



Interim Presentation

First Quarter 2015





Operational review

Bijan Mossavar-Rahmani, Executive Chairman

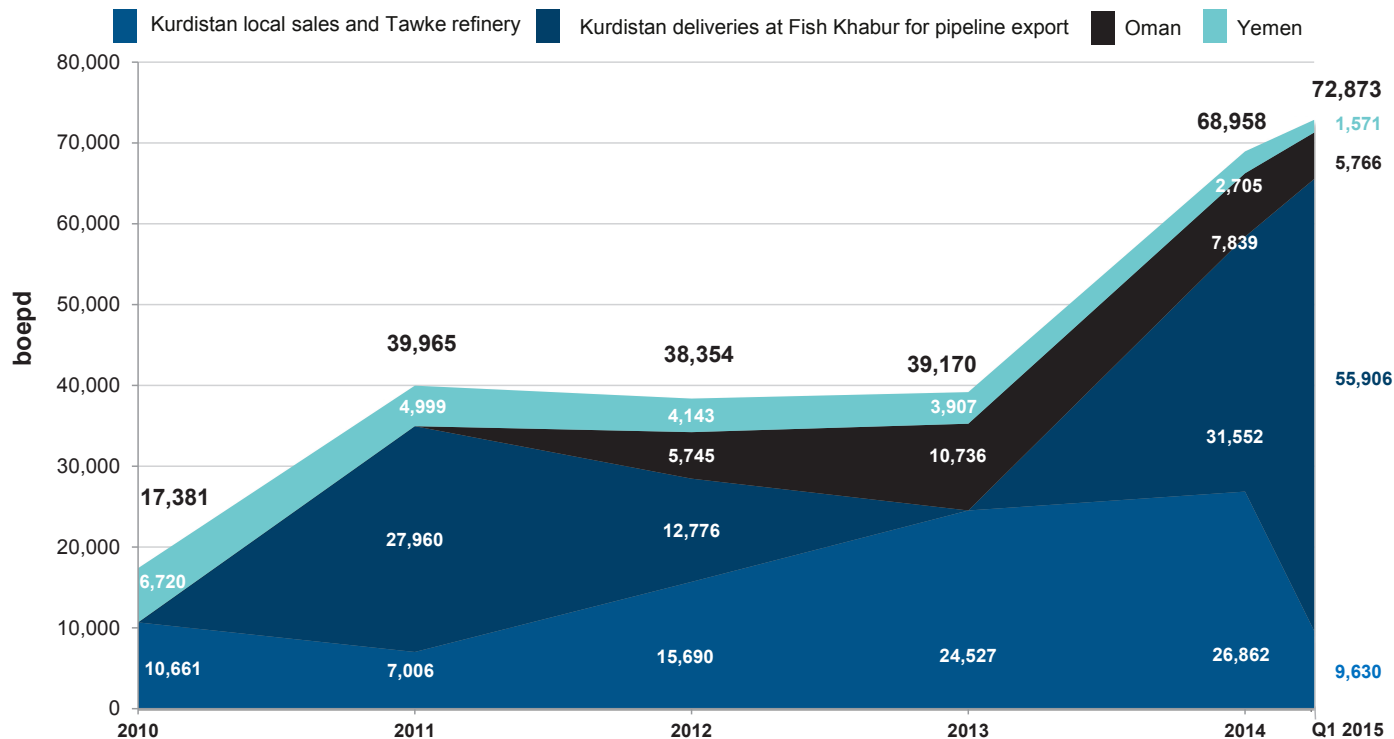
Q1 2015 and year-to-date highlights

- Gross production in Q1 2015 of 121,026 barrels of oil equivalent per day (boepd), of which company working interest (CWI) production was 72,873 boepd
- In Kurdistan, Tawke field output in Q1 averaged 104,925 barrels of oil per day (bopd), including 90,172 bopd delivered by the Kurdistan Regional Government to Ceyhan for export, 8,679 bopd sold into the local market and the balance used in the Tawke refinery
- On 3 May, hit new Tawke daily production record of 156,379 barrels of oil
- With completion of Tawke-30 well and installation of surface facilities, reached capacity milestone of 200,000 bopd of wellhead, processing and pipeline capacity at Tawke
- 100 million barrels of cumulative production from Tawke surpassed in February
- Expect ramp-up of Tawke production combined with higher overall deliveries to Ceyhan will help unlock payments to DNO and other international operators
- Meanwhile, new contracts have been signed for local sales from Tawke averaging 20,000 bopd, generating ongoing revenues to the company
- Terms include 50/50 split with Kurdistan Regional Government, upfront payment by buyers and prices based on a discount to Brent (realized prices currently ranging USD 35-40 per barrel)

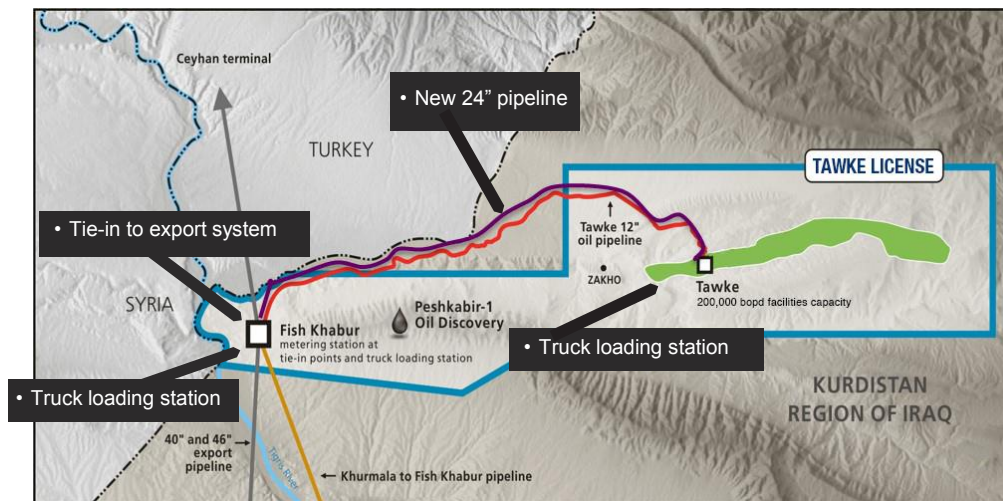
Q1 2015 and year-to-date highlights (cont.)

- Faced a difficult quarter, in line with rest of the industry
- Low oil prices and sharp decline in local sales dropped booked revenues to USD 26 million; Yemen write-down of USD 27 million contributed to operating loss of USD 69 million
- Raised NOK 975 million in equity offering initiated on 9 March to strengthen balance sheet ahead of refinancing
- Equity offering more than three times oversubscribed
- During 2015, priority is to align our spending with our earning
- Annual capex projected at USD 100 million, of which USD 35 million was spent in Q1
- Staff reductions leading to annual savings of USD 20 million from mid-2015
- Other opex reductions include renegotiated contracts and payment schedules with service companies

CWI production

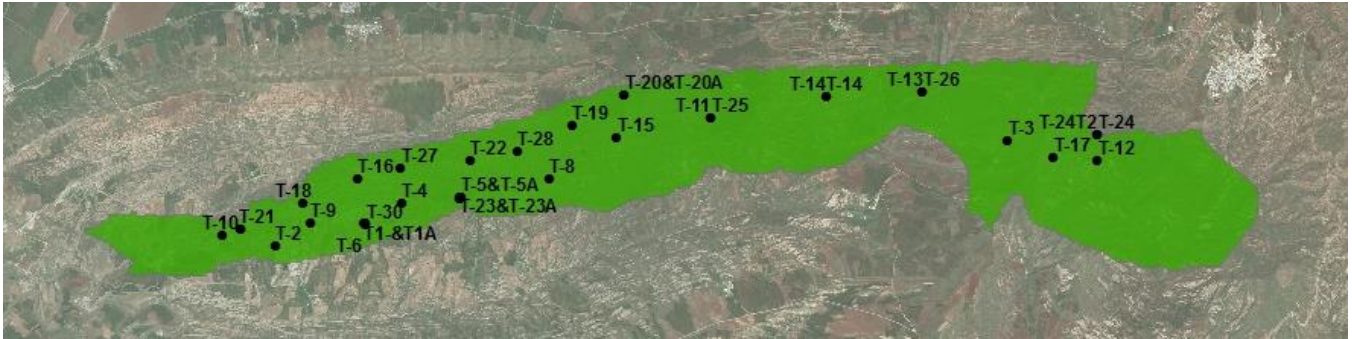


Tawke 200,000 project completed



- Successfully completed Tawke 200,000 bopd project
- Doubled capacity in less than two years with 10 new horizontal wells, installation of 44 kilometer 24" pipeline and construction of two new early production facilities with combined capacity of 80,000 bopd, supplementing the existing central processing facility capacity of 120,000 bopd
- Tawke-30, last well in expansion campaign, completed in March and currently producing 10,000 bopd

World-class facilities at Tawke



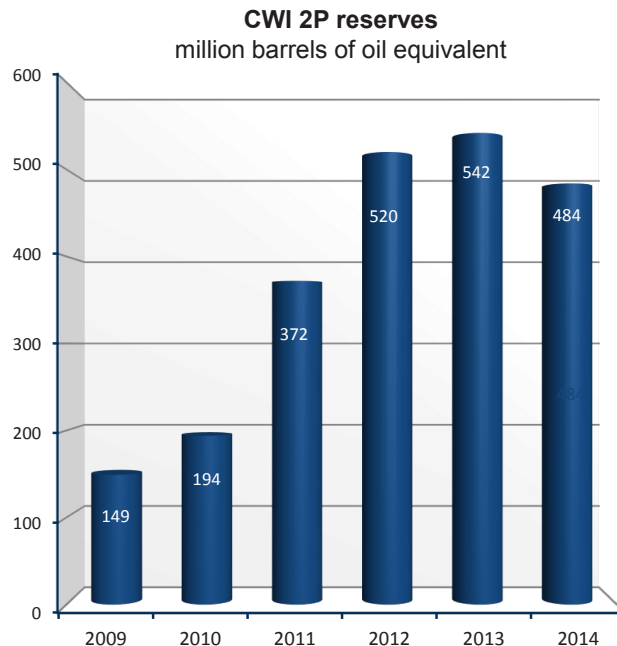
- Total investment to date at Tawke of USD 1 billion
- Tawke finding and development cost of only USD 1.82 per barrel with remaining 2P reserves of 680 million barrels as of year-end 2014
- Since inception, field development program has included 30 wells, installation of 200,000 bopd of processing capacity, two pipelines with combined capacity in excess of 300,000 bopd, a major pipeline export hub at Fish Khabur and 125,000 bopd of road tanker loading capacity as an alternative to pipeline exports

Yemen update

- Production from DNO-operated Block 32 and Block 43 suspended in late March and force majeure re-declared due to rapid deterioration in security conditions
- Expats repatriated and non-essential staff evacuated
- No certainty as to when force majeure can be lifted
- Downsizing organization and rationalizing cost structure
- Exited Block 53 following withdrawal by operator and other joint venture partners earlier in Q1

Solid reserves base

- Solid reserves base to sustain long-term production
- 2014 decrease in CWI 2P reserves reflects shift away from appraisal drilling to expansion of capacity at Tawke as well as a record 33 million barrels of gross production
- Lower oil prices and operational results led to downward revisions at other fields
- Kurdistan to continue to generate meaningful additions to reserves once drilling picks up
- Peshkabir estimated to contain 225 million barrels in gross unrisks prospective resources
- Substantial resource potential in excess of two billion barrels of oil-in-place at Benenan heavy oil field in Erbil license



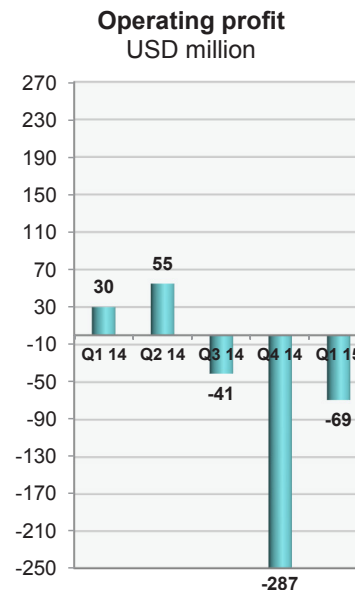
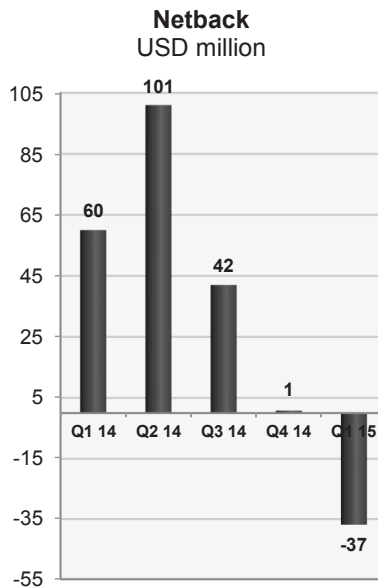
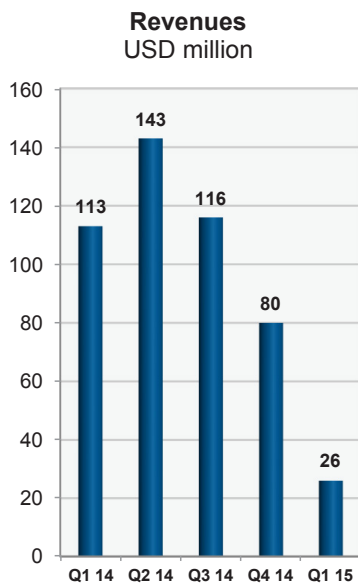
Scaled back drilling program in rest of 2015

- Tawke-30 last well in currently budgeted 2015 drilling program
- Future Tawke development wells and water disposal wells will be needed to sustain production
- But timing of such new investments contingent on increased revenues from Kurdistan
- Acquiring and processing seismic across portfolio to prepare for stepped up drilling in 2016, including data over Peshkabir field ahead of drilling Peshkabir-2 well
- Early stage exploration in Oman Block 36 plus new development well under consideration at West Bukha field to increase oil and gas output
- Exploration and appraisal program continuing in Tunisia
- Looking for acquisitions, farm-ins and new country entries
- One foot on the accelerator and one on the brake

Financial review

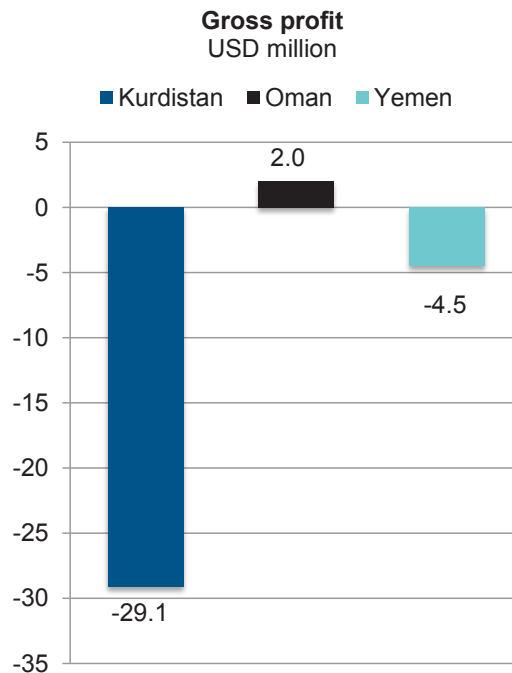
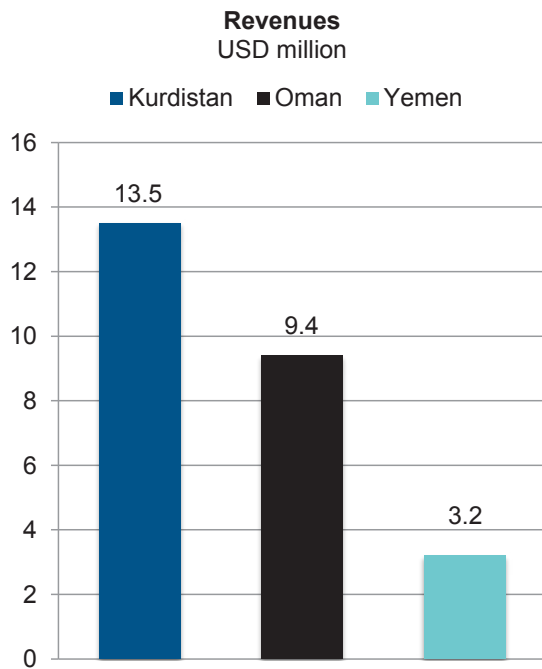
Haakon Sandborg, CFO

DNO financial results – key figures



- Low local sales and lower achieved oil prices led to reduced revenues
- Gross export deliveries from Tawke of 8.1 million barrels in Q1 not reflected in revenues
- Yemen write-downs of USD 27 million contributed to operating loss of USD 69 million

Q1 2015 revenue and gross profit distribution



Financial summary

USD million	Q1 2015	Q4 2014	Q1 2014	2014	2013
Sales	26.0	80.1	112.8	452.0	503.0
Cost of goods sold	-61.8	-81.6	-71.1	-316.5	-208.3
Gross profit	-35.8	-1.6	41.7	135.5	294.7
Expensed exploration	-7.0	-27.5	-5.3	-50.6	-10.3
Administrative/other operating expenses	-26.4	-257.7	-6.7	-328.1	-216.5
Profit/loss from operating activities	-69.2	-286.8	29.7	-243.2	67.9
Net finance	-3.9	2.4	-3.5	-8.7	-9.7
Profit/loss before income tax	-73.2	-284.4	26.2	-251.9	58.2
Income tax expense	-1.0	31.9	-2.5	25.8	-31.3
Net profit/loss	-74.2	-252.5	23.7	-226.1	27.0

- Q1 revenues reduced by USD 24 million as a result of lower local sales and realized prices in Kurdistan, plus no export revenue recognition since the USD 21 million payment received in Q4 2014
- Lower cost of goods sold as DD&A drops following reserve revisions and impairments in Q4 2014
- RAK Petroleum plc shares impaired by USD 7.1 million, reflecting drop in share price and adverse USD/NOK exchange rate

Investment program

Capex and capitalized exploration USD million

■ Kurdistan ■ Oman ■ Yemen ■ UAE ■ Tunisia ■ Other



- Significant investments in 2014 related to Tawke capacity expansion and field development
- Capex reduction in 2015 to a projected USD 100 million
- Flexibility to ramp up spending with increased revenues

Successful completion of equity raise

Transaction Details

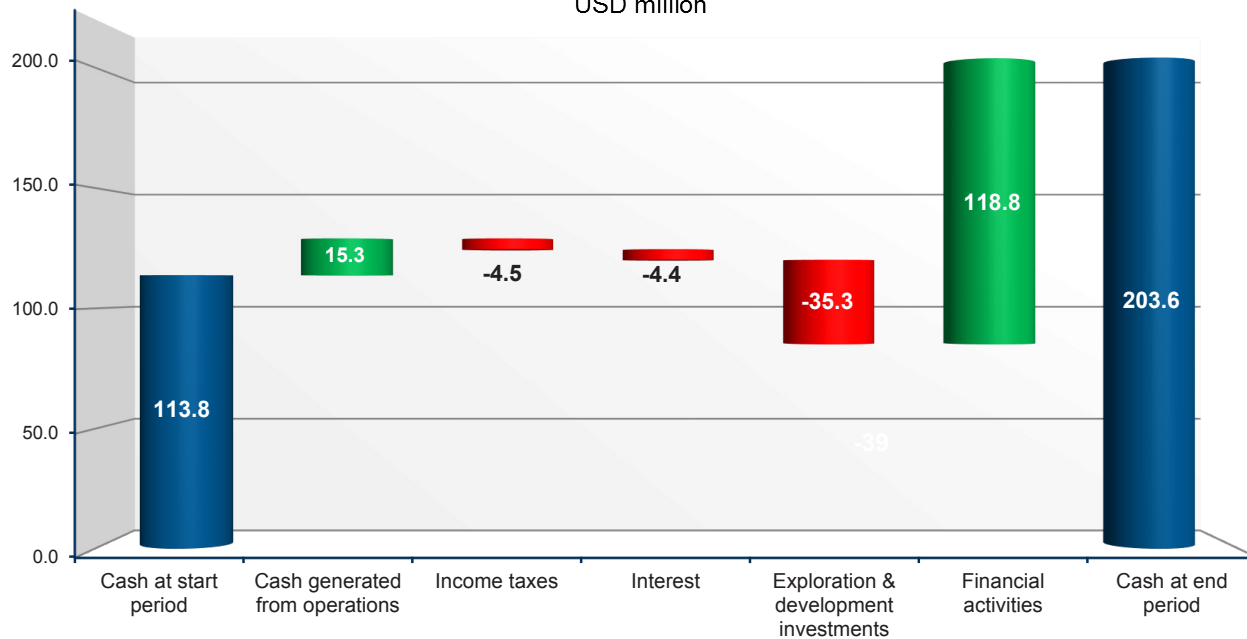
- Raised NOK 975 million in equity offering initiated on 9 March and completed following day
- Allocated 73,584,906 shares at offer price of NOK 13.25 per share, including 60,534,906 new shares
- Sold 13,050,000 treasury shares, previously purchased in the market at average of NOK 8.10 per share

Benefits to DNO

- Balance sheet and cash position strengthened, with minimal dilution
- Provides extra headroom given market uncertainties
- Improves company's capacity to refinance bonds maturing in April 2016

Q1 2015 cash flow

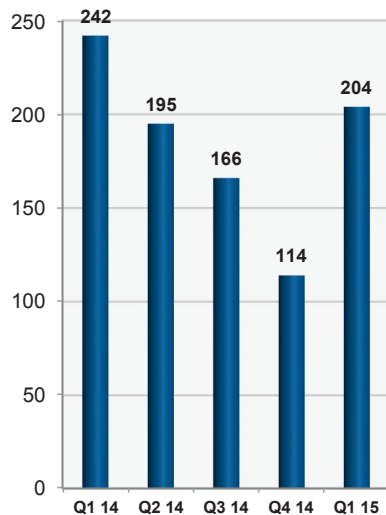
USD million



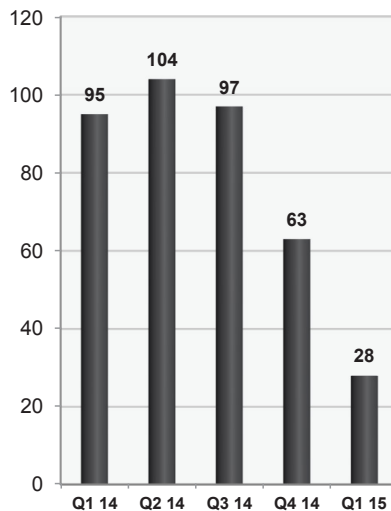
- Low revenues reduced cash flow from operations
- Cash position strengthened by private placement

Capital structure

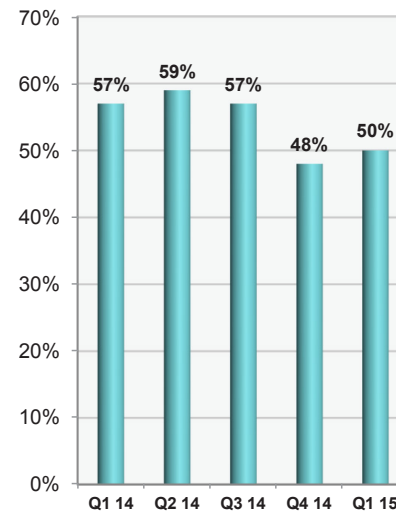
Cash deposits
USD million



Financial assets
USD million



Equity ratio



- Solid balance sheet with low leverage
- Further increase in unrealized FX gain on NOK bond loan
- Reviewing options for refinancing of bond debt and new long-term funding

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