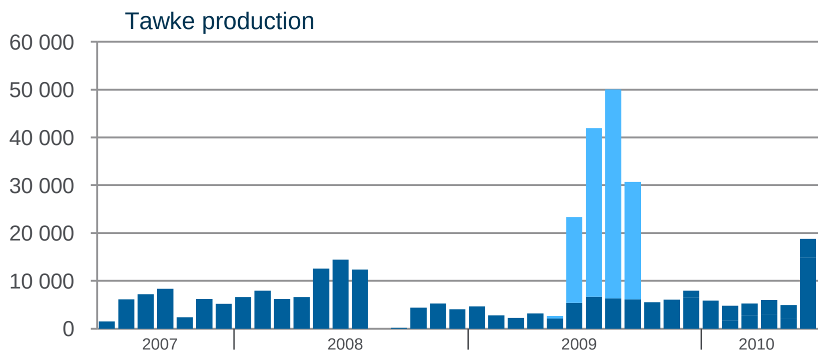
Yaalen/Sharnah - preliminary key figures	
Recoverable resources	10 Million bbls
Capex per barrel	USD 12
Opex per barrel	USD 8
First oil	December 2011

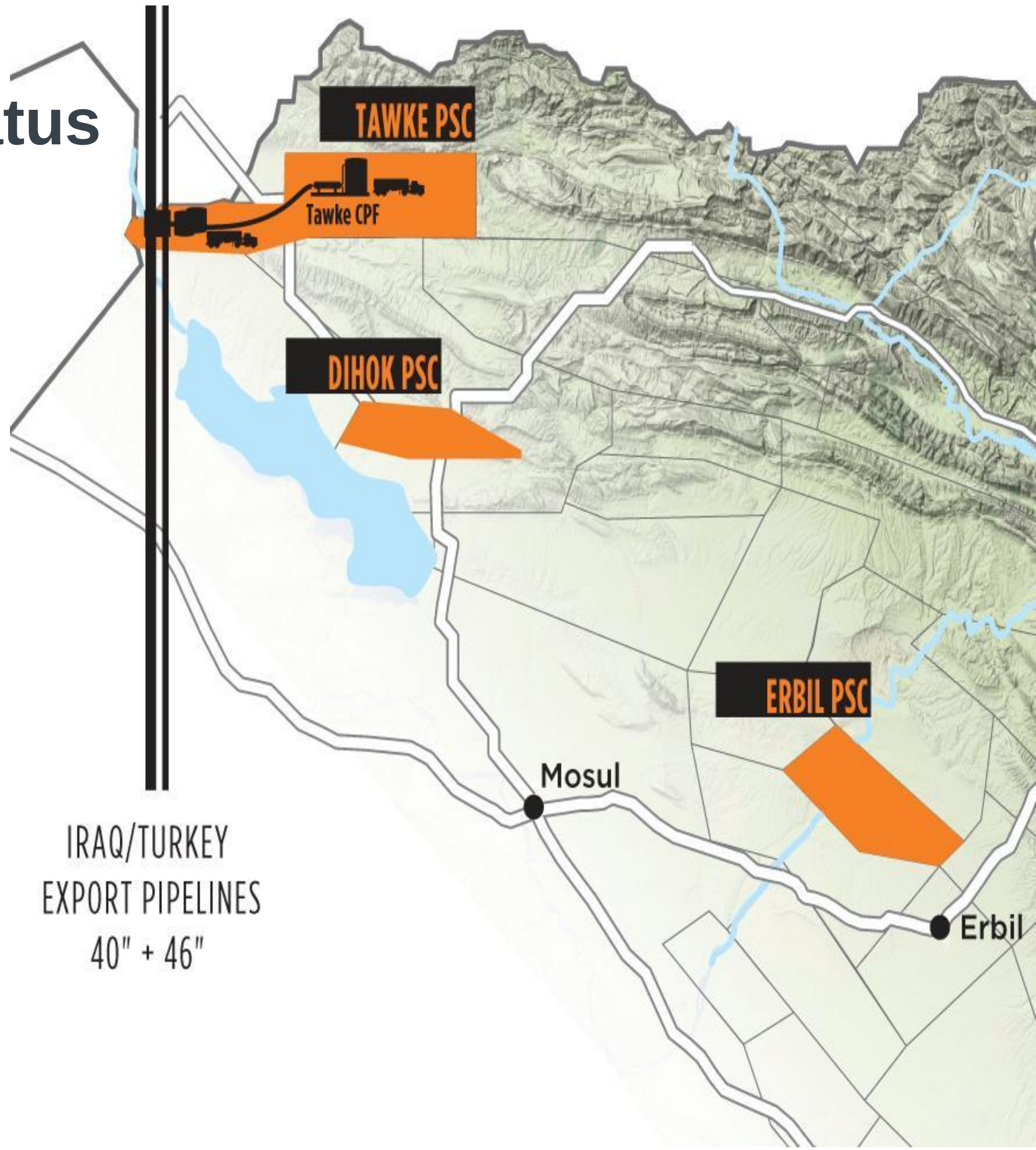
Kurdistan operational status

Tawke PSC
- Current focus is on local sales
- Ready for export when payment mechanism is in place
- Peshkabir-1 exploration well expected to be spudded in Q1/Q2 2011

Dohuk PSC
- Summail-1 exploration well expected to be spudded in Q4 2010

Erbil PSC
- License period extended by 12 months
- One new exploration well commitment, Bastora-1, to be spudded in September 2010

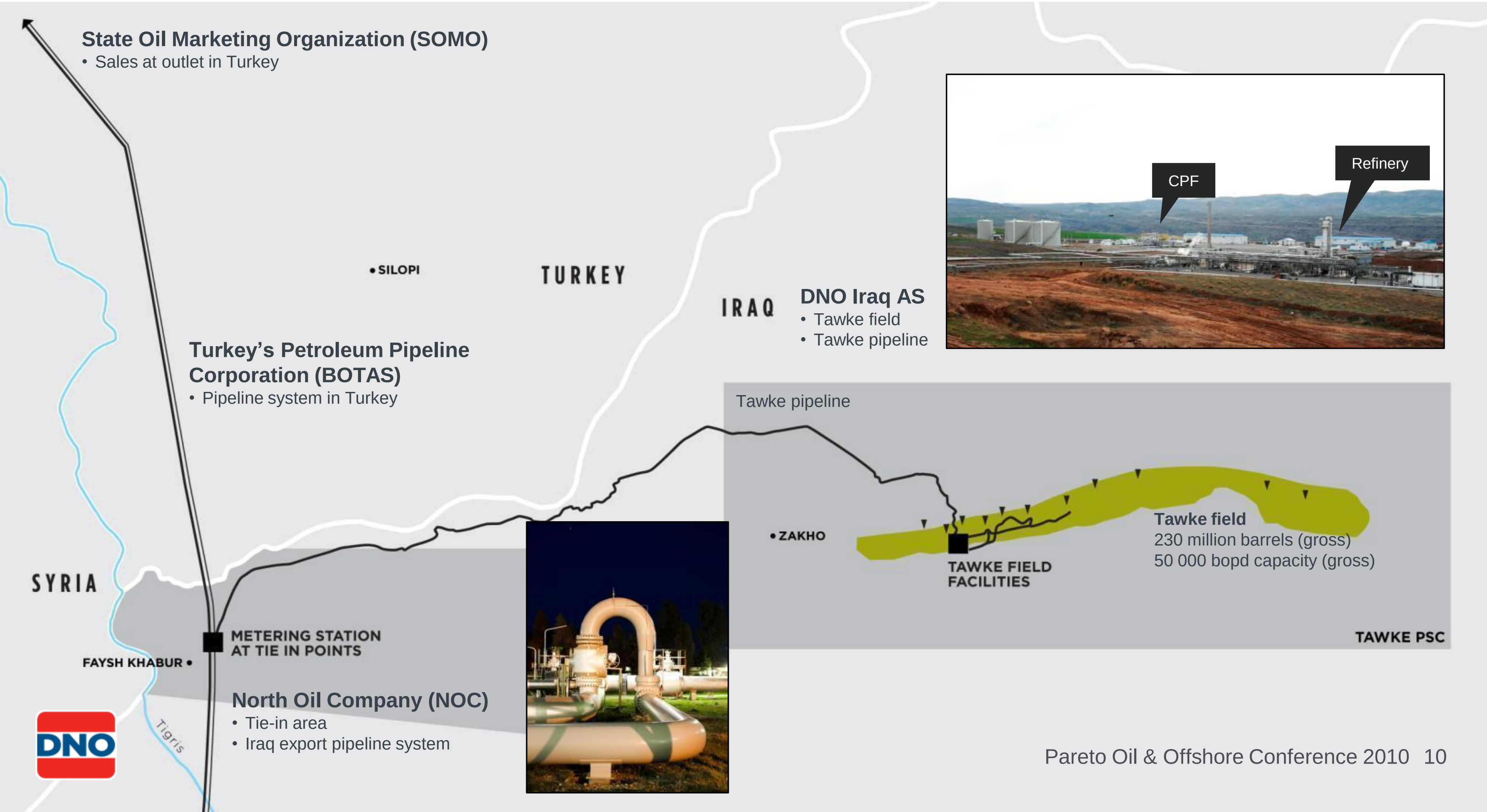




Tawke export set-up

12” Oil pipeline

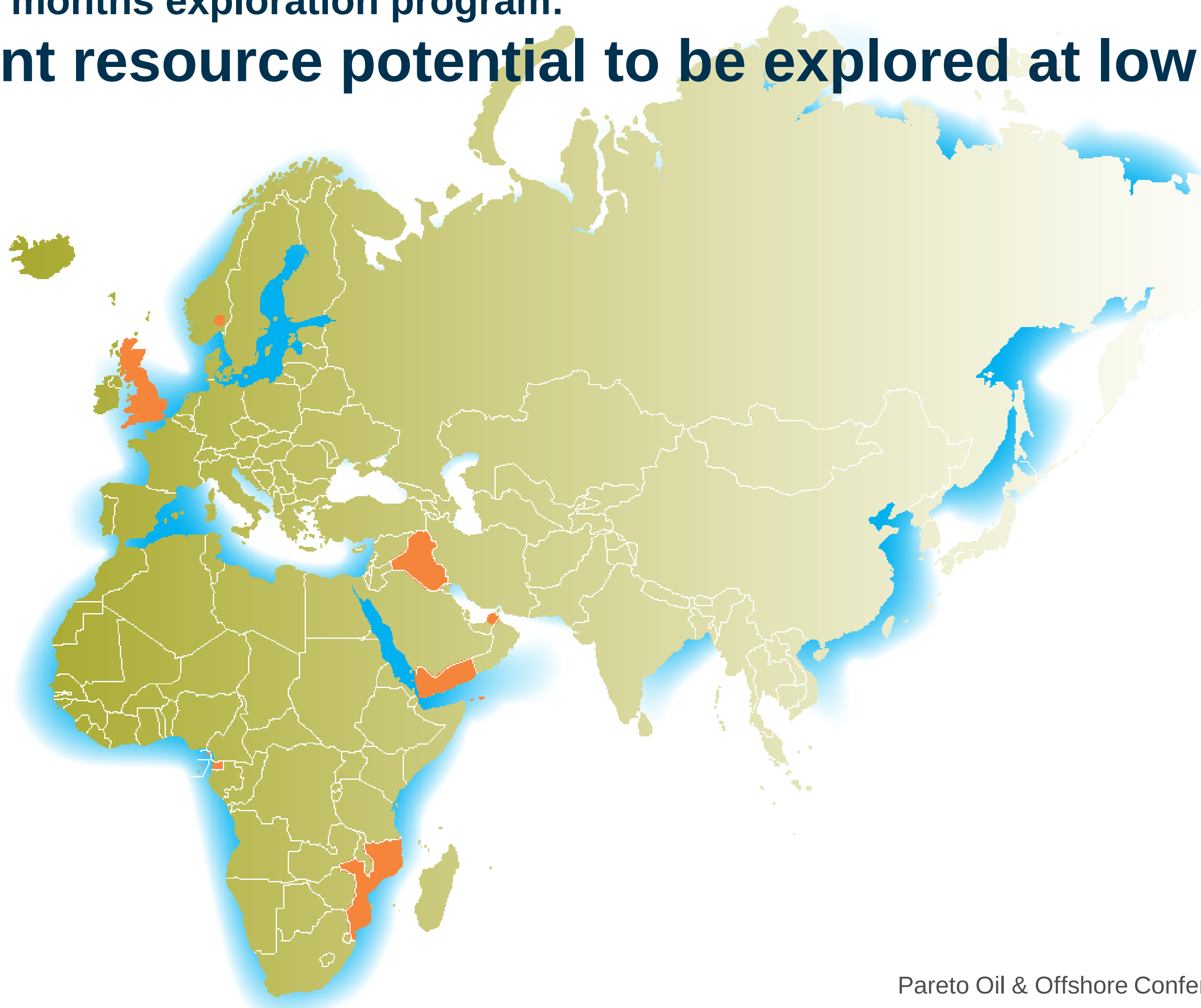
40” and 46” Export pipeline



Local sales

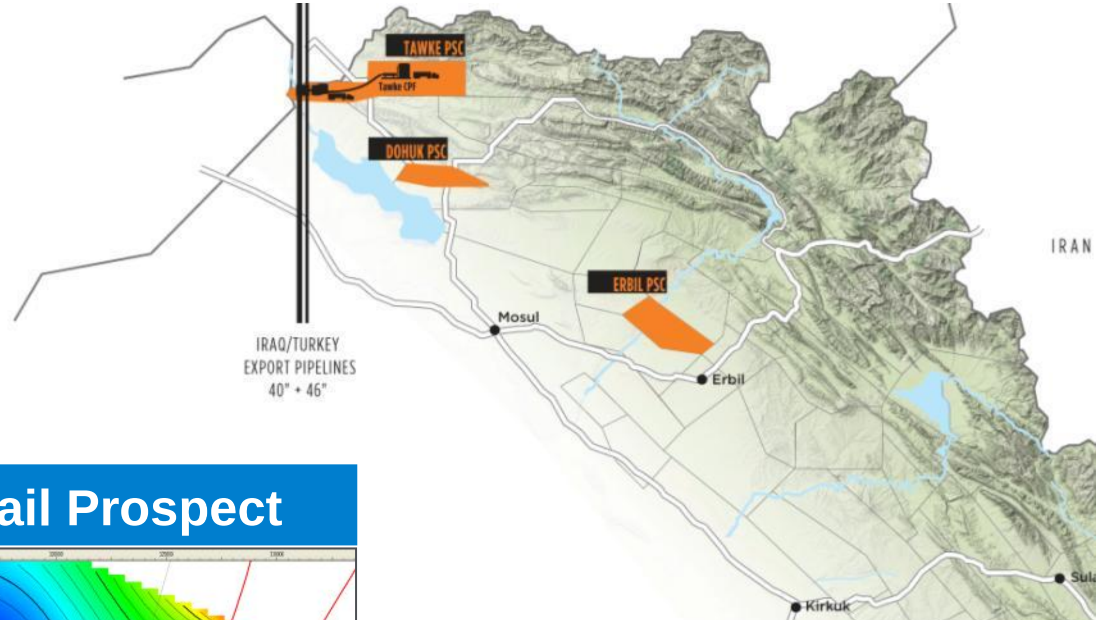
Ambitious 12 months exploration program:

Significant resource potential to be explored at low cost

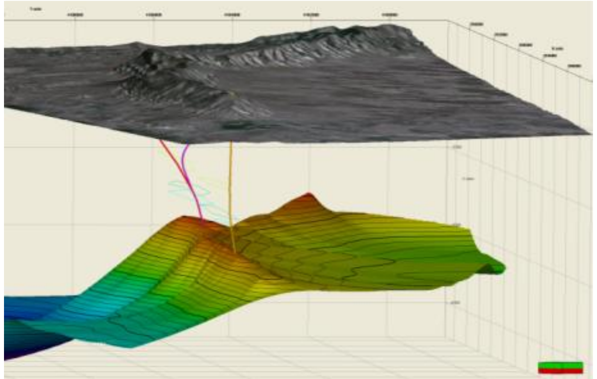


Kurdistan exploration prospects

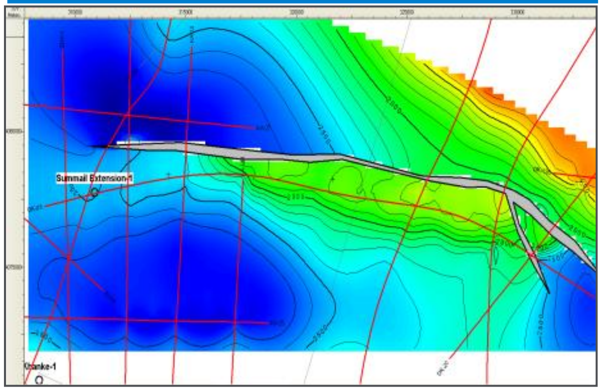
- 3 exploration wells to be drilled
- Commencing in Q3 2010



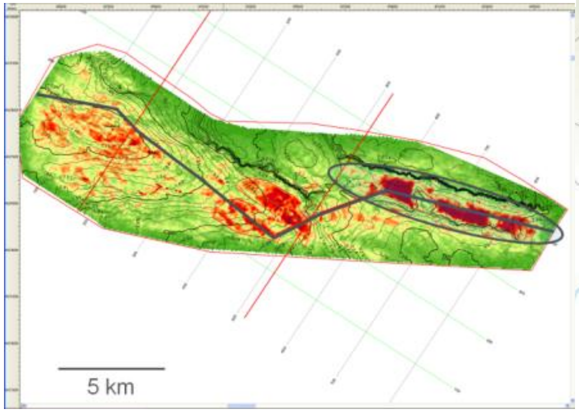
Peshkabir Prospect



Summail Prospect



Bastora Prospect



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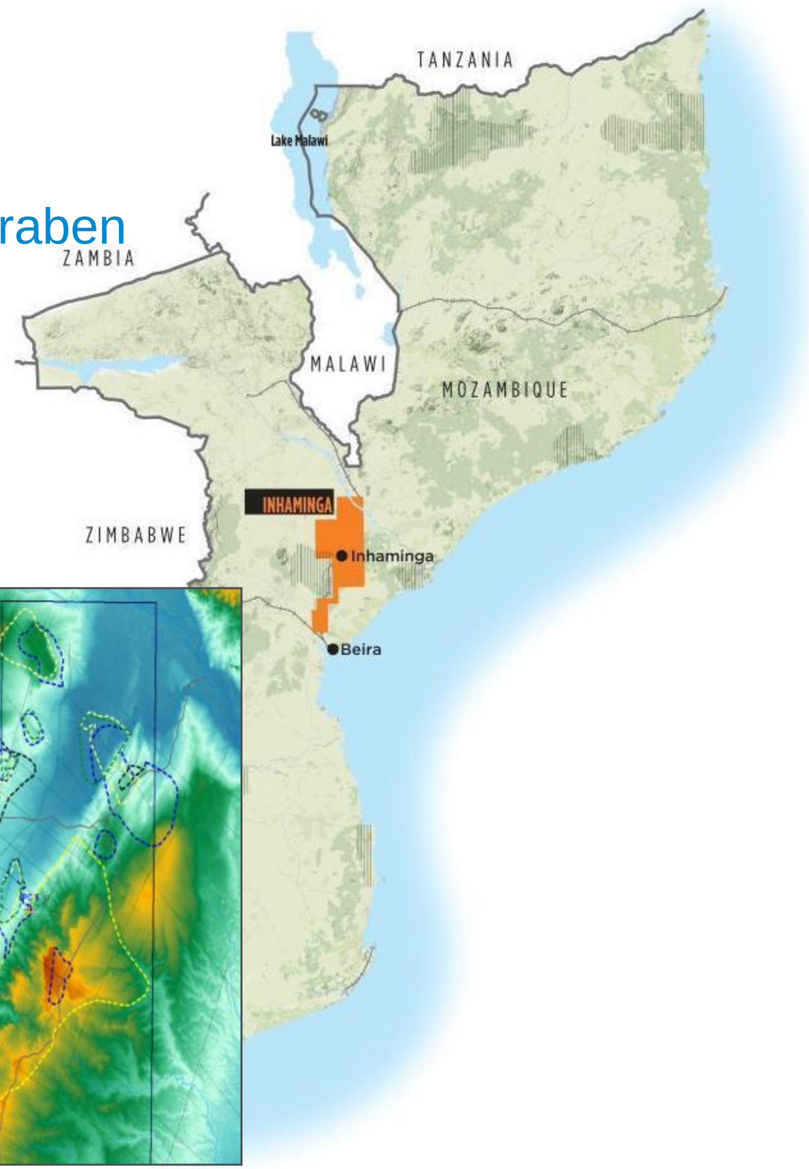
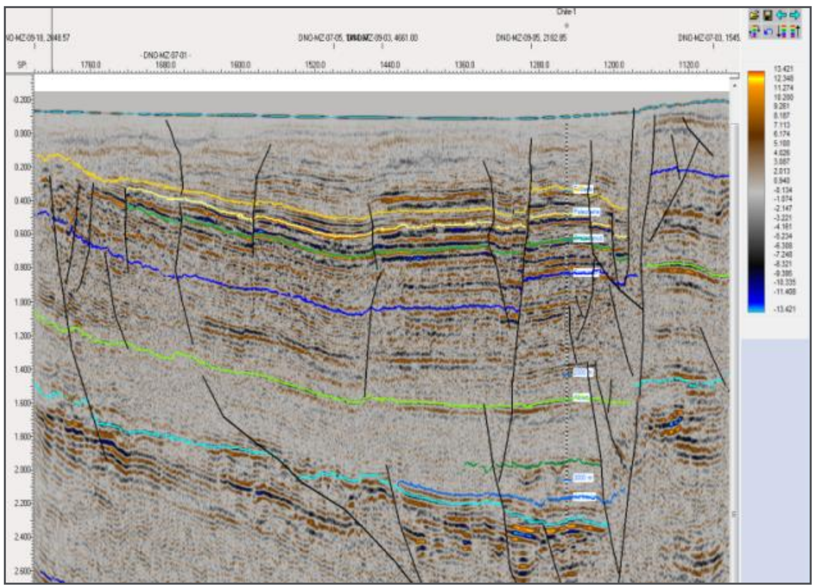
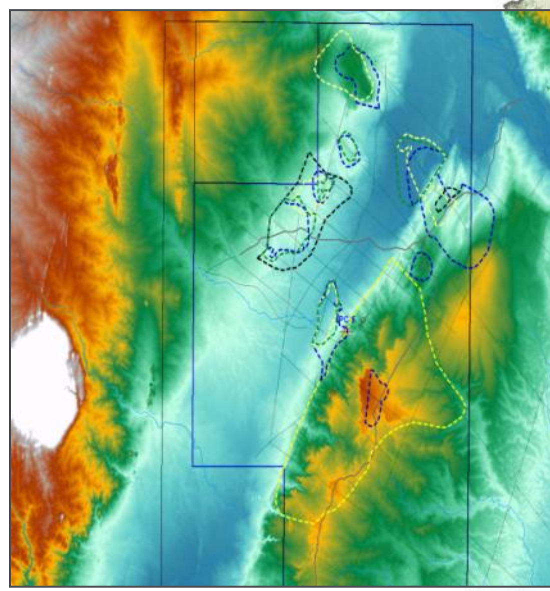
Exploration in Mozambique

- New exploration plays to be tested in the Urema graben
- Highgrading of prospects ongoing
- Exploration well to be spudded in Q4 2010
- Farm-ins: Harmattan (5%) and New Age (41%)
- DNO retains 54% and operatorship

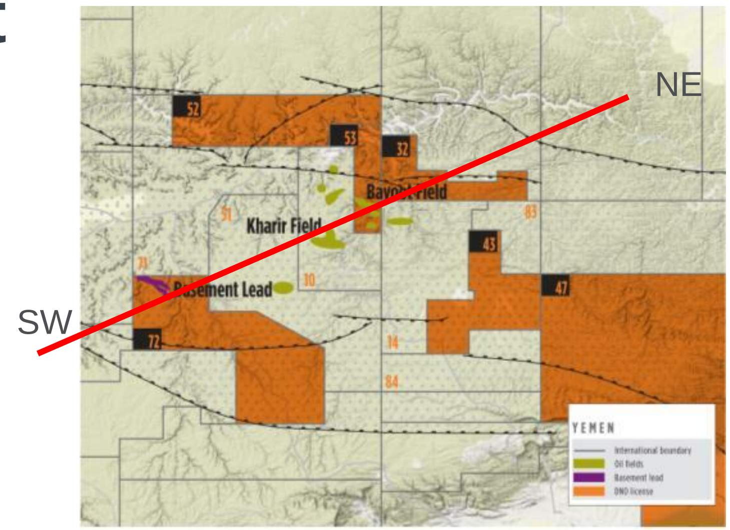


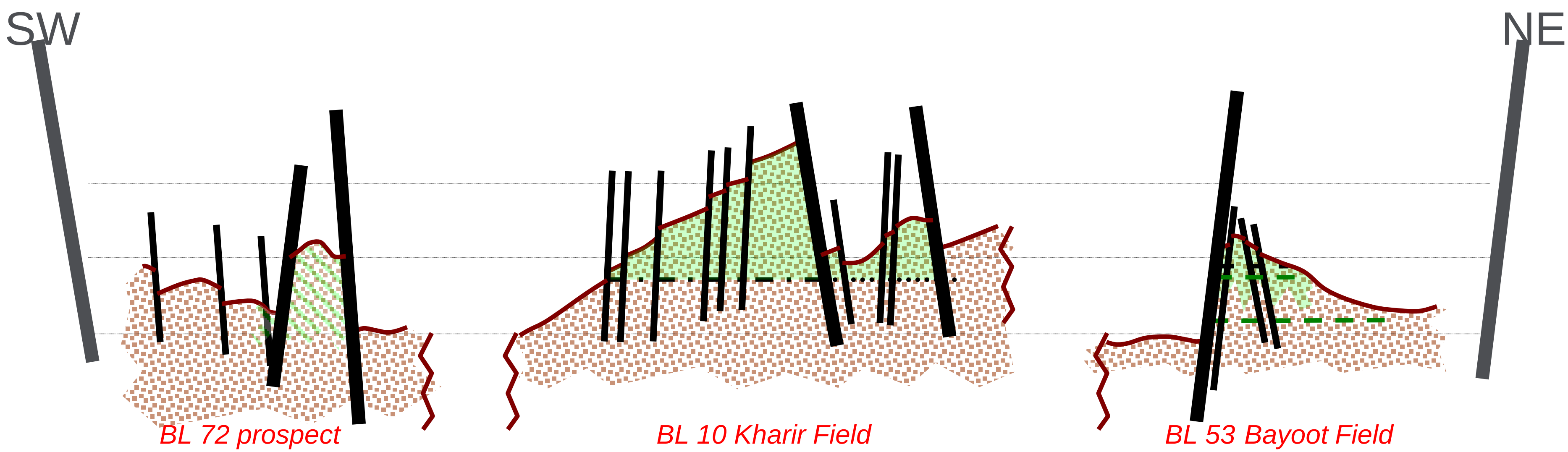




Yemen BL 72 basement prospect

- The basement prospect in Block 72 will be drilled in the second half of 2010
- This well will test the same play as the producing Kharir and Bayoot fields within the same basin
- Total, the operator for the Kharir basement field, has recently farmed-in to Block 72

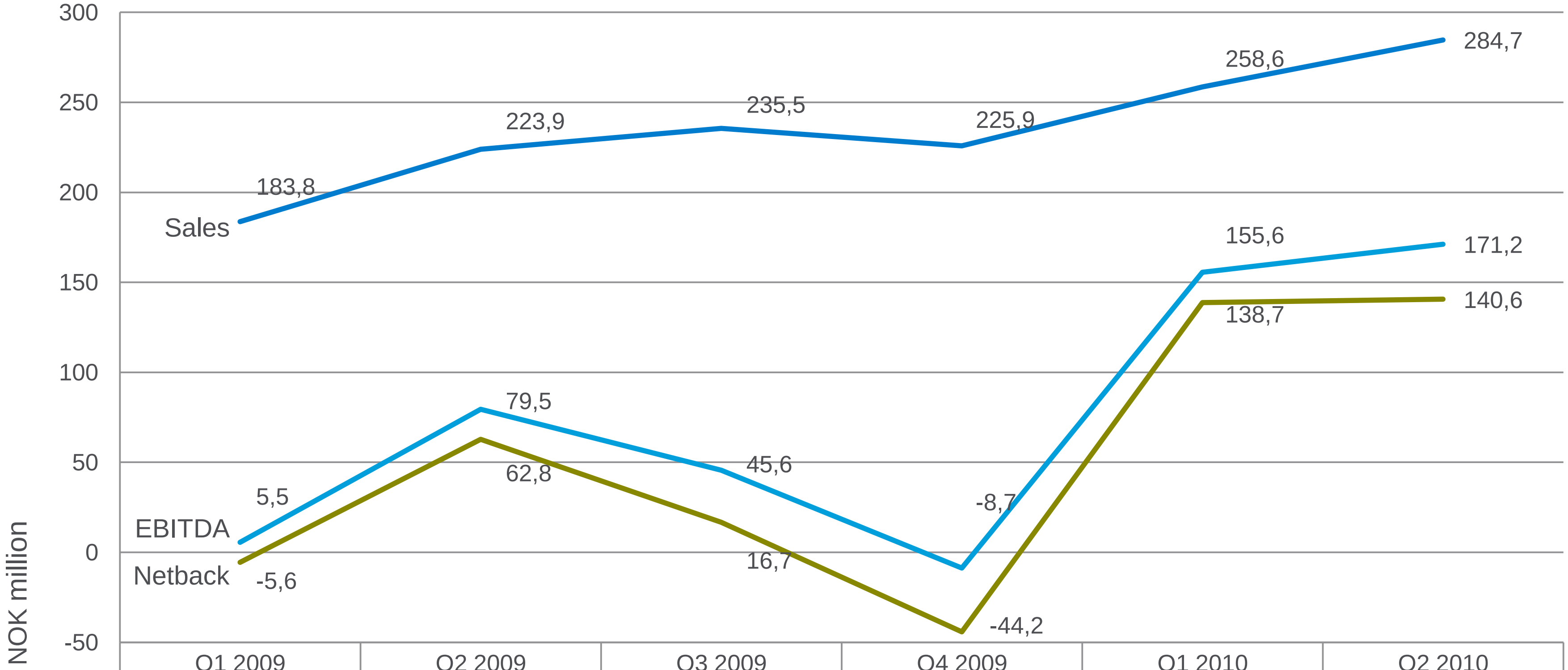




Masila Basin – schematic cross section of basement structures

Positive trend in financial performance

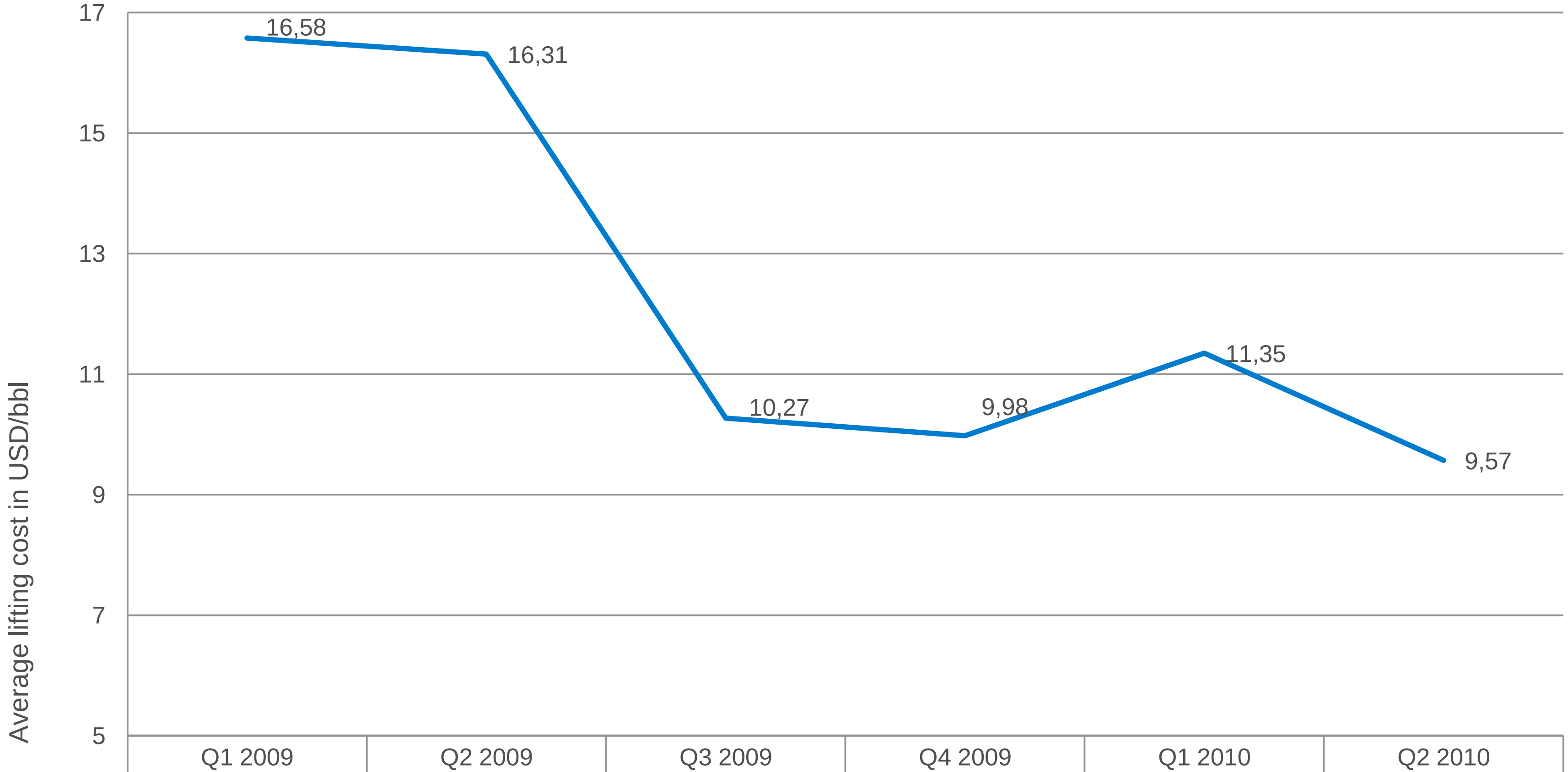
- Sales and EBITDA up around 10% from Q1 to Q2



	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Sales	183,8	223,9	235,5	225,9	258,6	284,7
EBITDA	5,5	79,5	45,6	-8,7	155,6	171,2
Netback	-5,6	62,8	16,7	-44,2	138,7	140,6

Lower lifting costs

- Lifting cost per barrel down by more than 15% from Q1 to Q2



	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Lifting cost	16,58	16,31	10,27	9,98	11,35	9,57

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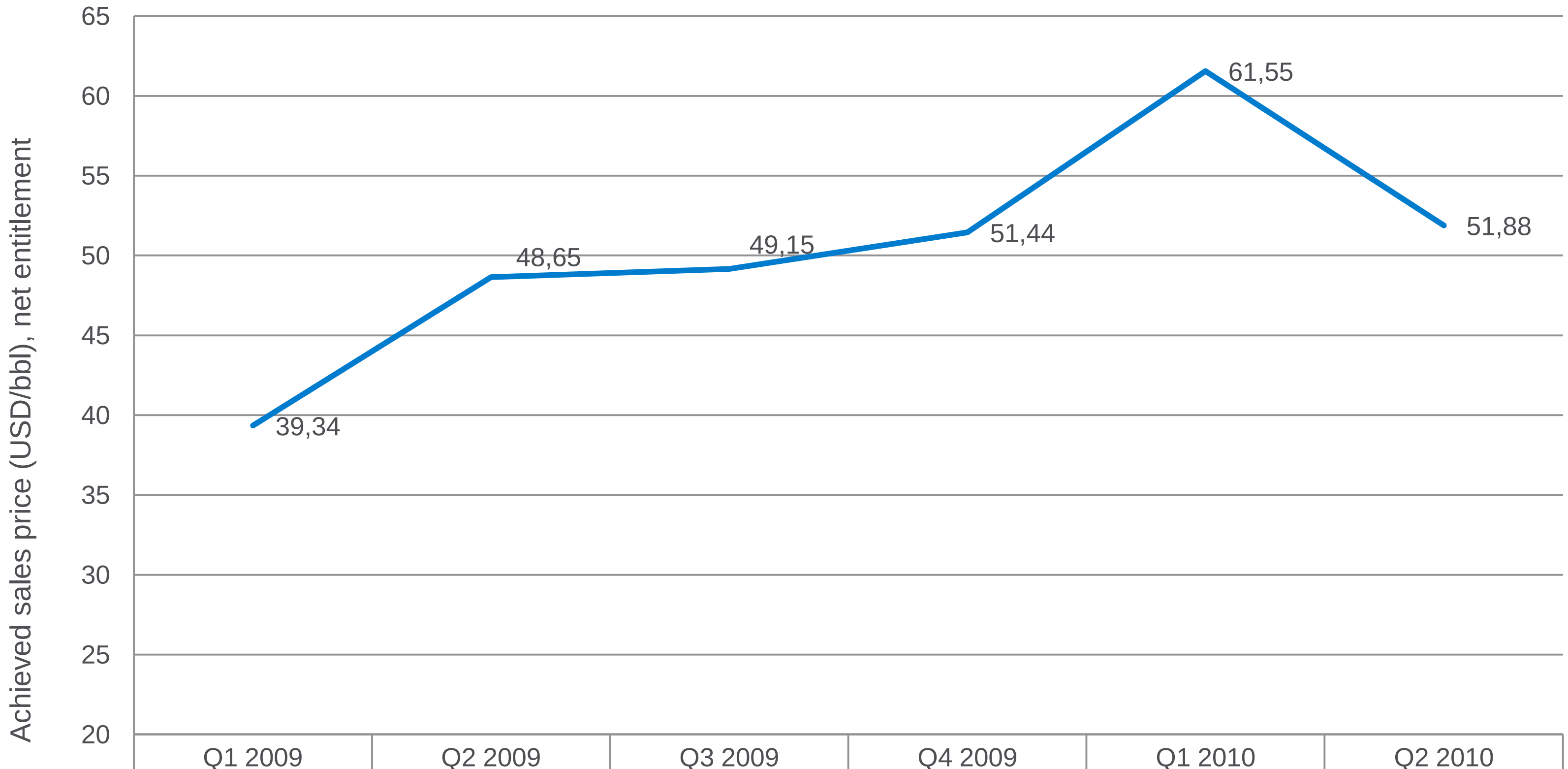
Average sales price down in Q2

- Increased share of the production delivered to the local Kurdistan market at discounted prices
- Price for Yemen production close to Brent market price

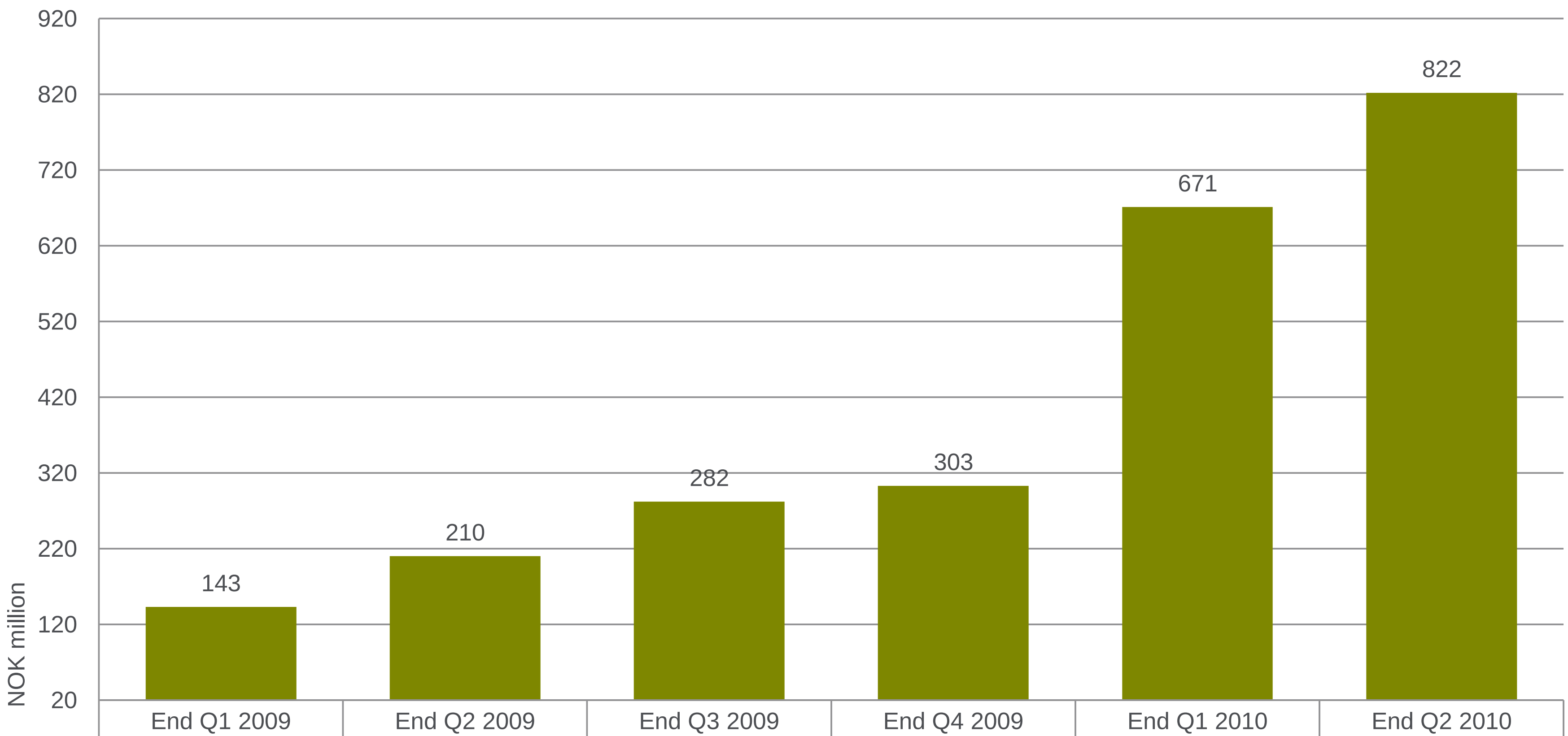


	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
Achieved sales price	39,34	48,65	49,15	51,44	61,55	51,88

*)DNO's production in Yemen is sold in the regular international oil market whilst production in Kurdistan is sold solely to the local market at discounted prices.

Continued improved cash position

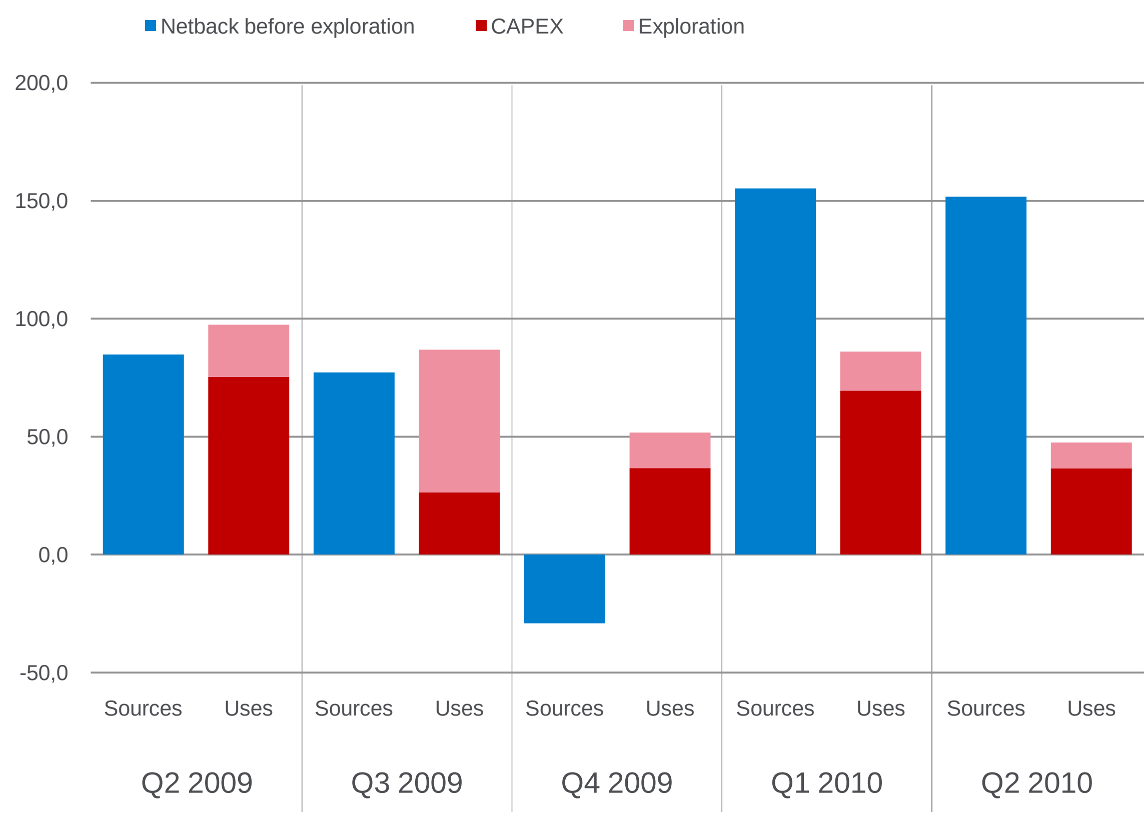
- Tight capital discipline
- Sound financial platform for new investments



	End Q1 2009	End Q2 2009	End Q3 2009	End Q4 2009	End Q1 2010	End Q2 2010
Cash	143	210	282	303	671	822

Cash flow coverage of investments

Netback coverage



Capex Q3 2009 shown net of water purification project liability of NOK 537 million

Cash flow funding

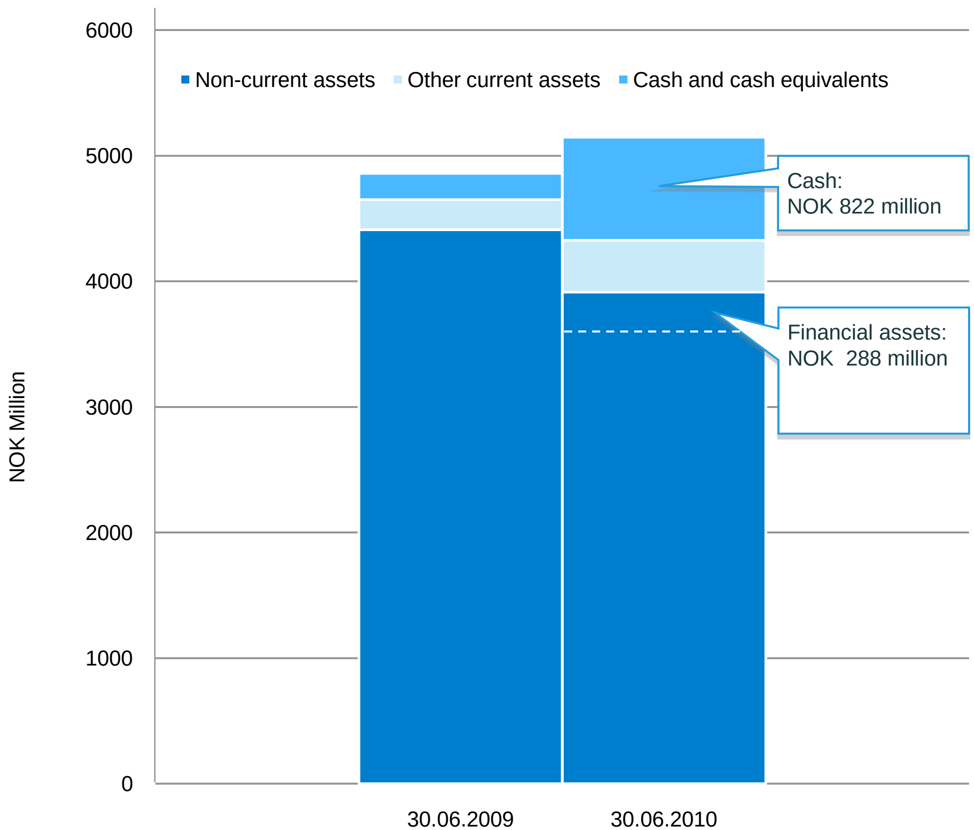
- The cash flow coverage ratio increased to 3.2x YTD Q2 2010
  - Increase in netback
  - Reduced investment levels

Increase in investments planned for Q3/Q4 2010

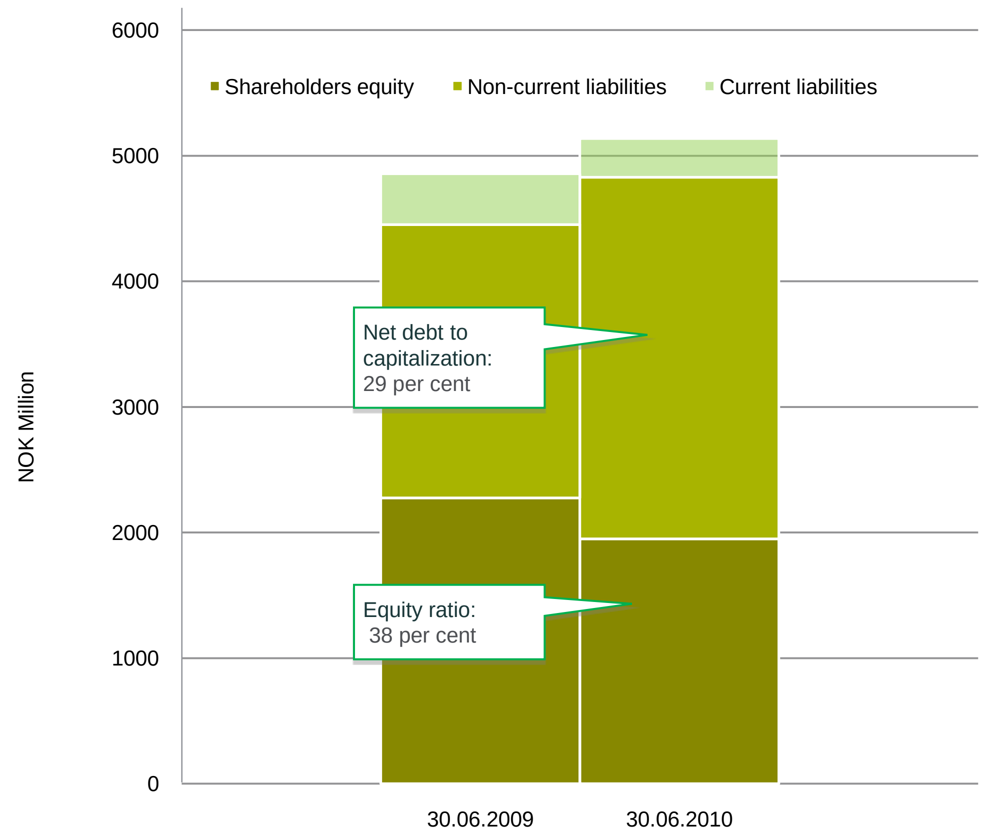
- New exploration wells
- Field development

Capital structure

Assets



Equity and liabilities



*Net interest bearing debt/capitalization

Key priorities going forward

- Increase production from a strong, developed reserve base
- Utilize our production capacity of 40,000-50,000 bopd, net to DNO, without further investments
- Bring additional production from new fast track low cost field developments
- Increased exploration efforts with the potential to add significant reserves and resources at low costs
- Grow the asset base through continued new venture activities in the Middle-East and East Africa regions

DNO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