



Q3 2010 Presentation

11 November 2010



Agenda

1. Welcome

Tom Bratlie, Communication Director

2. Q3 Highlights and Operational Review

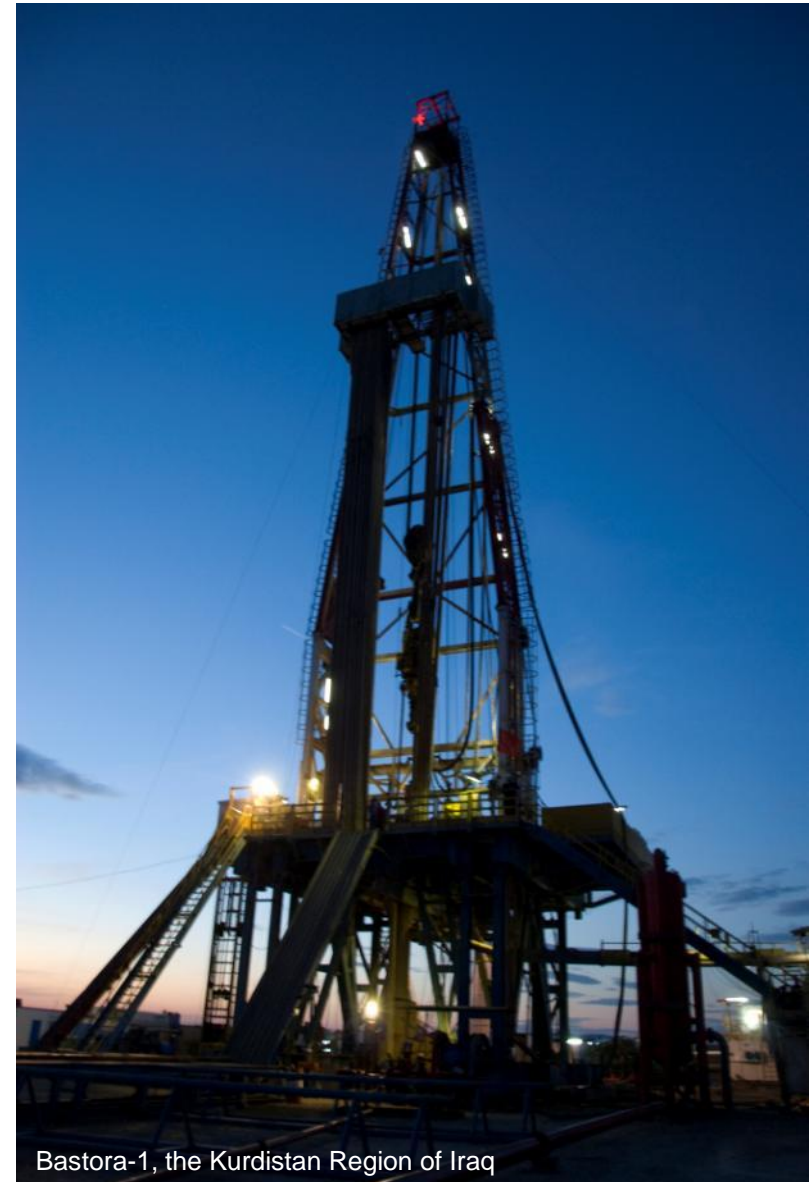
Helge Eide, Managing Director

3. Q3 Financials

Haakon Sandborg, CFO

4. Q&A

For participants being present
and by e-mail



Bastora-1, the Kurdistan Region of Iraq

Drilling the Bastora-1 exploration well in the Erbil license in the Kurdistan Region of Iraq.

Q3 Highlights and Operational Review

Helge Eide

Managing Director



Main items in Q3 2010

- Cash position further improved by NOK 114 million in Q3
- Significant increase in production volumes from Q2 to Q3
- Results negatively affected by special items of NOK 326 million
- Revenues increased to NOK 407 million, delivering an EBITDA of NOK 309 million and a netback of NOK 282 million before special items
- New exploration program started in Q3
- Achieved exclusive negotiation rights for substantial new exploration acreage in Mozambique and Yemen

Crude oil distribution from Tawke based on truck loading at Fishkabour.



Q3 production summary

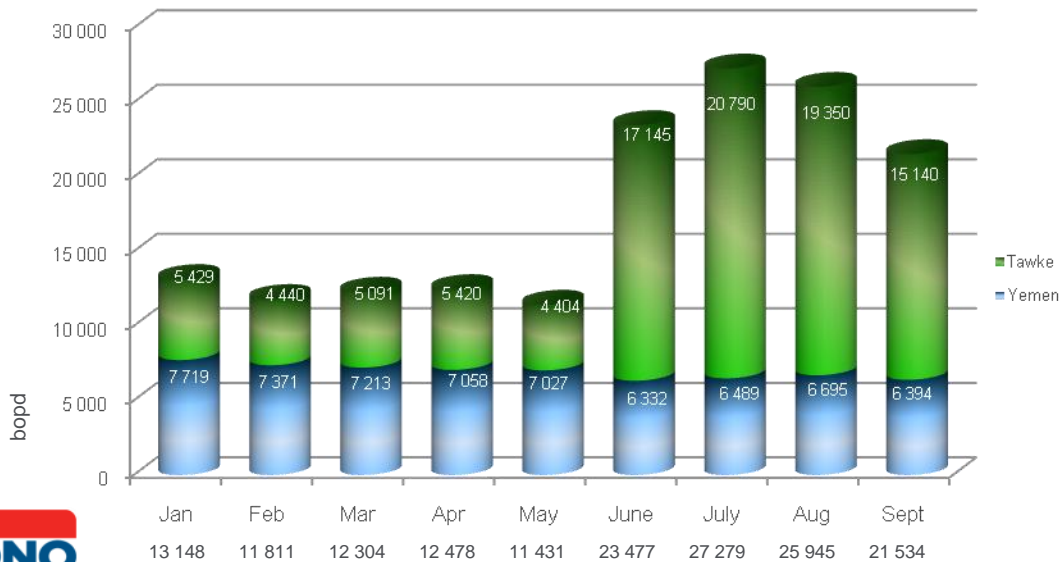
Kurdistan region of Iraq

- Significant increase in local deliveries of crude oil from Tawke
- Further reduction in unit lifting cost

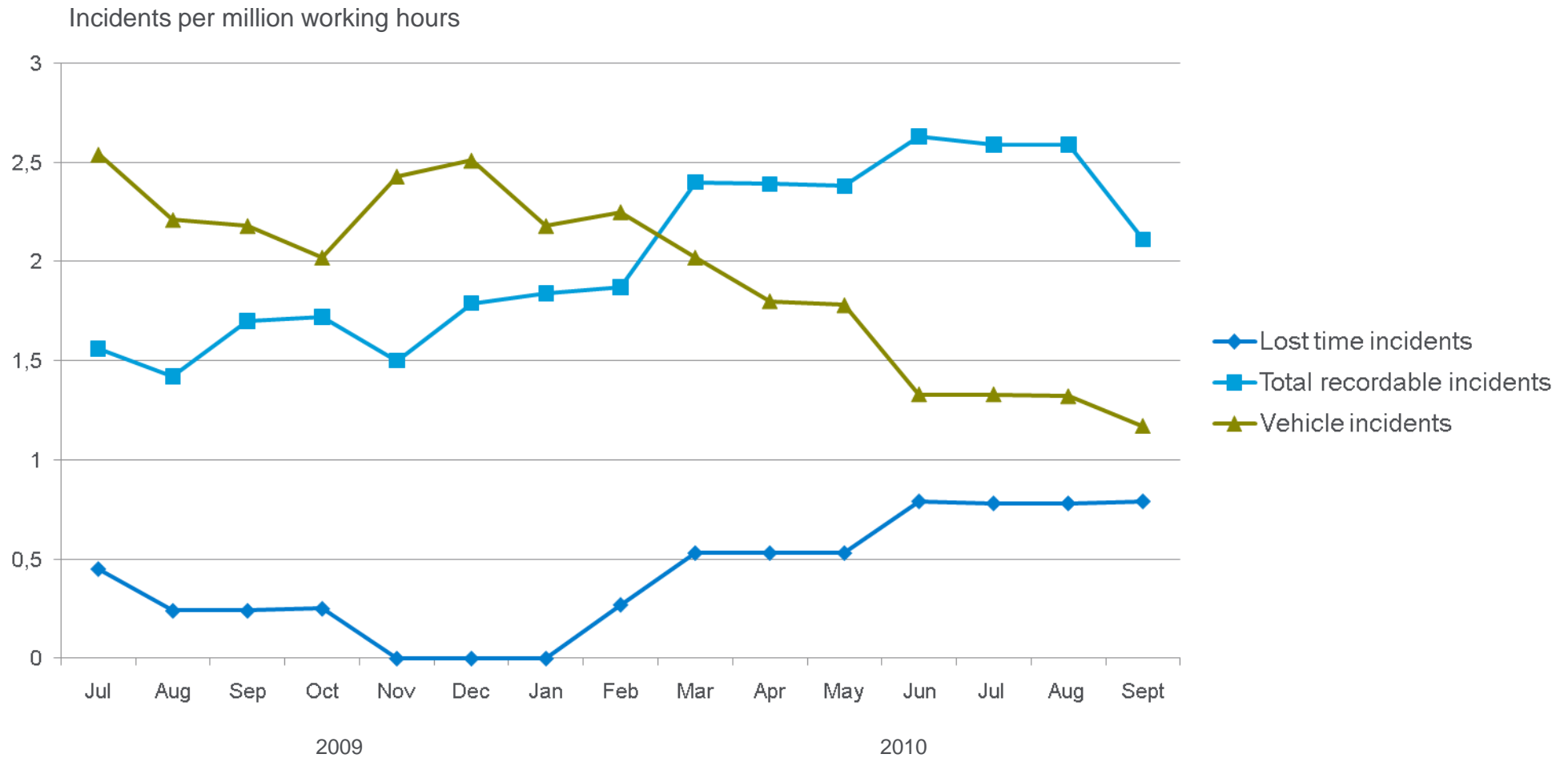
Yemen

- Minor decrease in production from Q2 to Q3

Working interest production (2010 monthly)

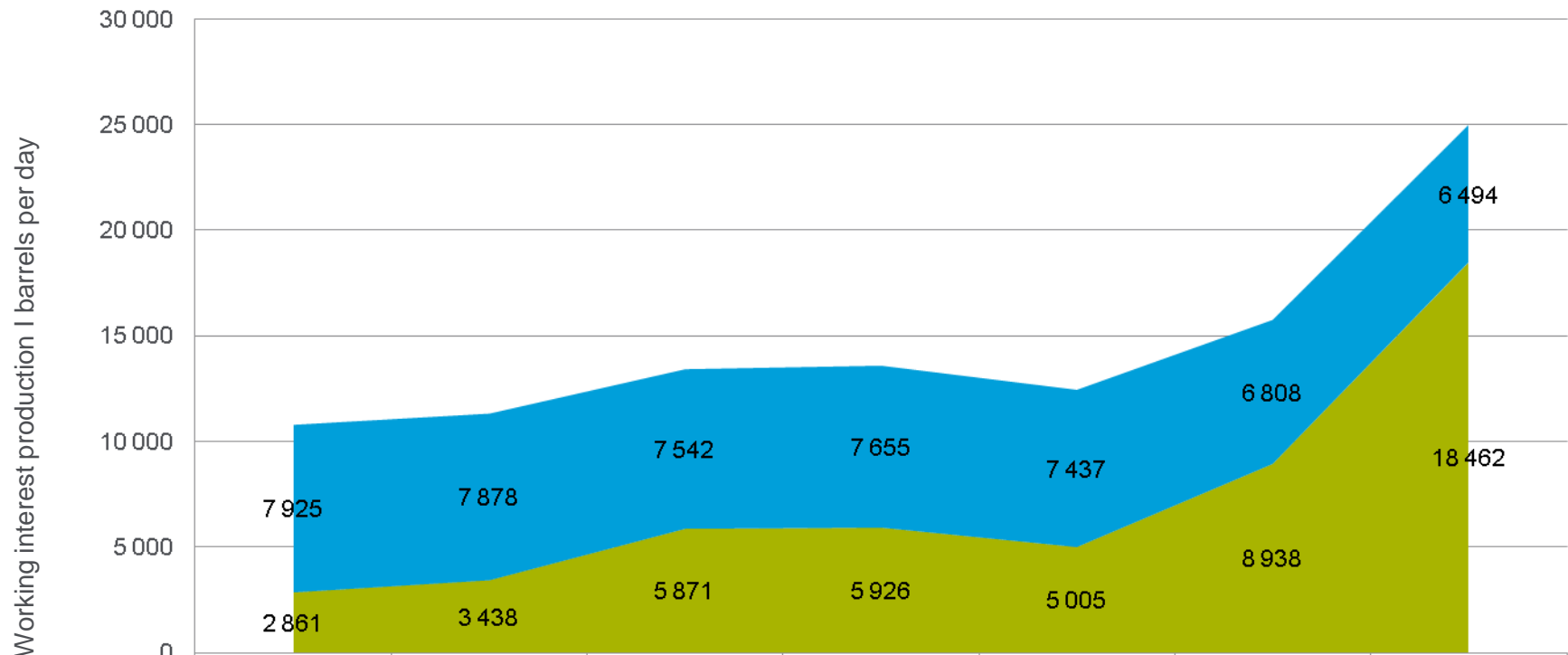


Continued satisfactory HSE performance



Increase in production volumes

- DNO' working interest production up from 15,748 bopd in Q2 to 24,956 bopd in Q3

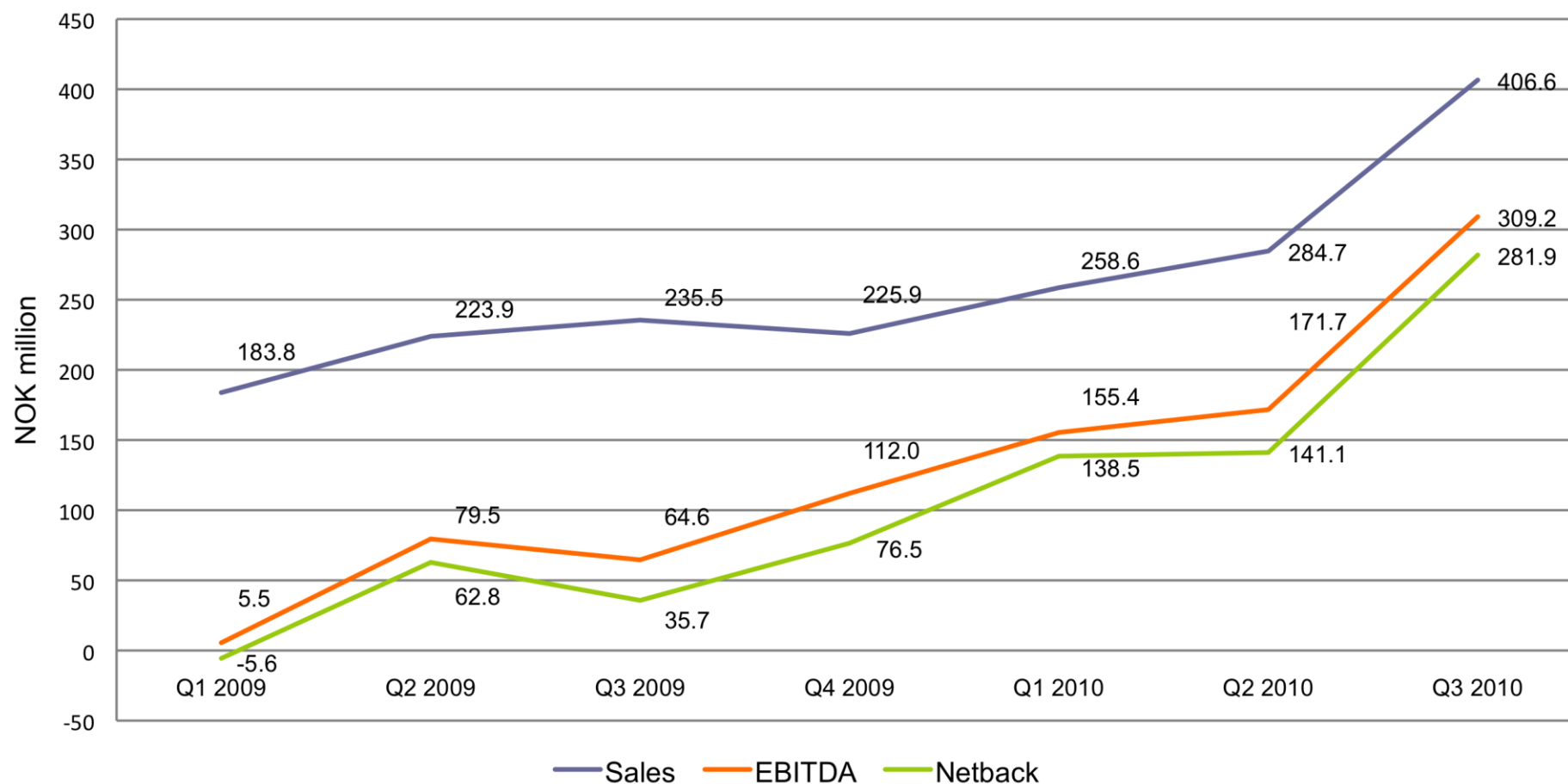


	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010
■ Yemen production	7925	7878	7542	7655	7437	6808	6494
■ Tawke production	2861	3438	5871	5926	5005	8938	18462
Total	10 786	11 316	13 413	13 581	12 442	15 748	24 956



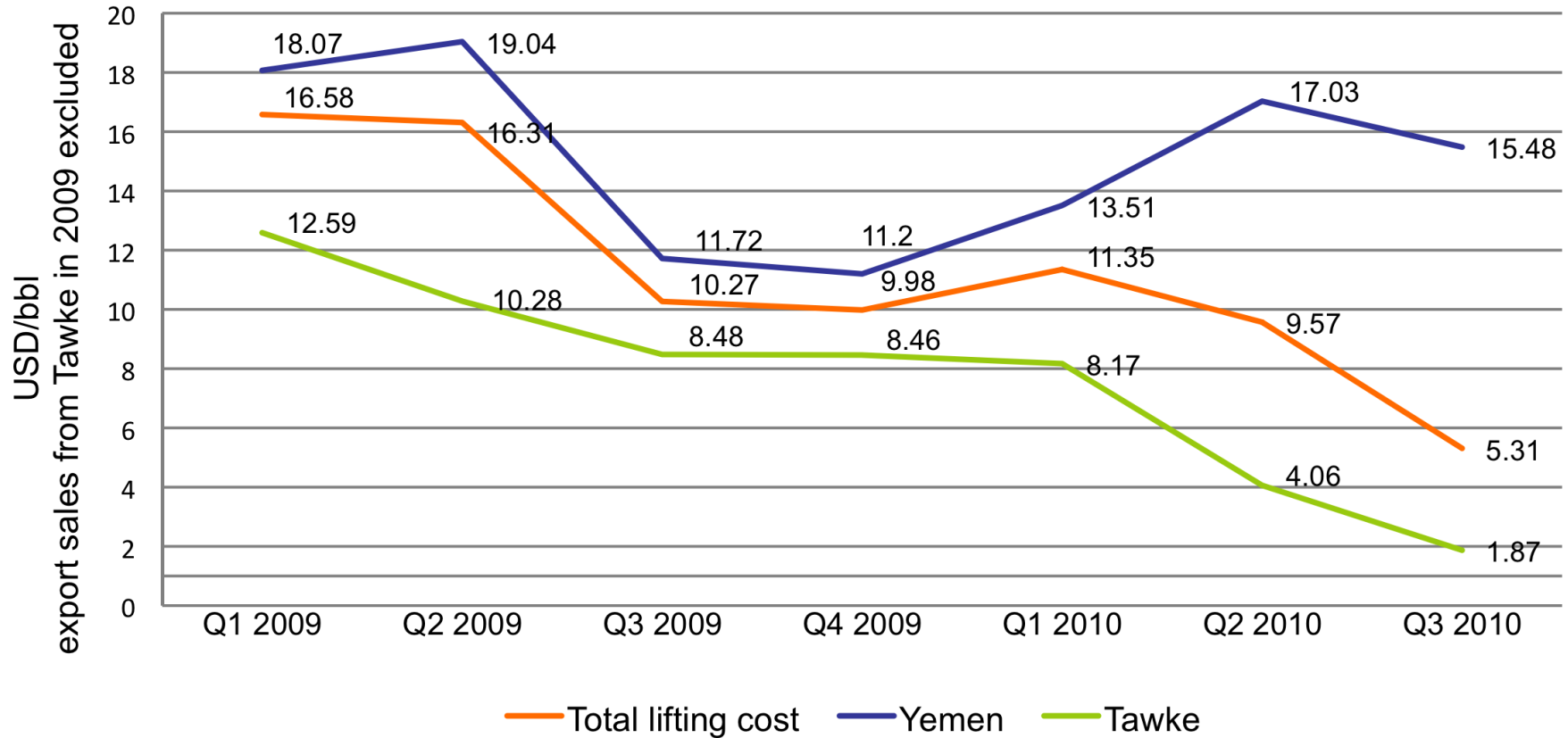
Positive trend in financial results from operations

This graph is adjusted for special (non-operational) items with negative effects in 2009 and 2010 on EBITDA and net back



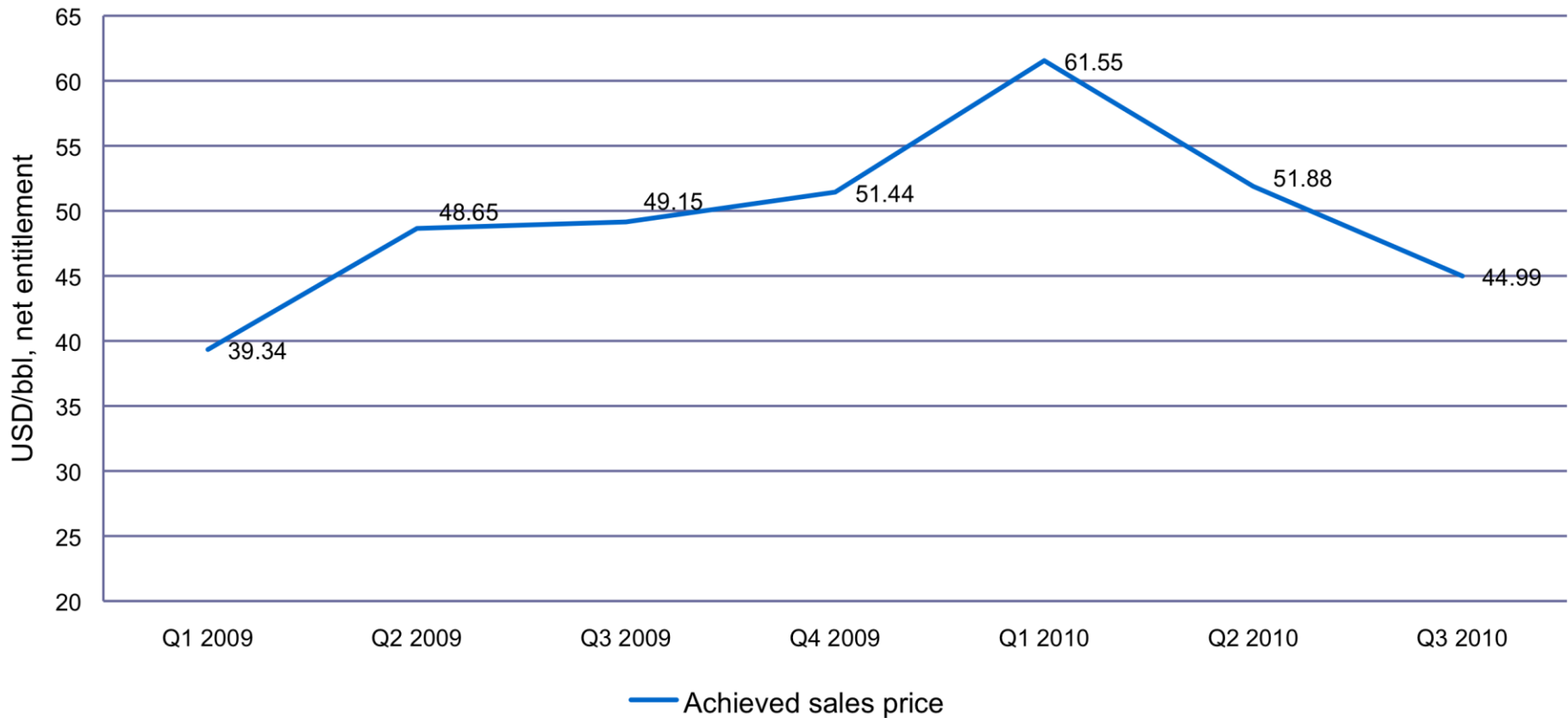
Lower lifting costs

- Continued unit lifting cost reduction



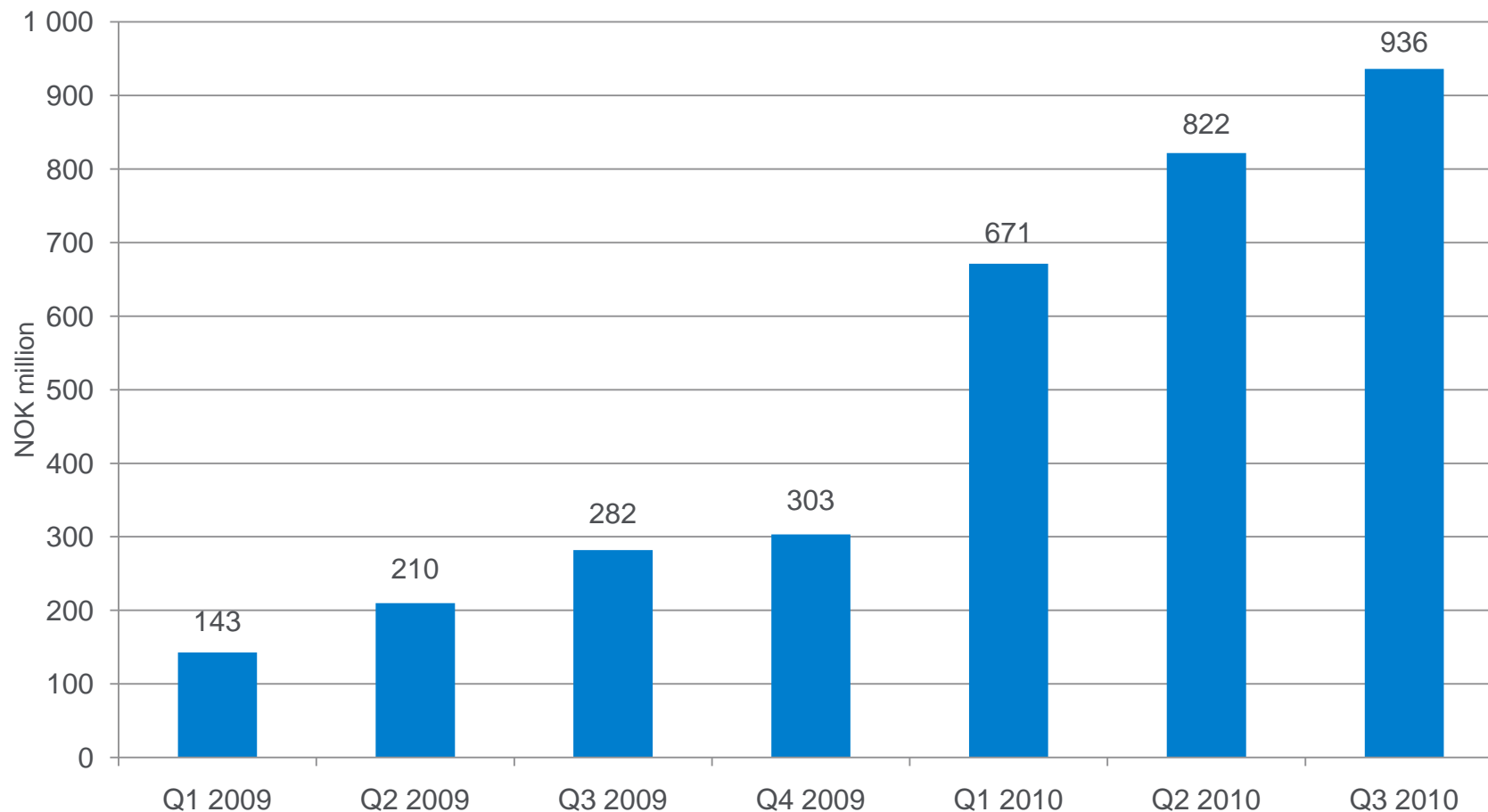
Development in average sales price

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



Further increase in cash position

- Cash position increased by NOK 114 million in Q3
- YTD cash position increase of NOK 633 million



Drilling Astora-1 Production well in the Fao license in the Kurdistan Region of Iraq.



Operations Update



Kurdistan operational status

Tawke PSC

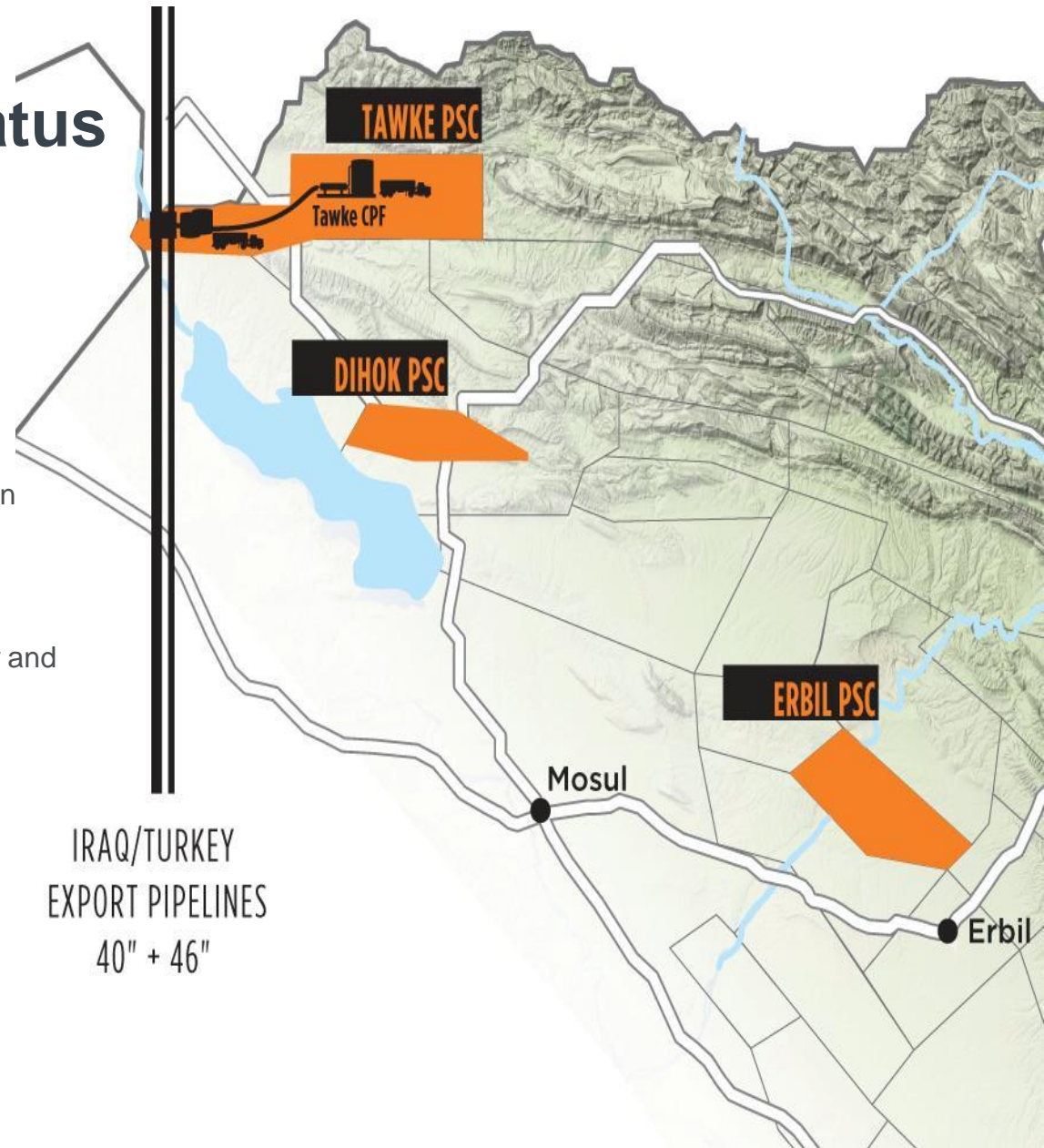
- Further increase in local sales in Q3
- Lower crude oil lifting in first part of Q4
- Peshkibir-1 exploration well expected to commence in Q1/Q2 2011

Dohuk PSC

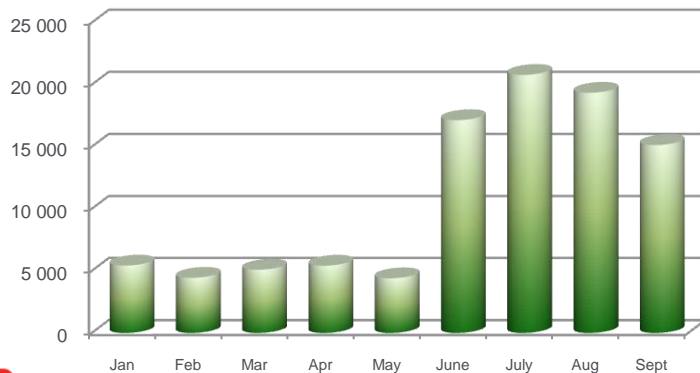
- Summail-1 exploration well now expected to commence in Q1 2011. Postponed one quarter due to further delay in return of seconded rig

Erbil PSC

- License period extended by 12 months
- The Bastora-1 exploration well spudded on 7 September and progressing as expected



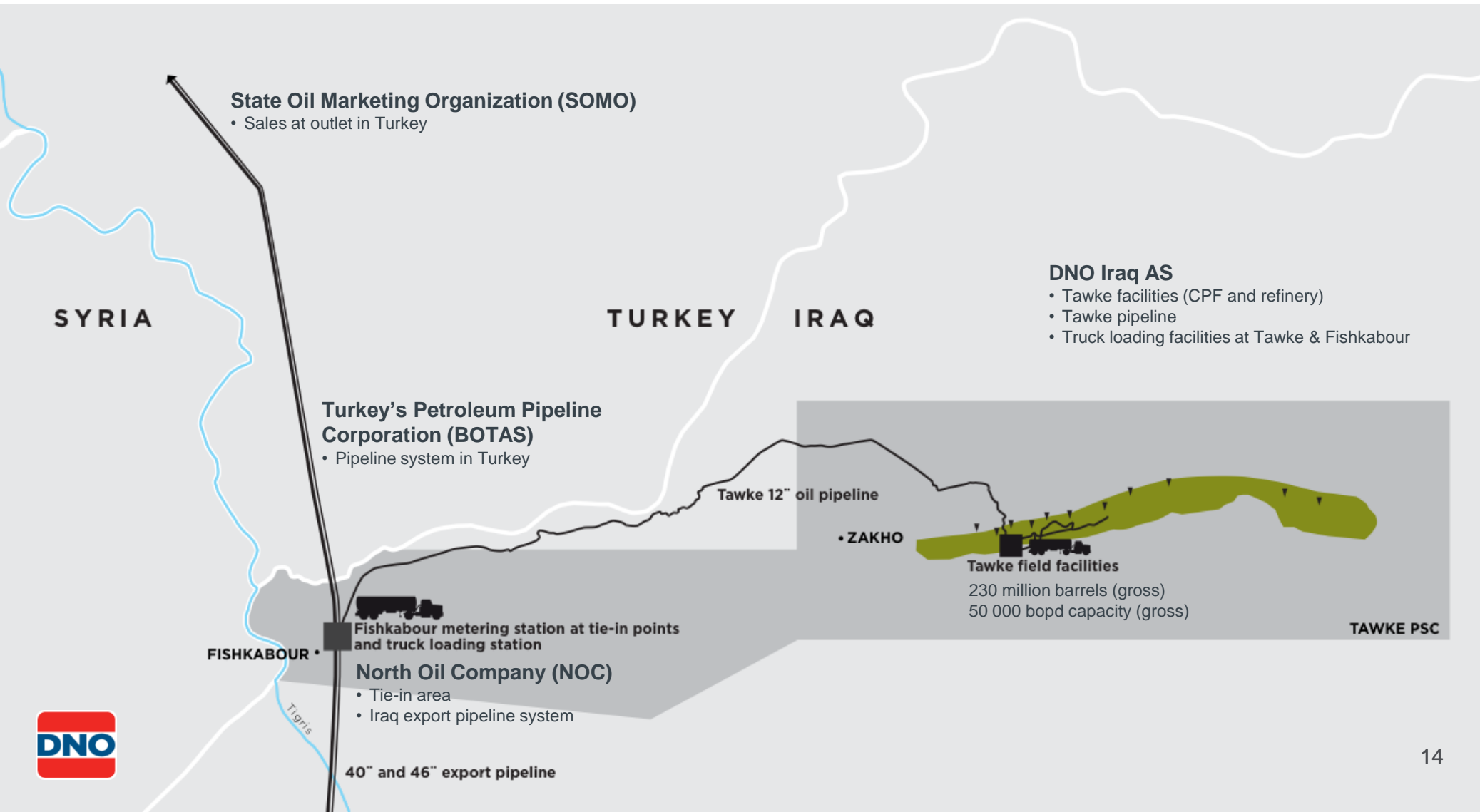
IRAQ/TURKEY
EXPORT PIPELINES
40" + 46"



2010 Tawke WI production bopd



Tawke Facilities and Pipeline



The Tawke CPF

Confirmed capacity of 56,000 bopd



The Tawke refinery

Confirmed capacity of > 6,000 bopd



Truck loading station at Fishkabour

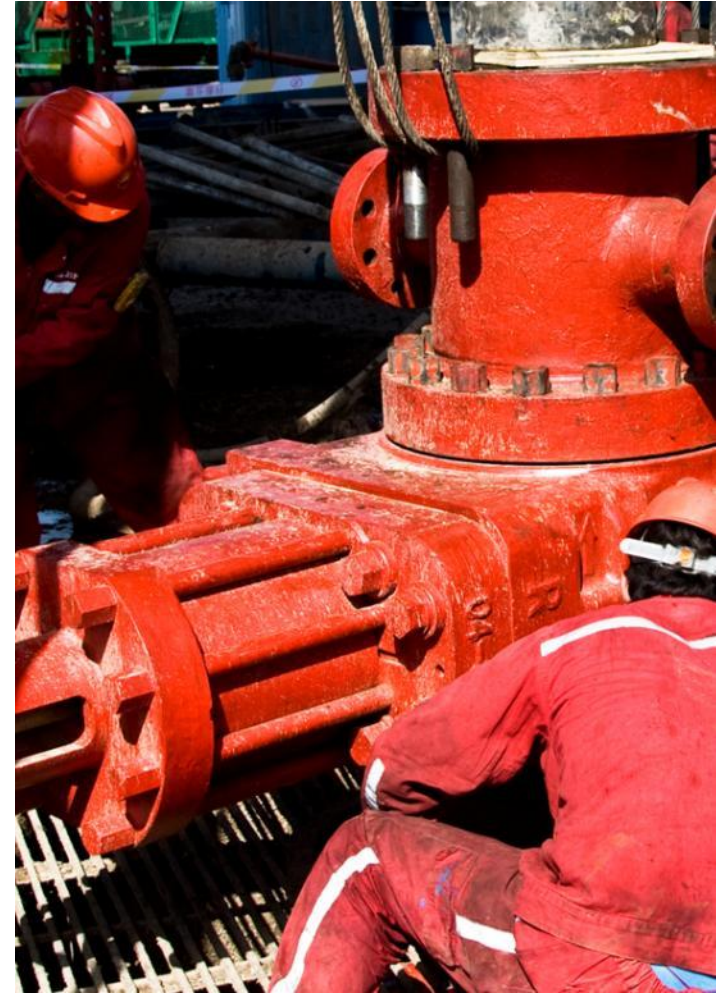
40,000 bopd in capacity



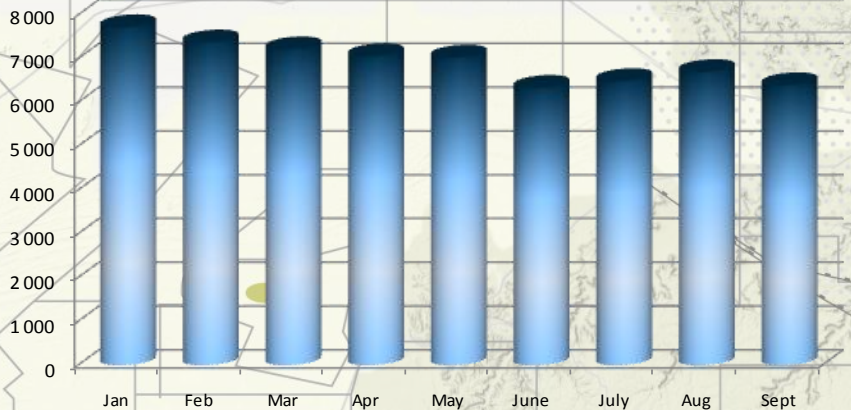
The Summail-1 well site prepared for drilling



Drilling the Bastora-1 well in the Erbil license



Yemen operational overview



Yemen W1 production in 2010 (bopd)

Block 53

Wells

Bayoot-10 completed
No further drilling planned at this time

Block 32

Wells

Godah-12 completed
Further wells considered in 2011

Block 43

Projects

Cost saving project initiated

Wells

Infill wells and exploration wells considered in 2011

Block 72

Wells

Basement prospect to be drilled in Q4 2010
One back-to-back exploration well under consideration

Block 47

Projects

Yaalen development plan in progress, with First Oil planned by end 2011

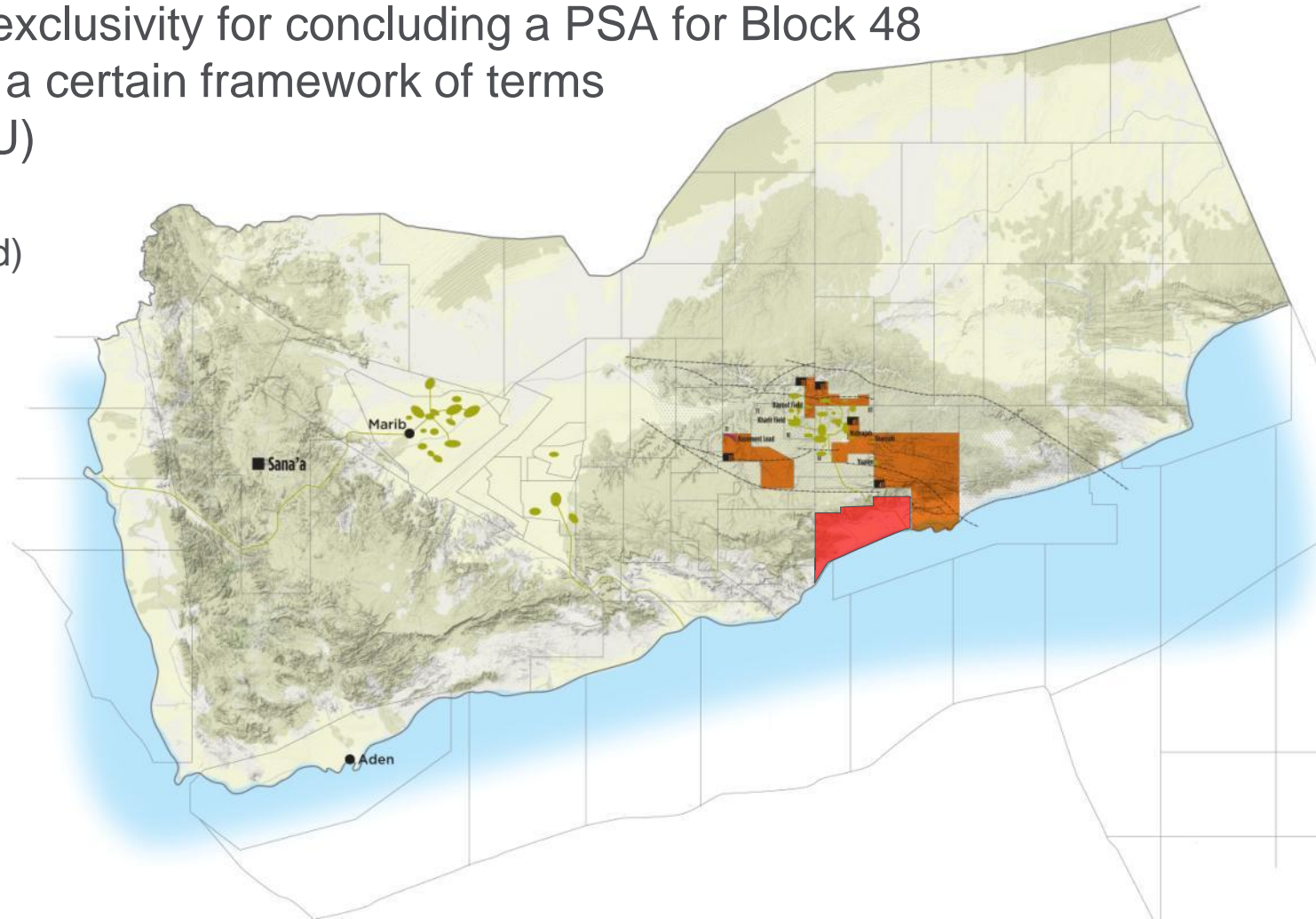
Wells

Yaalen development wells (2011)
One exploration well considered in 2011

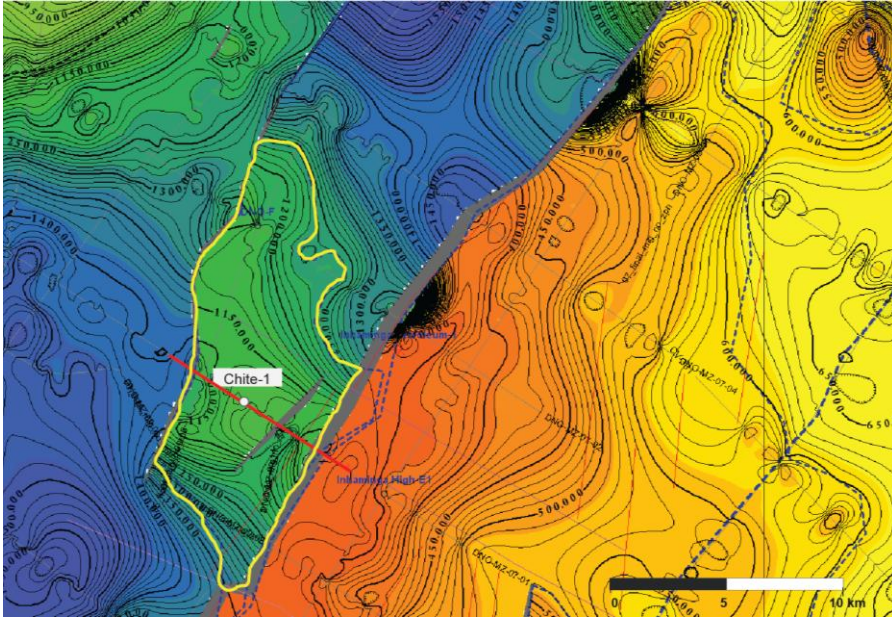


Signed MoU for new PSA in Block 48 in Yemen

- DNO has obtained exclusivity for concluding a PSA for Block 48 after having agreed a certain framework of terms and conditions (MoU)
 - DNO: 87,5%
 - TYC: 12,5% (carried)
- Block 48 will add 3,767 sq km of exploration acreage to DNO's portfolio



The Inhaminga block in Mozambique



- Preparing to commence drilling in November
- First of several well defined leads & prospects
- Additional wells to be considered in 2011



Road building in Mozambique

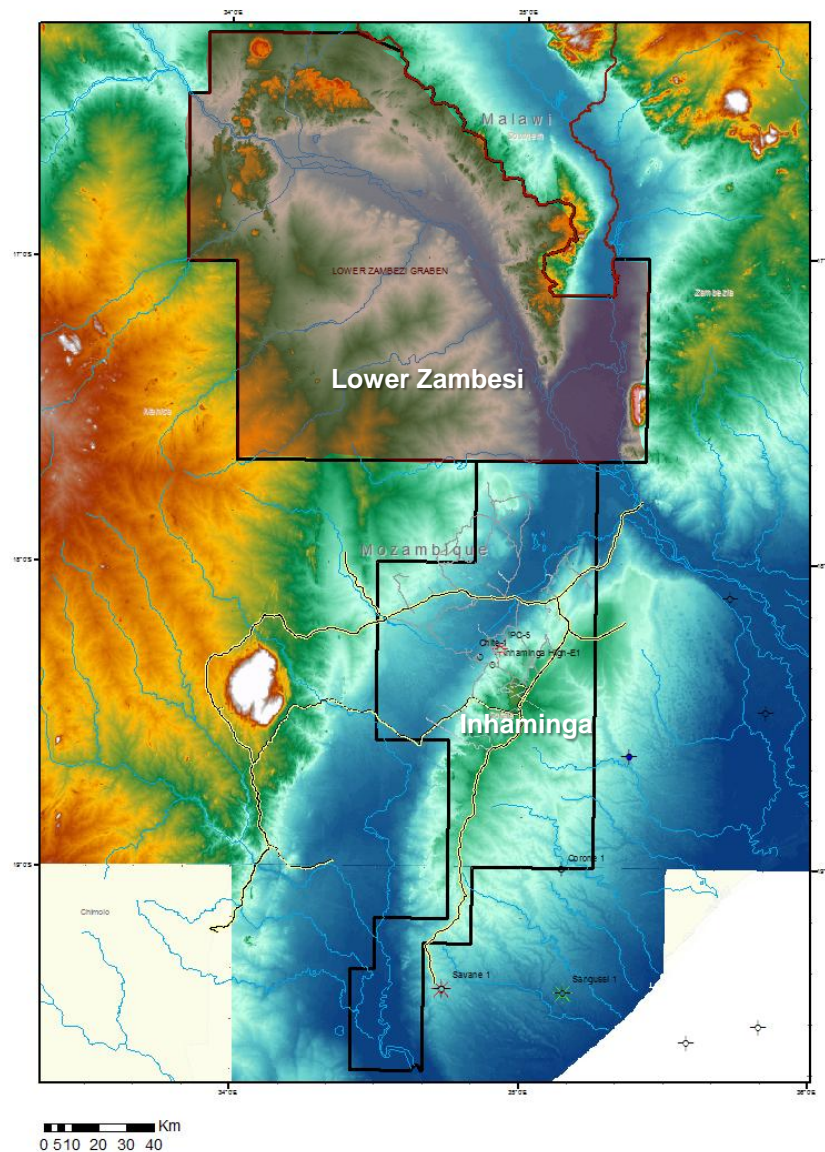


Well site prepared for the Chite-1 well in Mozambique



Additional acreage in Mozambique

- DNO holds 54% and is the operator on Inhaminga
 - New Age holds 41%
 - Harmattan holds 5%
- DNO awarded exclusive negotiation rights for the Lower Zambesi block in Mozambique, adding another 19,181 sq km of exploration acreage in Mozambique
 - DNO will negotiate for 100% interest



Key priorities going forward

- Increase exploration efforts to add new reserves and resources at low costs
- Utilize our existing WI production capacity of 40,000 – 50,000 bopd
- Add new production based on DNO's proven record of fast track/low cost field developments
- Grow the asset base through new entries in the Middle East and East/North Africa regions



Fishkabour pipeline tie-in point.

FINANCIALS

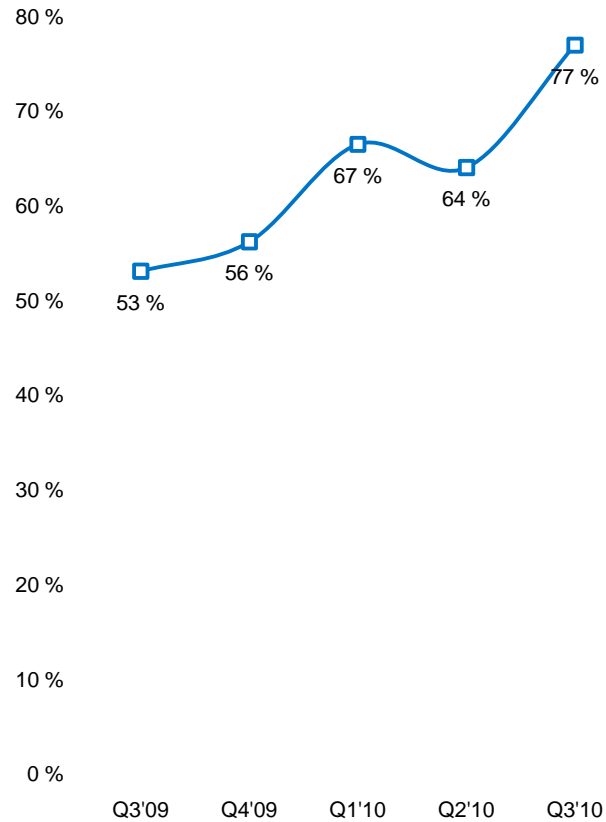
Haakon Sandborg

CFO

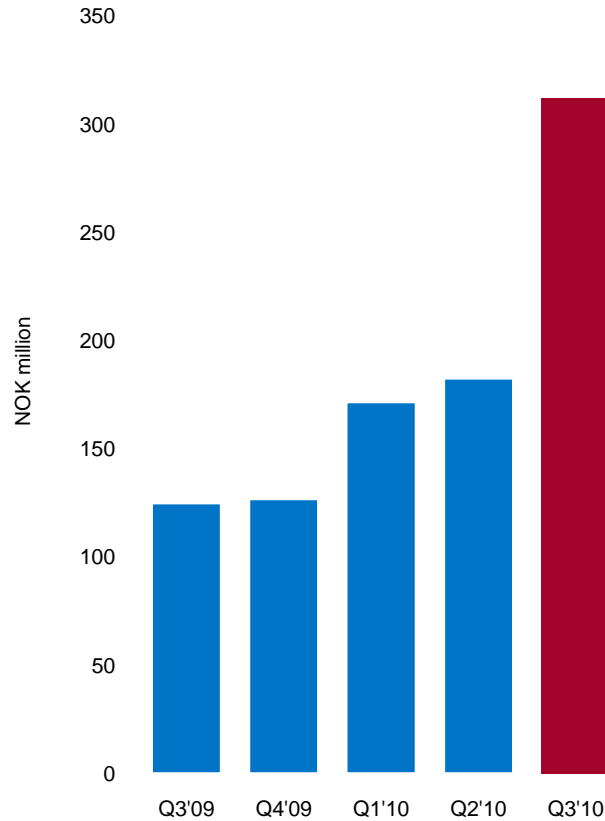


Key financial indicators – before special items

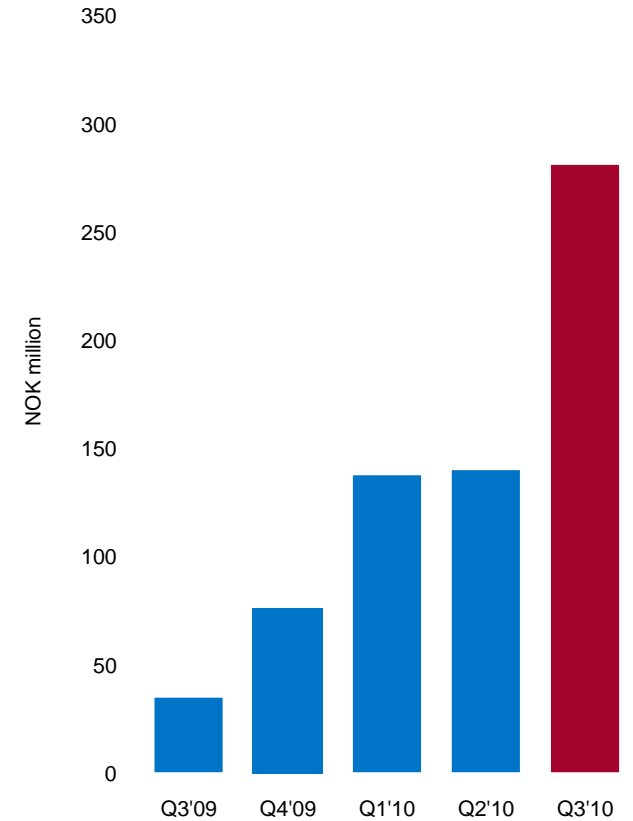
EBITDAX margin



EBITDAX



Netback



*EBITDAX in % of revenues

*EBITDA before exploration expenses

*EBITDA less paid tax

Special items

Arbitration

The London Court of International Arbitration disclosed a partial decision in the arbitration process in October, 2010.

DNO recorded a provision for arbitration claims of USD 12 million in its year-end accounts for 2009.

DNO continues to dispute the terms and conditions of the arbitration process.

To comply with the IFRS accounting standards, an additional provision of NOK 322 million has been recorded in the Q3 2010 accounts for the arbitration claims and estimated legal costs.

Det norske oljeselskap ASA

Revaluation gain of NOK 29 million on shareholding in DETNOR added to equity in Q3'10, based on a share price of NOK 22.70 at the end of the third quarter.

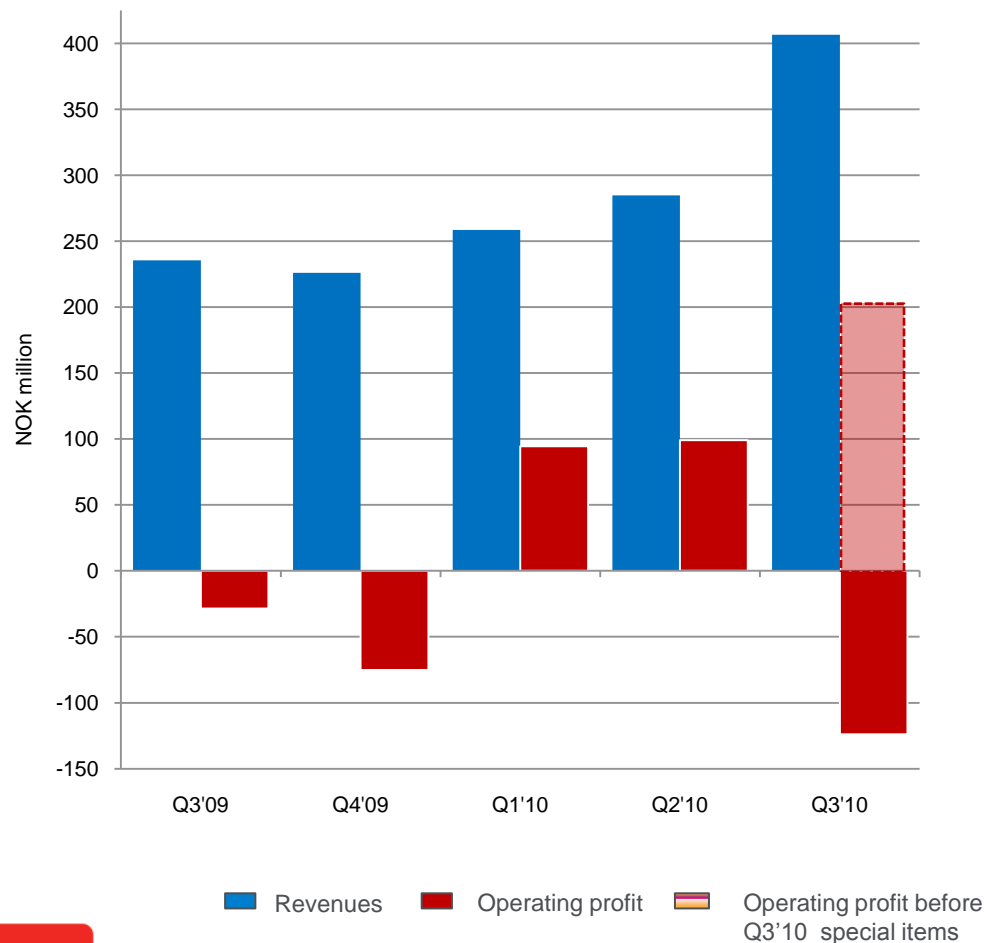
Key figures

Before special items	Q3 2010	Q3 2009	YTD 2010	YTD 2009
Operating revenues	406.6	235.5	949.8	643.1
Operating profit	198.0	-28.6	391.8	-103.9
EBITDA	309.2	45.6	636.3	130.6
Netback	281.9	16.7	561.5	74.0

As reported	Q3 2010	Q3 2009	YTD 2010	YTD 2009
Operating revenues	406.6	235.5	949.8	643.1
Operating profit	-123.5	-28.6	70.0	-103.9
EBITDA	-12.3	45.6	314.5	130.6
Netback	-39.6	16.7	239.7	74.0

Further strengthening of operational results

Quarterly key financials



Solid operations

- Revenue increase from growth in Kurdistan production
- Low exploration expenses
- Doubling of quarterly operating profit, before special items

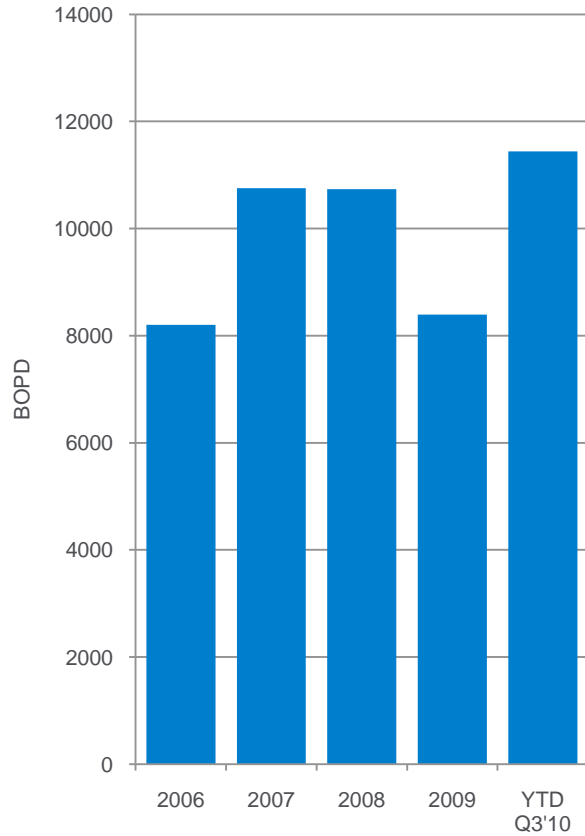
Providing increasing cash

- Improving operational cash flow
- Strengthened cash position

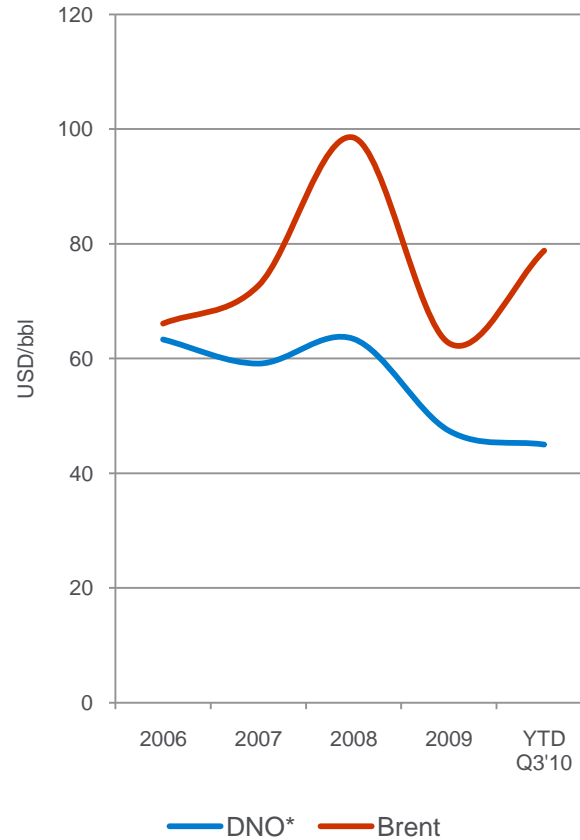


Key performance indicators

Production net entitlement

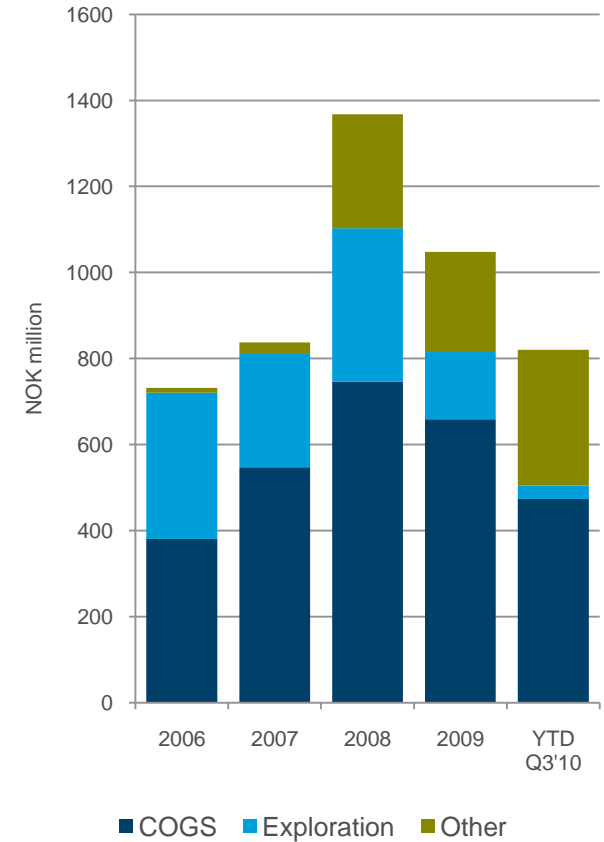


Achieved oil price



* DNO achieved oil price below Brent due to local sales prices in Kurdistan

Operational costs



Condensed income statement

NOK million	Q3 2010	Q2 2010	Q3 2009	YTD 2010	YTD 2009
Sales	406.6	284.7	235.5	949.8	643.1
Cost of goods sold	-185.1	-155.6	-149.3	-474.0	-523.5
Gross profit	221.4	129.0	86.1	475.8	119.6
Dry well cost expensed	3.1	-11.0	-43.9	-8.0	-57.4
Seismic and other exploration expensed	-6.2	-	-16.6	-22.9	-83.3
Other	-341.8	-19.0	-54.2	-374.9	-82.9
Profit/(loss) from operating activities	-123.5	99.0	-28.6	70.0	-103.9
Share of profit/(loss) associates	-	-	-16.8	-	-33.2
Net finance	5.2	-197.4	-90.1	-236.2	270.6
Profit/(loss) before income tax	-118.2	-98.4	-135.6	-166.2	127.3
Income tax expense	-27.4	-22.7	-2.6	-85.8	-12.3
Net profit/(loss)	-145.7	-121.1	-138.2	-252.0	114.9

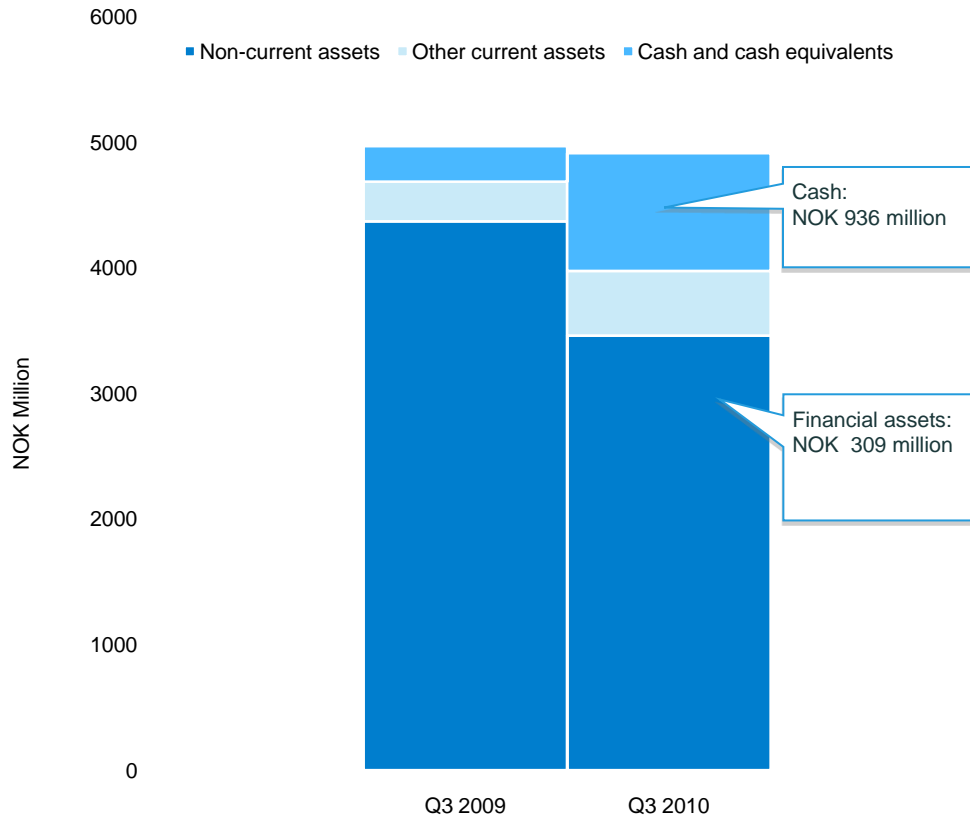
Cash flow statement

NOK million	Q3 2010	Q2 2010	Q3 2009	YTD 2010	YTD 2009
Profit from operations before exploration	-120.4	110.1	31.9	100.8	36.9
Exploration expenses	-3.1	-11.1	-60.5	-30.8	-140.7
Taxes paid, DDA, other	263.2	83.6	192.3	317.8	165.8
Net cash from operations	139.7	182.6	100.7	387.8	62.0
Net cash used in investing activities	-44.2	-28.7	-25.3	-140.2	124.2
Net cash from financing activities	-	-	7.2	365.8	-51.9
Cash at the beginning of the period	821.6	671.1	210	303.4	176.1
Net increase/decrease in cash + FX	114.6	150.5	72.1	632.8	106.4
Cash at the end of the period	936.2	821.6	282.1	936.2	282.5

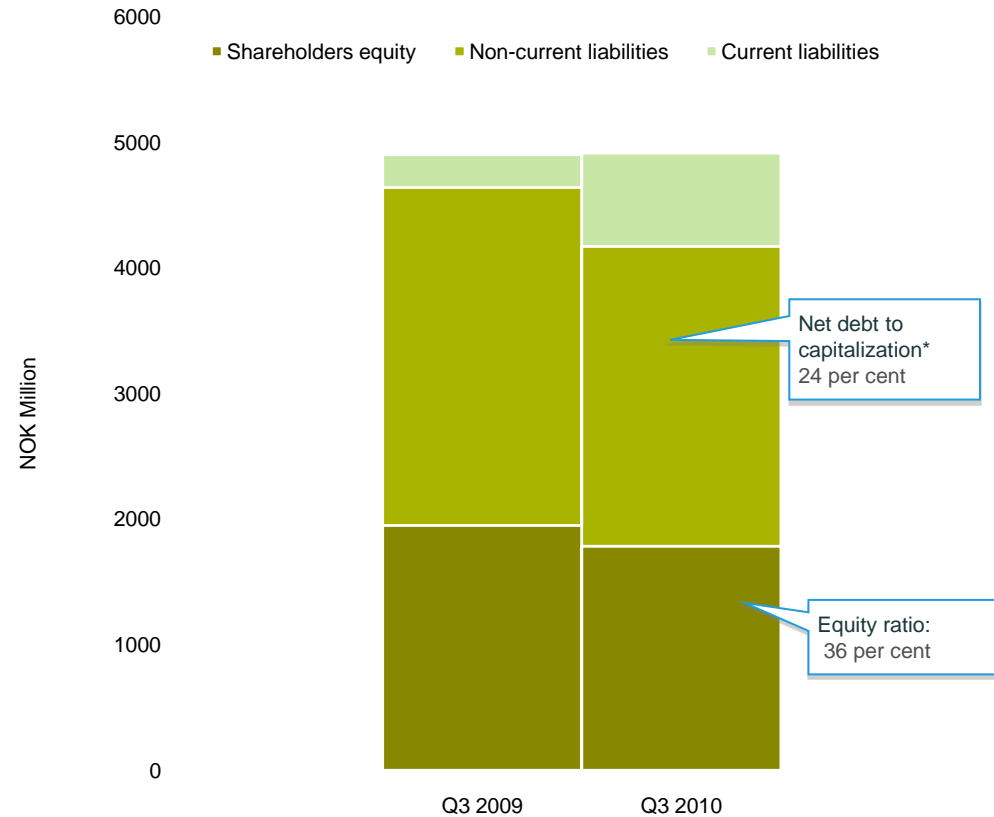


Capital structure

Assets



Equity and liabilities



*Net interest bearing debt/capitalization



Outlook

Oil production

- Deliveries to the local market in Kurdistan may continue to show significant fluctuations
- Some reduction in Yemen production until completion of Yaalen/Sharnah development
- Lifting costs expected at USD 2-5 per barrel at Tawke and USD 15-20 in Yemen

Exploration

- Kick-off for new exploration campaign
- Drilling of exploration wells on Bastora, Chite and Block 72 prospects in Q4
- Additional exploration wells planned for first half of 2011

Investments

- Investments for the second half of 2010 are estimated at NOK 150-200 million, bringing the 2010 FY investments to approximately NOK 300–350 million



FOURTH QUARTER AND FULL YEAR 2010: 16 FEBRUARY 2011

WELCOME BACK



DISCLAIMER

This Presentation includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. These statements and this Presentation are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for DNO International ASA and DNO International ASA's (including subsidiaries and affiliates) lines of business. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for DNO's businesses, oil prices, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time in the Presentation. Although DNO International ASA believes that its expectations and the Presentation are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in the Presentation. DNO International ASA is making no representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the Presentation, and neither DNO International ASA nor any of its directors, officers or employees will have any liability to you or any other persons resulting from your use.

This presentation was prepared for the Third Quarter 2010 results announcement 11 November, 2010. Information contained within will not be updated. The following slides should be read and considered in connection with the information given orally during the presentation.