



DNO ASA
4 Quarter 2002

by

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Haakon Sandborg, CFO

19 February 2002

Positive Performance continued into 4 Quarter

- **Completed new successful well on West Heather**
- **Further Increase of Yemen Production**
- **Closed Thistle Agreement**

All Main Targets for 2002 met

- **Production > 22,000 BOPD**
- **Partners for West Heather**
- **New Operatorships in Norway and UK**
- **Increased Reserves in all geographical areas**

”2002 was the Break Through Year for DNO”

Key figures

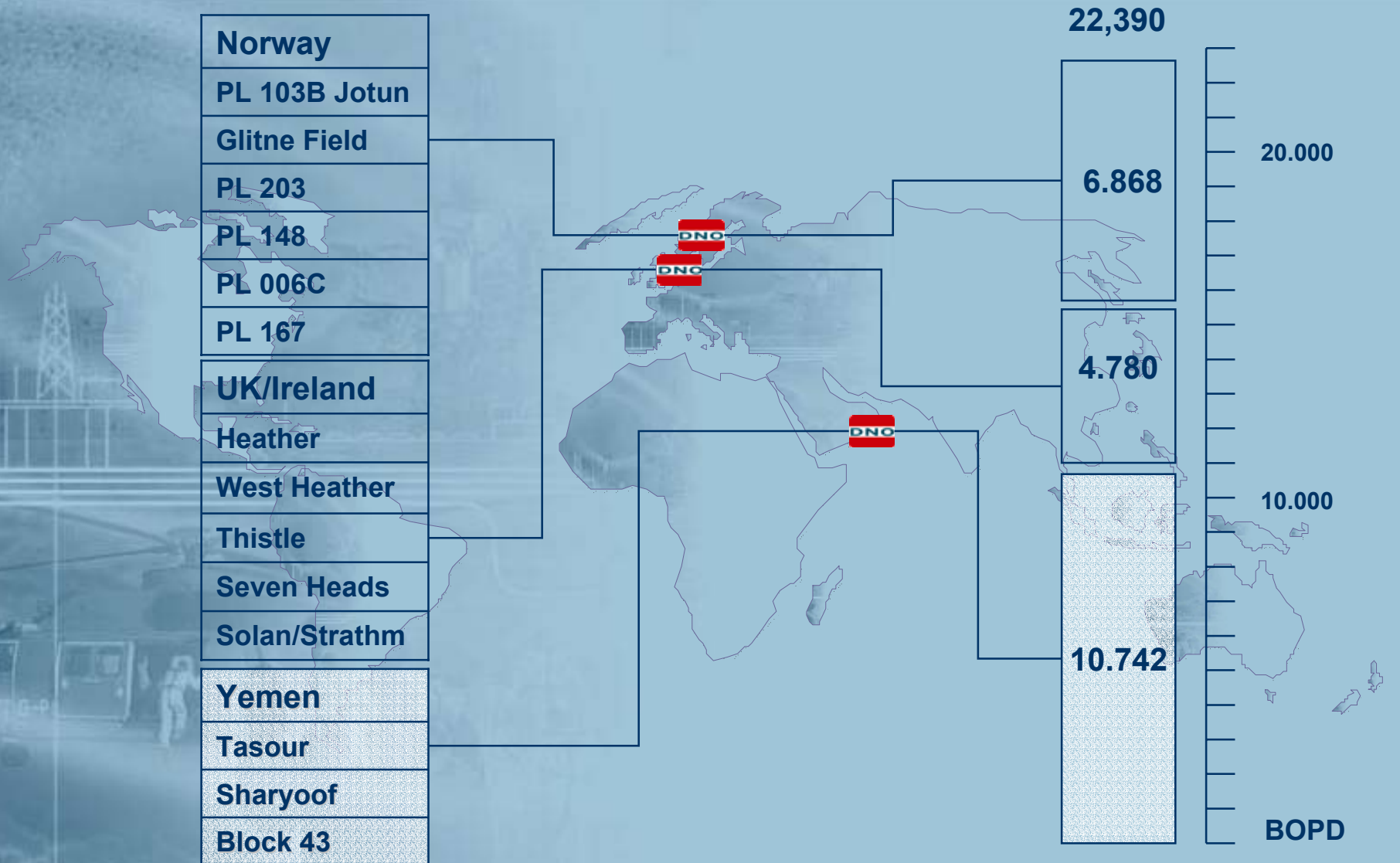


| | Q4 Adjusted | Q4 | 2002 Adjusted | 2002 |
|--------------------------|----------------|-----|------------------|-------|
| Operating Revenues | 425 | 425 | 1 691 | 1 691 |
| EBITDA | 244 | 244 | 967 | 967 |
| Operating Profit | 151 | 91 | 600 | 523 |
| Profit (loss) before Tax | 177 | 54 | 572 | 287 |
| Profit (loss) after Tax | 44 | -79 | 208 | -77 |
| Netback | 88 | 88 | 552 | 552 |

A composite image featuring a worker in a white hard hat and safety vest in the foreground, looking towards the right. The background shows an industrial facility with large cylindrical tanks and complex piping. In the lower right, there are control panels with various gauges and switches. The entire image has a warm, golden-yellow color cast.

Operations

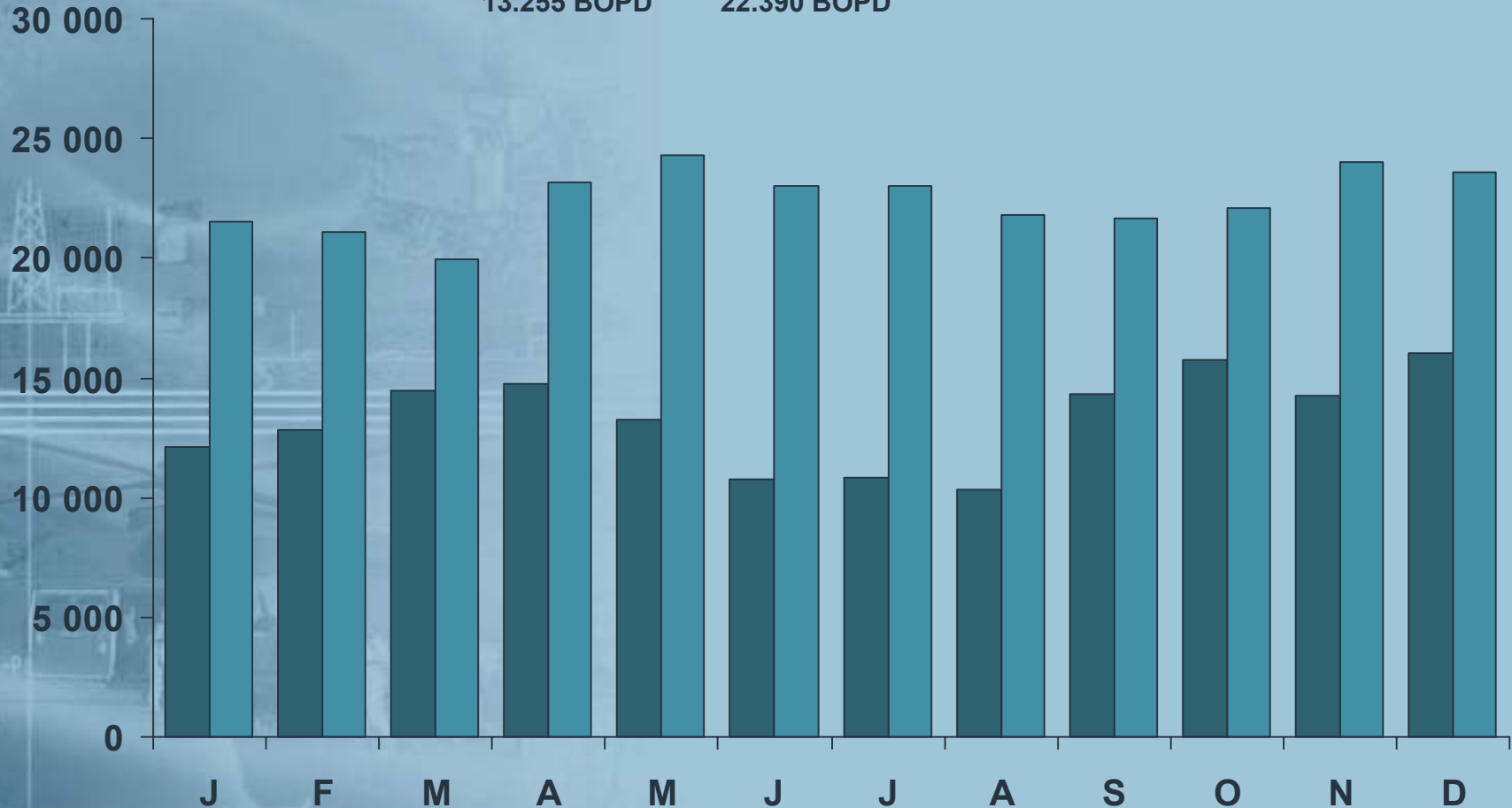
License Portfolio



DNO Production



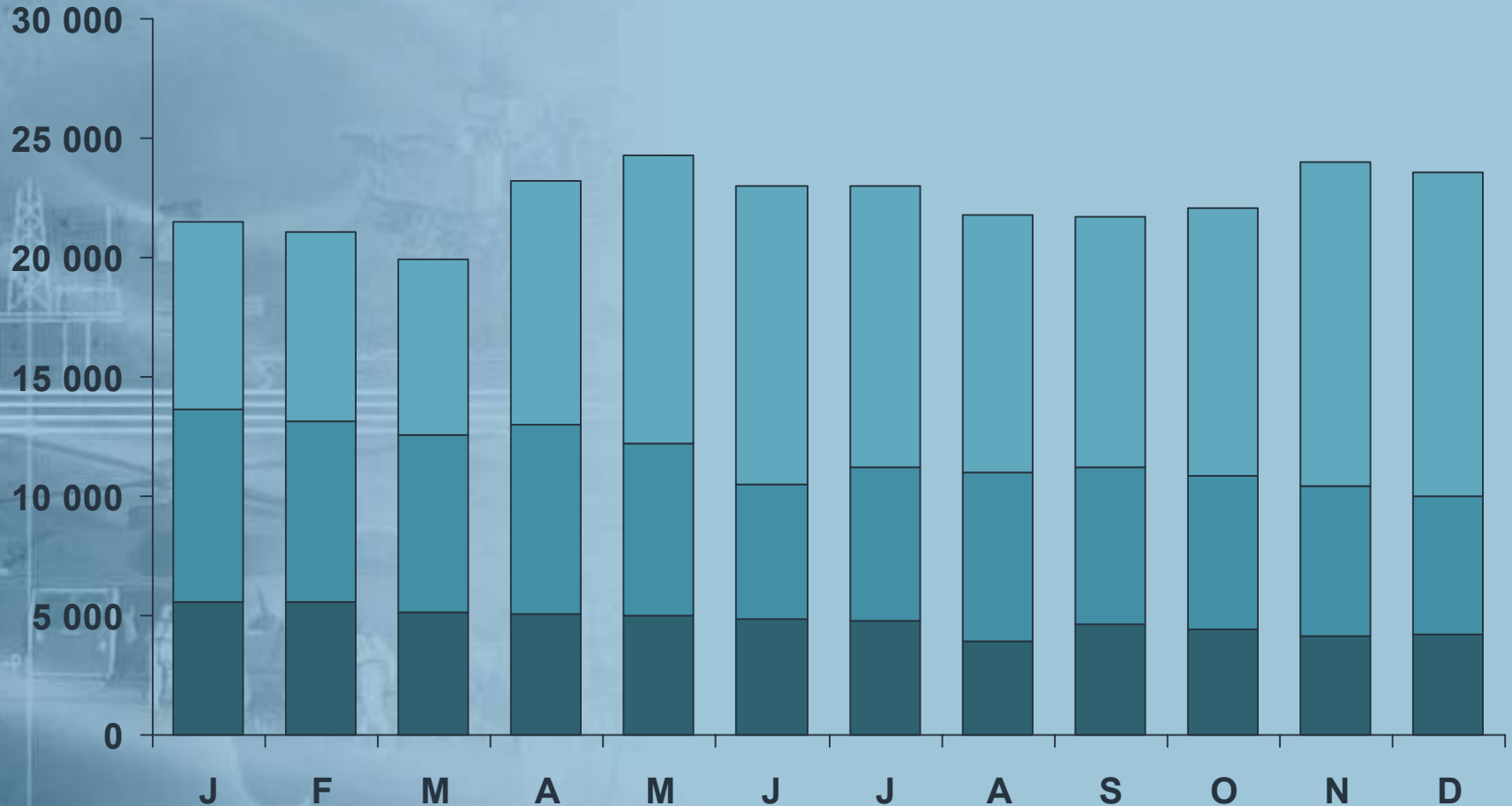
2001 13.255 BOPD
2002 22.390 BOPD



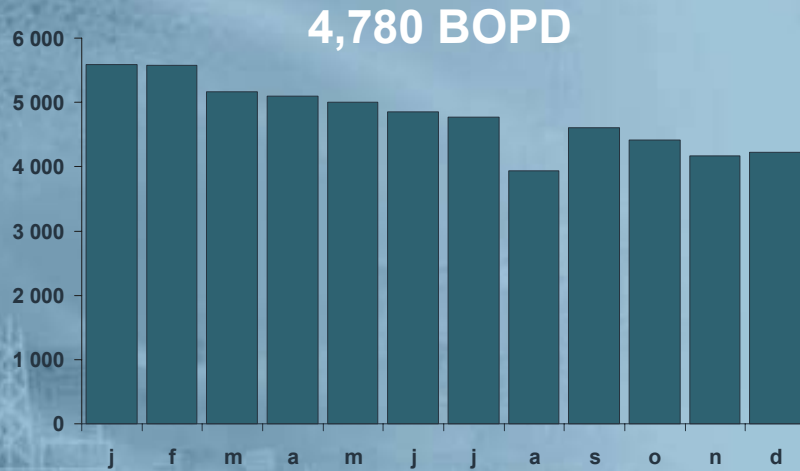
DNO Production



■ UK ■ NORWAY ■ YEMEN



UK / Ireland - Status



Highlights:

- WH Farm-Out
- Successful WH Drilling
- Closed Thistle Agreement
- Acquired IPDL (7 Heads Gas Project)

| License / Field | % | Operator |
|------------------|--------|--------------|
| Heather | 100,00 | DNO |
| West Heather | 55,00 | DNO |
| Thistle | 99,00 | DNO |
| Seven Heads | 12,50 | Ramco |
| Solan/Strathmore | 3,70 | Amerada Hess |

Outlook 2003

- Production 9.000 BOPD
- Progress WH Development
- Focus on Thistle Operations
- 7 Heads Gas Project

Two UK Operatorships



Heather

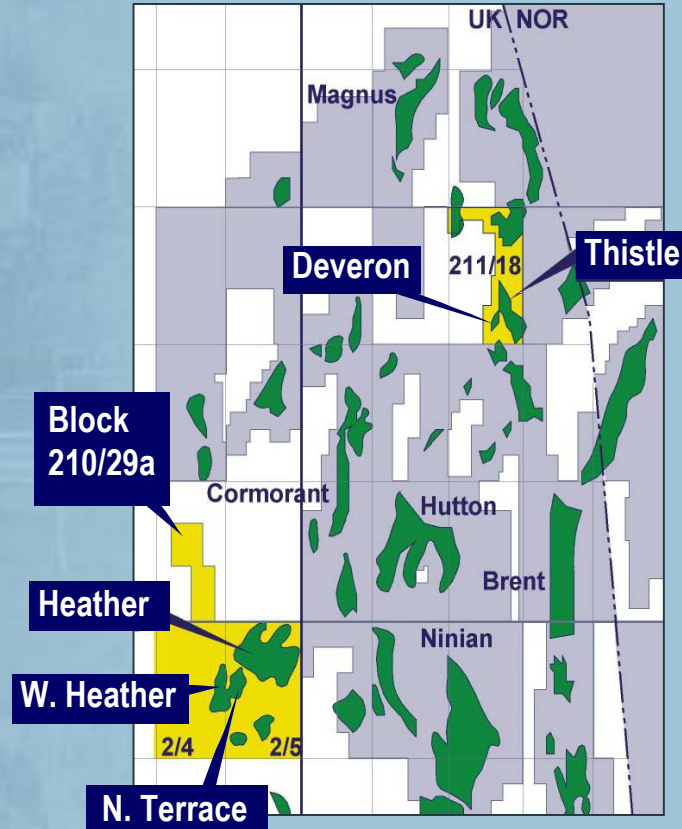


Heather Platform is located 390 km NE of Aberdeen

Thistle



Thistle Platform is located 75 km NE of Heather



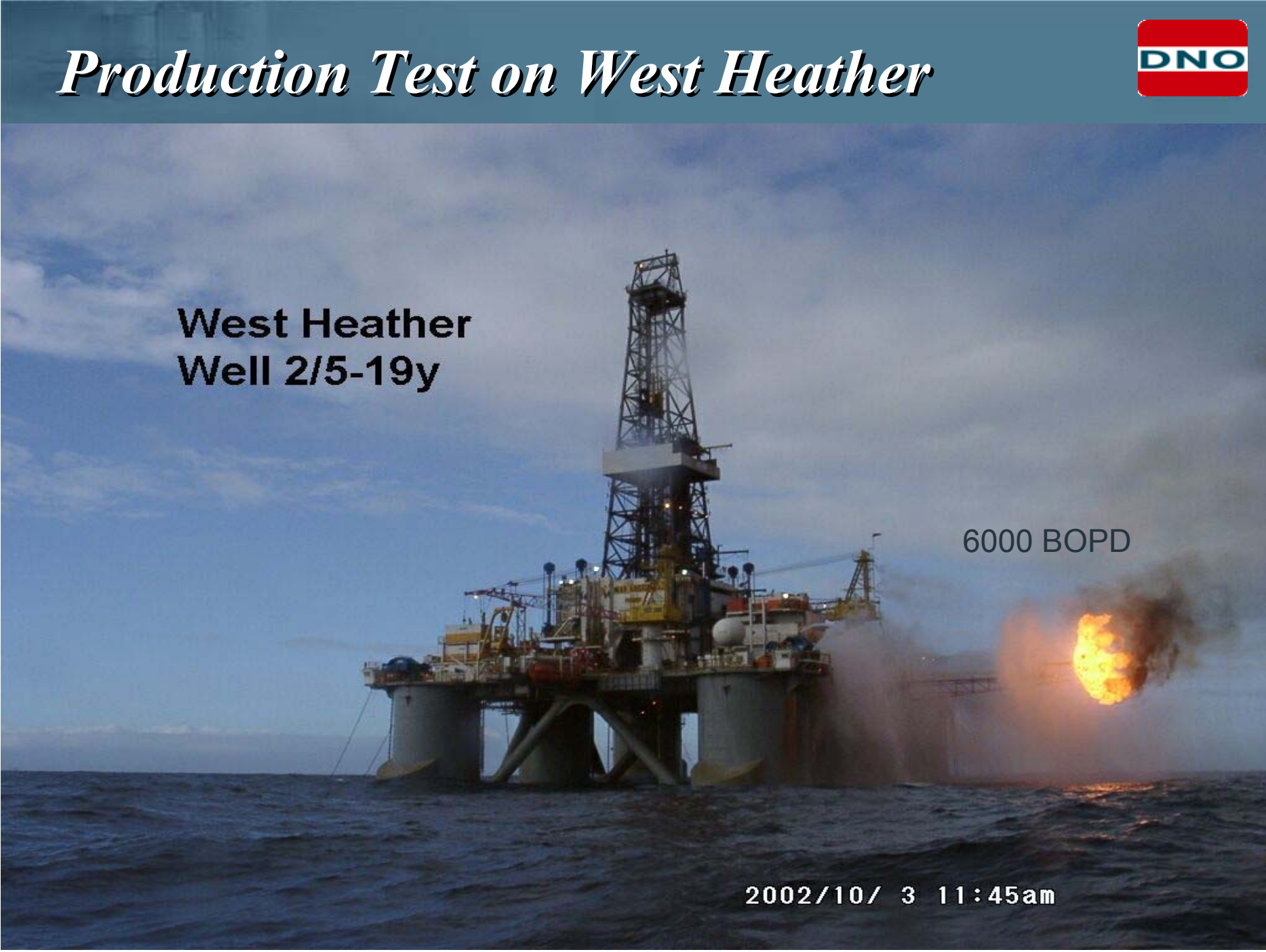
Production Test on West Heather



**West Heather
Well 2/5-19y**

6000 BOPD

2002/10/ 3 11:45am



Heather Area Development Plan



Reserves – Mill. Barrels

Gross: 74

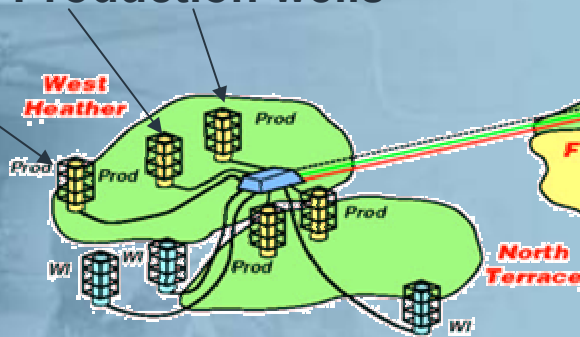
Net DNO: 54



Water depth = 142m Apprx.

- GAS LIFT
- OIL PIPELINE
- CONTROL UMBILICAL
- WATER INJECTION

3 Pre-drilled Production wells





Thistle Transaction

- Use Experience from Heather
- Access to 20 Million Barrels of Oil
- Strengthen Position as Operator in UK
- Access to infrastructure

Seven Heads - Overall Field Layout

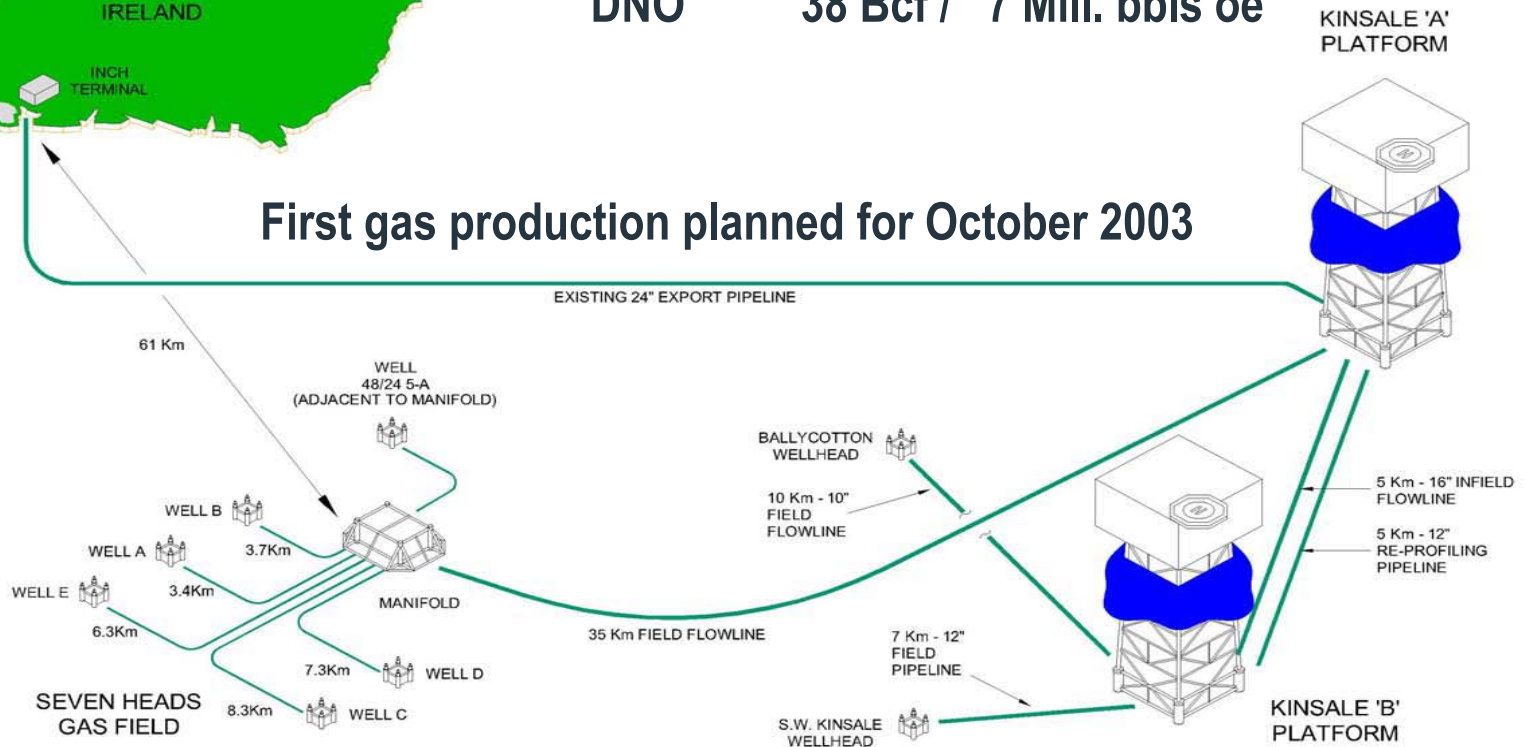


Reserves (p + p)

Gross 300 Bcf / 55 Mill. bbls oe

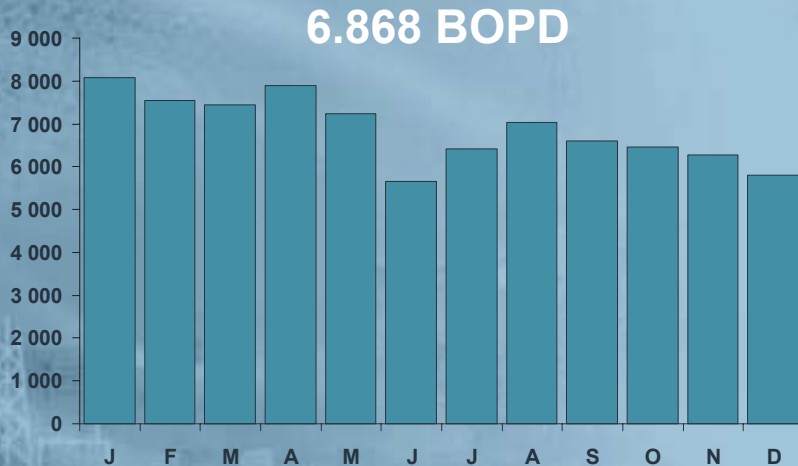
DNO 38 Bcf / 7 Mill. bbls oe

First gas production planned for October 2003



SEVEN HEADS DEVELOPMENT
OVERALL FIELD LAYOUT SCHEMATIC

Norway - Status



Highlights:

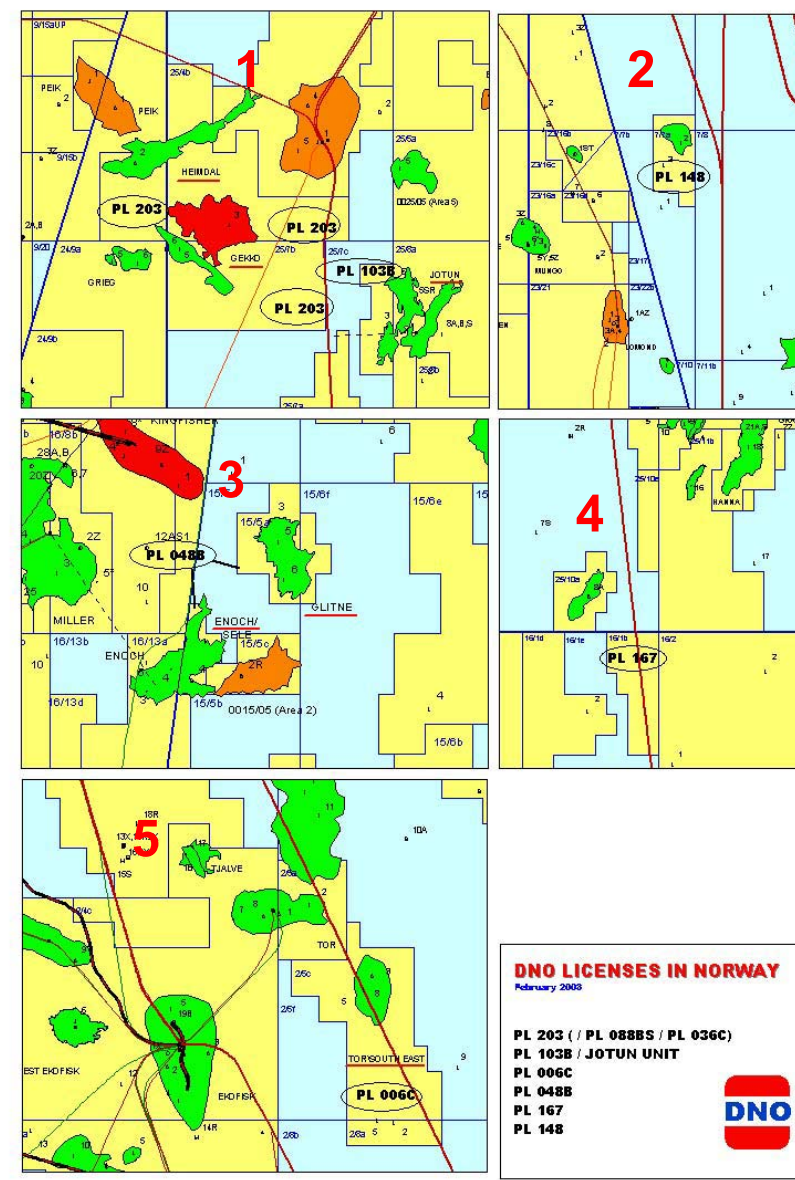
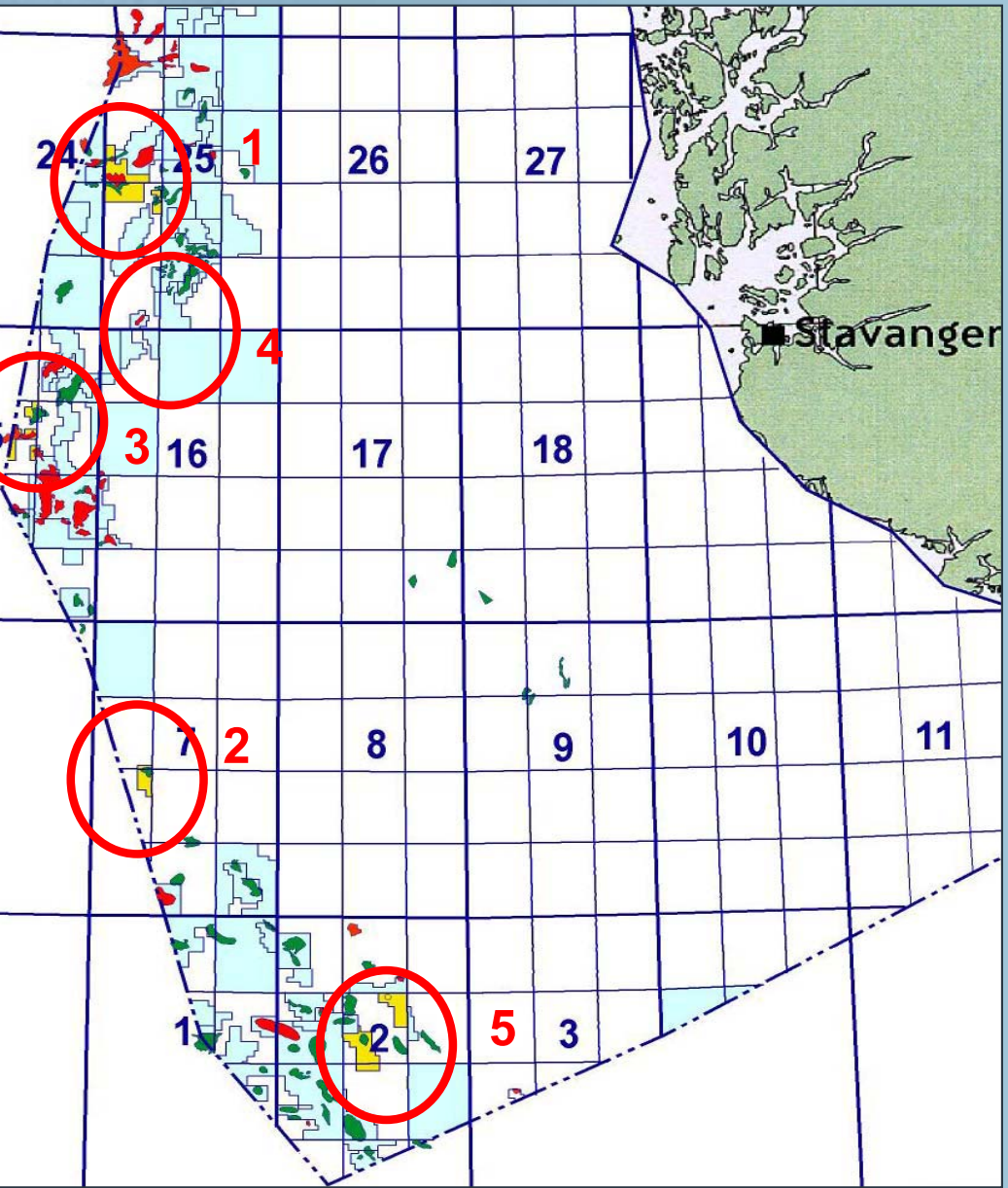
- Glitne Performance
- Operatorship 103B
- Increased PL 203 Resources

Outlook 2003

- Production 5.000 BOPD
- High Drilling Activity
- PL 203 “PDO”

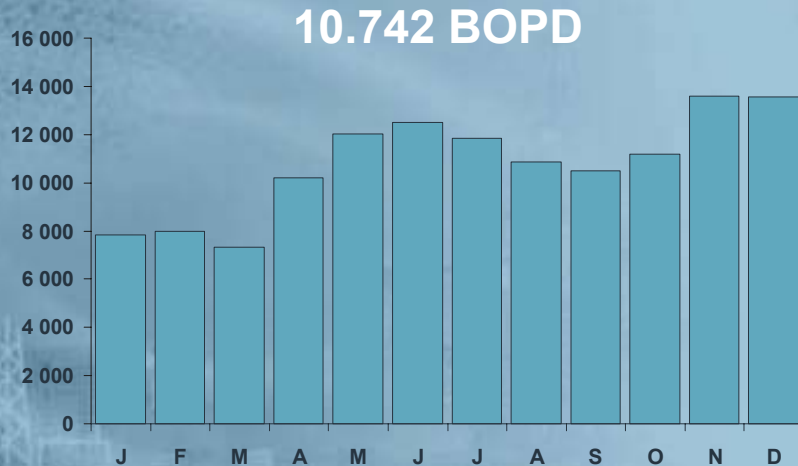
| License / Field | % | Operator |
|-----------------|--------|-------------|
| Jotun Unit | 7,00 | Exxon/Mobil |
| PL 103B | 70,00 | DNO |
| Glitne & Enoch | 10,00 | Statoil |
| PL 203 | 15,00 | Marathon |
| PL 148 | 100,00 | DNO |
| PL 167 | 20,00 | Statoil |
| PL 006C, Tyr | 100,00 | DNO |

Licenses on NCS





Yemen - Status



Highlights:

- Improved Production Performance
- Increased Reserves

Outlook 2003

- Production 12.000 BOPD
- Continued Drilling Activity in all licenses

| License / Field | % | Operator |
|-------------------|-------|-------------|
| Block 32 Tasour | 41,00 | DNO |
| Block 53 Sharyoof | 24,45 | Dove Energy |
| Block 43 | 73,00 | DNO |

2003 Outlook



Production Target – 26.000 BOPD

High Drilling Activity

- Norway 7 wells – exploration / appraisal (4) – production (3)
- Yemen 11 wells – exploration & appraisal (8) – production (3)
- Ireland 5 wells

Developments

- Progress West Heather development
- 7 Heads Gas Project - first production October

Investments

- Committed investments ca. 350 MNOK (exclusive of West Heather)

Strategic Priorities

- Optimising Assets (Lehman Brothers)
- AIM Listing



Financials

2002 and fourth quarter

- **Increase in production, lower FX rates and oil price**
- **Direct field expenses per bbl maintained**
- **EBITDA NOK 244 mill. in 4Q 02, YTD NOK 967 mill.**
- **Netback after tax NOK 88 mill., in 4Q 02, YTD NOK 552 mill.**
- **Special Q4 events:**
 - NOK 42 mill remaining book value Timan Pechora written down
 - NOK 46,1 mill. share of loss in Petrolia Drilling ASA in 4th quarter
 - PDR – related write downs NOK 30 mill

Income statement



| | Q4 '02 | Q3 '02 | Q2 '02 | Q1 '02 | Q4 '01 | 2002 | 2001 |
|----------------------------------|------------|------------|------------|------------|------------|--------------|--------------|
| Operating Revenues | 425 | 440 | 457 | 368 | 271 | 1 691 | 1 199 |
| Exploration and Impairment | -21 | -7 | -53 | -33 | -1 | -114 | -10 |
| Operating Exp., excl expl & DD&A | -173 | -150 | -155 | -145 | -152 | -623 | -554 |
| EBITDA | 244 | 283 | 249 | 191 | 118 | 967 | 635 |
| EBITDAX | 265 | 290 | 302 | 224 | 119 | 1081 | 645 |
| DD&A | -91 | -78 | -96 | -86 | -74 | -352 | -229 |
| Abandonm. Provisions, Write-down | -49 | -9 | -9 | -12 | -23 | -79 | -40 |
| Operating Profit | 91 | 196 | 144 | 93 | 20 | 523 | 367 |
| Earnings in Associated Companies | -46 | -20 | -122 | -4 | -13 | -192 | -33 |
| Net Financial Items | 9 | -10 | -30 | -13 | -4 | -44 | -26 |
| Profit (loss) before Tax | 54 | 166 | -7 | 75 | 3 | 287 | 308 |
| Taxes | -133 | -120 | -60 | -51 | 29 | -364 | -174 |
| Profit (loss) after Tax | -79 | 46 | -68 | 24 | 31 | -77 | 134 |

Income Statement 2000 - 2002



| | 2002 Adjusted | 2002 | 2001 |
|----------------------------------|---------------|--------------|--------------|
| Operating Revenues | 1691 | 1 691 | 1 199 |
| Exploration and Impairment | -114 | -114 | -10 |
| Operating Exp., excl expl & DD&A | -610 | -623 | -554 |
| EBITDA * | 967 | 967 | 635 |
| EBITDAX ** | 1081 | 1081 | 645 |
| DD&A | -352 | -352 | -229 |
| Abandonm. Provisions, Write-down | -16 | -79 | -40 |
| Operating Profit | 600 | 523 | 367 |
| Earnings in Associated Companies | 0 | -192 | -33 |
| Net Financial Items | -27 | -44 | -26 |
| Profit (loss) before Tax | 572 | 287 | 308 |
| Taxes | -364 | -364 | -174 |
| Profit (loss) after Tax | 208 | -77 | 134 |

COMMENTS

- Realisation of FX - contracts and interest rate swap
- NOK 25 mill agio from acquisition of Jotun 3,75%
- Unrealised FX-losses

| | Q4 2002 | Q3 2002 | Q2 2002 | Q1 2002 | 2002 | 2001 |
|--------------------------------|------------|------------|------------|------------|-------------|------------|
| Interest revenues | 4 | 4 | 2 | 3 | 13 | 26 |
| FX-contracts, swaps | 18 | 4 | 36 | 6 | 64 | 7 |
| Agio, other financial revenues | 31 | -3 | 5 | 0 | 33 | 22 |
| Financial revenues | 53 | 4 | 43 | 10 | 109 | 55 |
| Interest expenses | -14 | -15 | -13 | -15 | -56 | -32 |
| Disagio (deposits etc.) | -8 | 3 | -58 | -3 | -66 | -23 |
| Other financial expenses | -22 | -3 | -1 | -5 | -31 | -21 |
| Financial expenses | -44 | -14 | -72 | -23 | -153 | -76 |
| NET Finance | 9 | -10 | -29 | -13 | -44 | -22 |

Comments

- Zero book value of shares in PDR and Timan Pechora Project
- Other current assets (receivables) reduced by NOK 148 mill
- NOK 127 mill. cash reduction (Jotun 3,75% and tax payments NCS)

| | Q4 2002 | Q3 2002 | Q2 2002 | Q1 2002 | 2002 | 2001 |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Fixed Assets | 1 379 | 1 349 | 1 331 | 1 453 | 1 379 | 1 372 |
| Financial Fixed Assets | 256 | 299 | 309 | 475 | 256 | 485 |
| Intangible Assets | 142 | 144 | 146 | 148 | 142 | 150 |
| Total Fixed Assets | 1 777 | 1 792 | 1 787 | 2 076 | 1 777 | 2 006 |
| Cash and Cash Equiv. | 84 | 210 | 137 | 156 | 84 | 164 |
| Other Current Assets | 180 | 328 | 295 | 245 | 180 | 255 |
| Total Current Assets | 264 | 538 | 432 | 400 | 264 | 347 |
| Total assets | 2 041 | 2 330 | 2 218 | 2 477 | 2 041 | 2 353 |

Shareholders' Equity and Liabilities

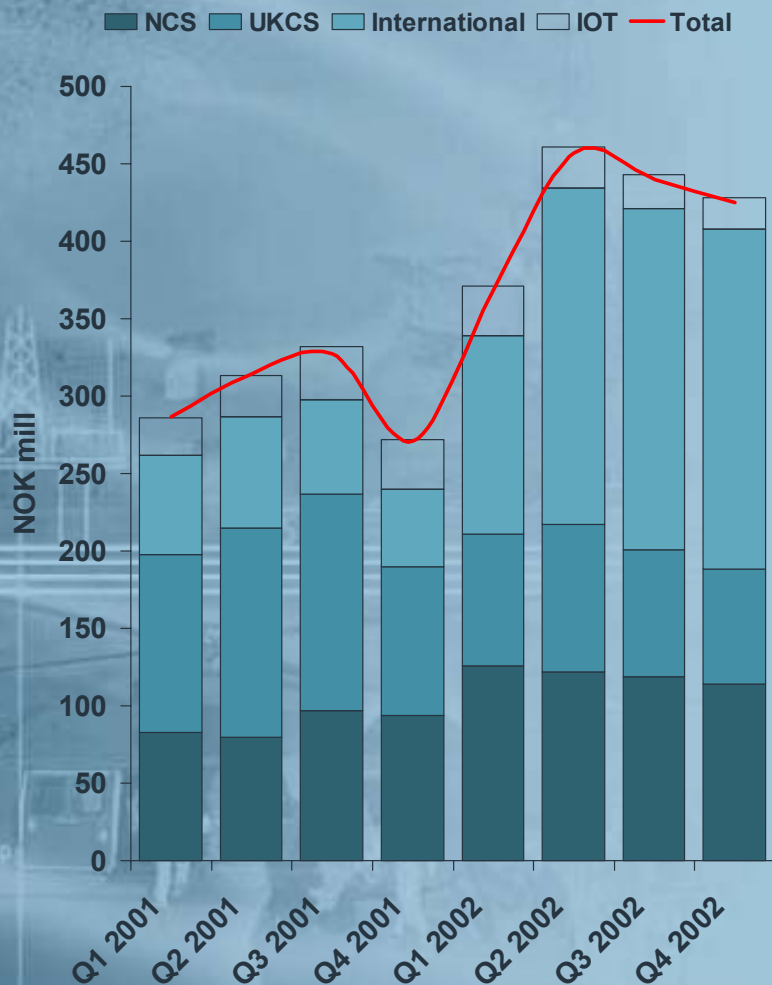


Comments

- Reduced long-term liabilities due to completion of Jotun 3,75%
- Reduced long-term interest bearing debt due to repayments and fx
- Reduced short-term debt due to lower taxes payable, trade creditors and accrued expenses

| | Q4 2002 | Q3 2002 | Q2 2002 | Q1 2002 | 2002 | 2001 |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Shareholders' Equity | 902 | 959 | 893 | 962 | 902 | 942 |
| Interest-Bearing Long-Term Debt | 553 | 618 | 625 | 738 | 553 | 651 |
| Prov. for Liabilities and Charges | 346 | 479 | 555 | 553 | 346 | 441 |
| Total Long-Term Liabilities | 898 | 1 097 | 1 180 | 1 291 | 898 | 1 092 |
| Interest-Bearing Short-Term Debt | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Short-Term Debt | 241 | 274 | 145 | 223 | 241 | 320 |
| Total Short-Term Debt | 241 | 274 | 145 | 223 | 241 | 320 |
| Equity and Liabilities | 2 041 | 2 330 | 2 218 | 2 477 | 2 041 | 2 353 |

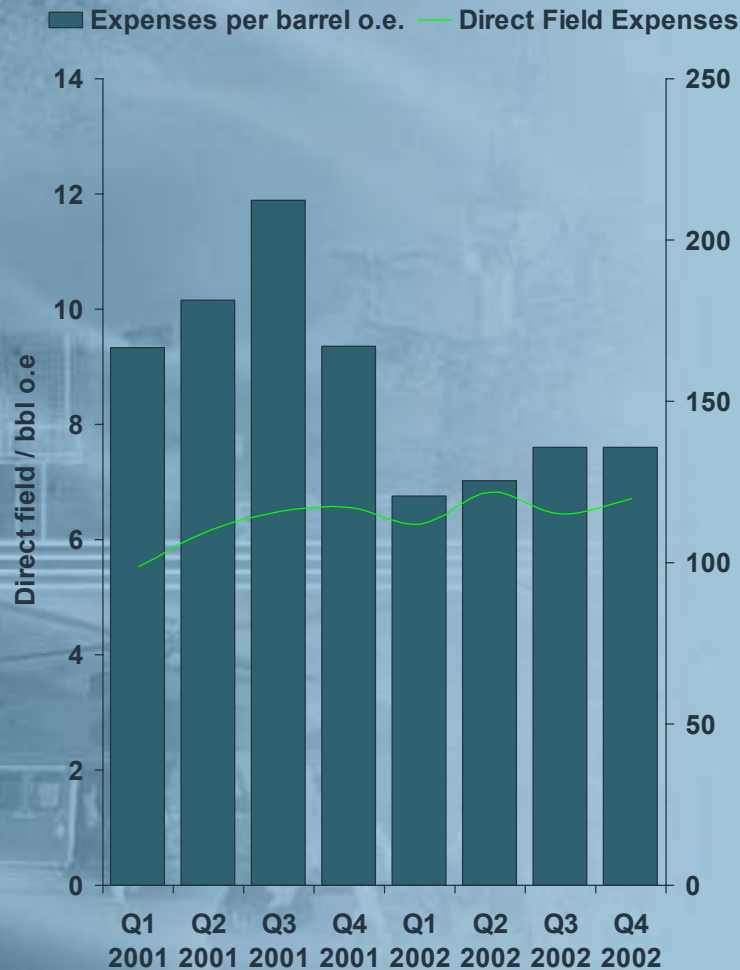
Operating Revenue



Comments

- NOK 425 mill. operating revenue in Q4 02, down NOK 15 mill from last quarter
- Increase in production from last quarter (Bl. 32 Yemen)
- Reduction in operating revenues mainly caused by:
 - Lower FX USD / NOK
 - Lower other operating revenues

Direct Field Expenses per barrel



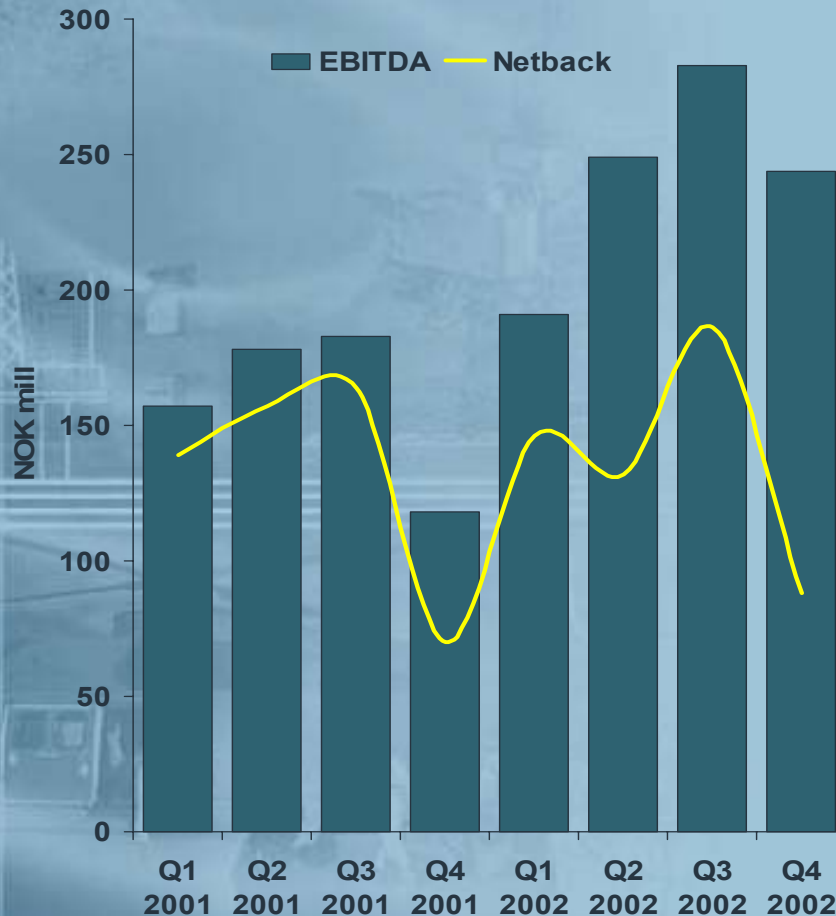
Comments

- Per bbl direct field expenses maintained at Q3 level
- Increase in direct field expenses Q4 offset by increase in production

Net Back After Tax



Comments



- Netback NOK 88 mill in 4Q 02
- Reduction from 3Q caused by higher tax payments Bl. 53 Yemen and NCS tax payment Oct 02
- Netback YTD NOK 552 mill (NOK 530 mill) – tax increase from 2001 NOK 310 mill

Cash Flow



| Operating activities: | Q4 2002 | Q3 2002 | Q2 2002 | Q1 2002 | 2002 | 2001 |
|---|----------------|----------------|----------------|----------------|-------------|-------------|
| Consolidated profit before tax | 54 | 166 | -7 | 76 | 287 | 308 |
| Taxes paid for the period | -156 | -97 | -117 | -45 | -415 | -106 |
| Depreciation, depletion and amortizations | 156 | 83 | 101 | 92 | 432 | 269 |
| Associated companies | 46 | 20 | 122 | 4 | 192 | 33 |
| Changes in working capital / adjustments | 64 | 6 | 0 | -143 | -72 | 130 |
| Cash flow provided by operating activities | 163 | 178 | 99 | -17 | 425 | 634 |
| Investing activities: | | | | | | |
| Additions to property, plant and equipment | -249 | -108 | -28 | -81 | -466 | -895 |
| Net other additions / proceeds from sale | -7 | -9 | 5 | 14 | 3 | 11 |
| Cash flows used in investing activities | -255 | -116 | -23 | -67 | -463 | -884 |
| Financing activities: | | | | | | |
| Loan proceeds | 0 | 0 | 22 | 86 | 108 | 564 |
| Principal repayments | -26 | -9 | -117 | -6 | -158 | -250 |
| Treasury shares purchased | -8 | -15 | 0 | -5 | -28 | -13 |
| Ordinary shares issued | 0 | 35 | 0 | 0 | 35 | 24 |
| Net cash used by financing activities | -34 | 11 | -95 | 75 | -43 | 325 |
| Net Change in Cash | -125 | 73 | -19 | -8 | -81 | 76 |
| Cash at beginning of period | 210 | 137 | 156 | 164 | 164 | 88 |
| Cash at end of Period | 84 | 210 | 137 | 156 | 84 | 164 |

Key Financials



Continued profitable growth and shareholder value creation in 2002

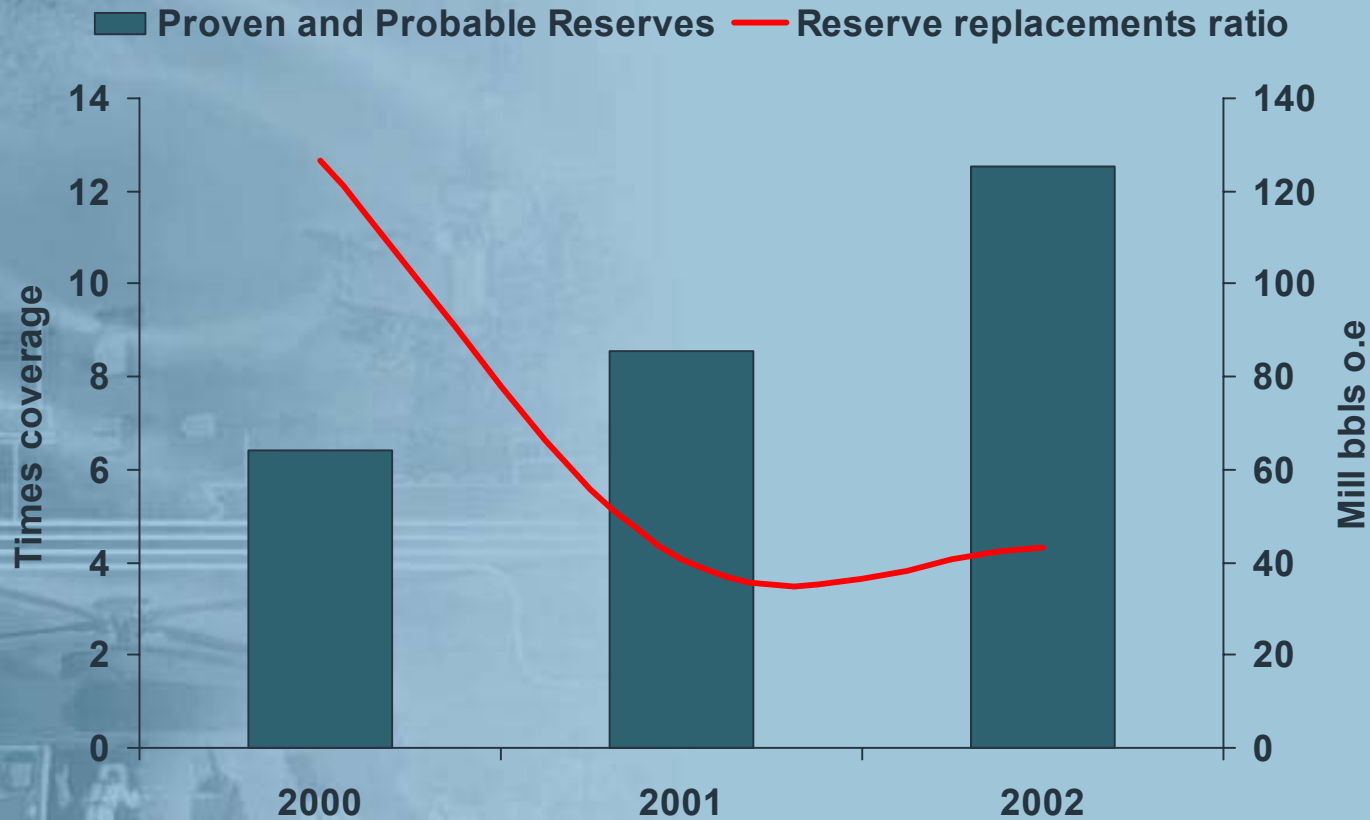
- Improving after tax cash flow return on gross investments (CROGI) on annual basis
- Maintaining comfortable margin to group cost of capital for 2002
- Non-cash generating assets (Timan Pechora and PDR ASA) included in gross investments

| | Q4 2002 | Q3 2002 | Q2 2002 | Q1 2002 | 2002 | 2001 |
|-------------------------|---------|---------|---------|---------|-------|-------|
| Earnings per Share | -1,58 | 0,91 | -1,34 | 0,49 | -1,52 | 2,64 |
| EBITDA per Share | 4,85 | 5,62 | 4,95 | 3,78 | 19,20 | 12,49 |
| EBITDA Margin | 57,4 | 64,3 | 54,5 | 51,8 | 57,2 | 53,0 |
| EBIT Margin | 21,3 | 44,4 | 31,5 | 25,2 | 30,9 | 30,6 |
| ROACE | -18,3% | 14,6% | -14,5% | 8,6% | -2,3% | 13,1% |
| ROACE adjusted PDR/TP | 9,8% | 21,2% | 28,2% | 10,8% | 15,3% | 17,3% |
| CROGI | 12,8% | 25,6% | 18,7% | 21,8% | 22,6% | 20,4% |
| Equity Ratio | 44,2 | 41,2 | 40,3 | 38,8 | 44,2 | 40,0 |
| Debt/EBITDA | 0,6 | 0,5 | 0,6 | 1,0 | 0,8 | 1,4 |
| EBITDA/Interest Expense | 17,3 | 19,1 | 19,1 | 12,8 | 17,0 | 11,4 |

CROGI : EBITDA - taxes (taxes payable and government share of profit oil) / gross investments including PDR investment and Timan Pechora

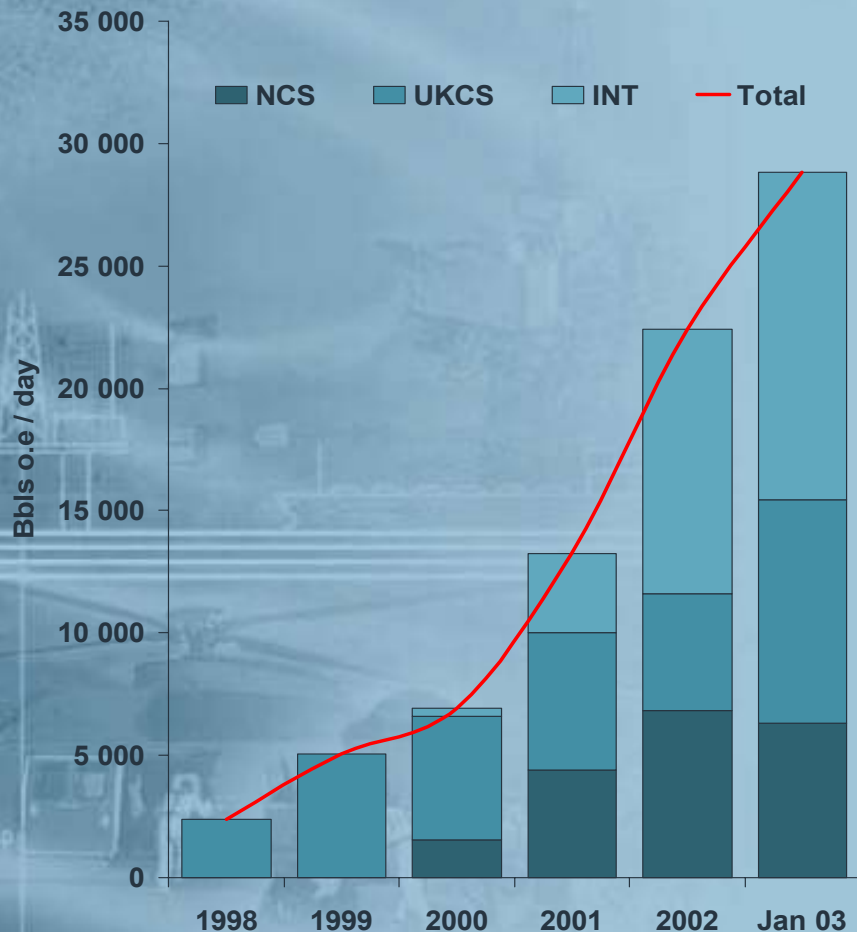
ROACE : Net profit + after-tax interest expenses / average capital employed

Reserves and reserve replacement



”A platform for future profitable growth”

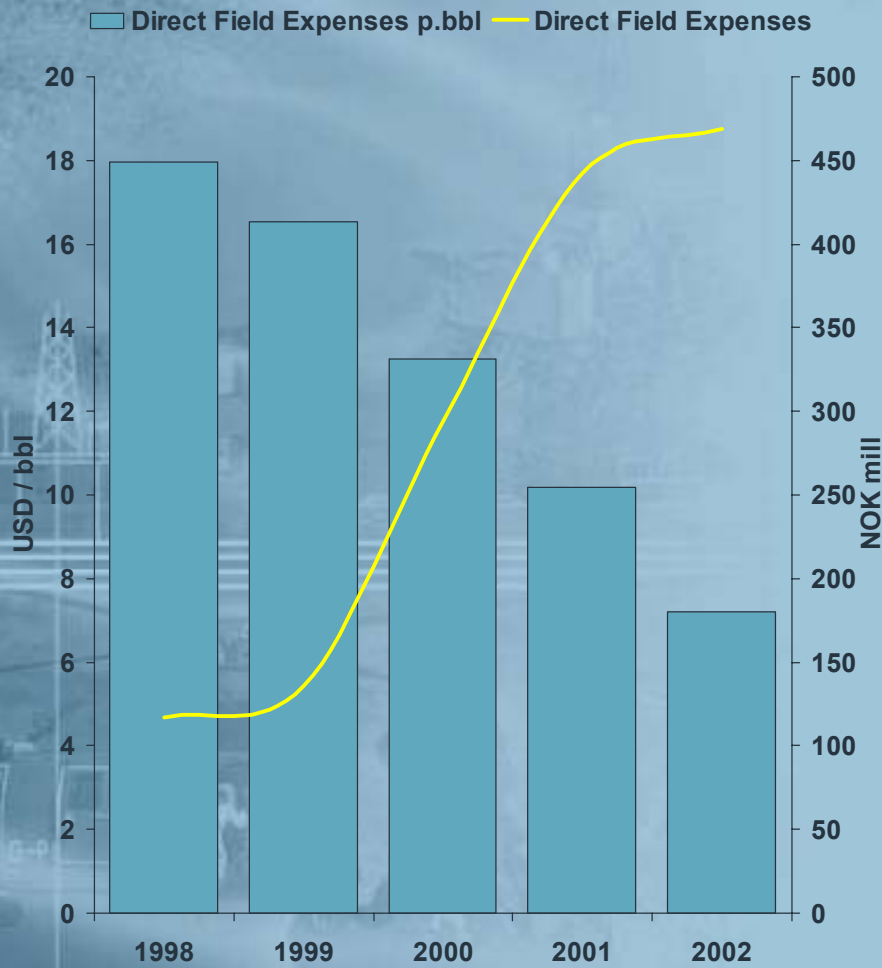
Production 1998 - 2002



Comments

- Annual production growth rate exceeding 200 %
- Increase in production January 2003 from UKCS (Thistle) and INT

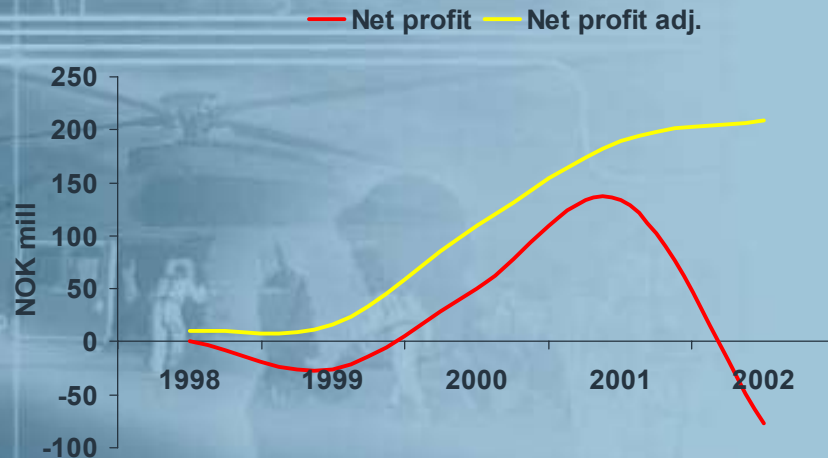
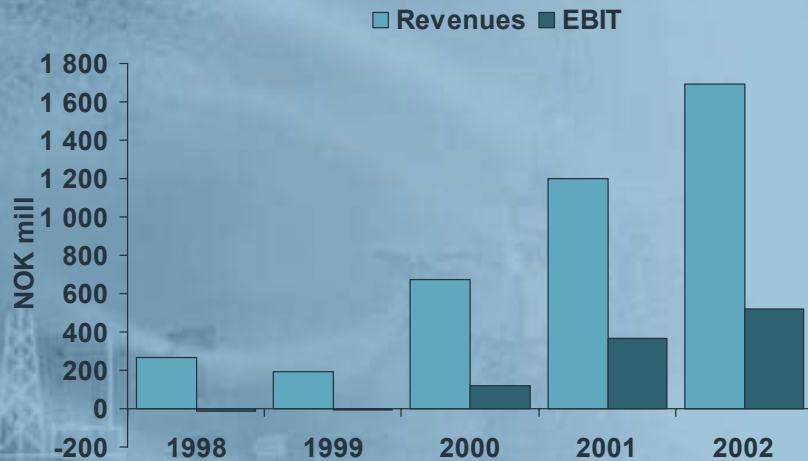
Direct Field Expenses per barrel



Comments

- Decreasing direct production and transportation expenses per bbl due to increased low cost production
- Diversification from year 2000 with favourable impact on direct field expenses per bbl

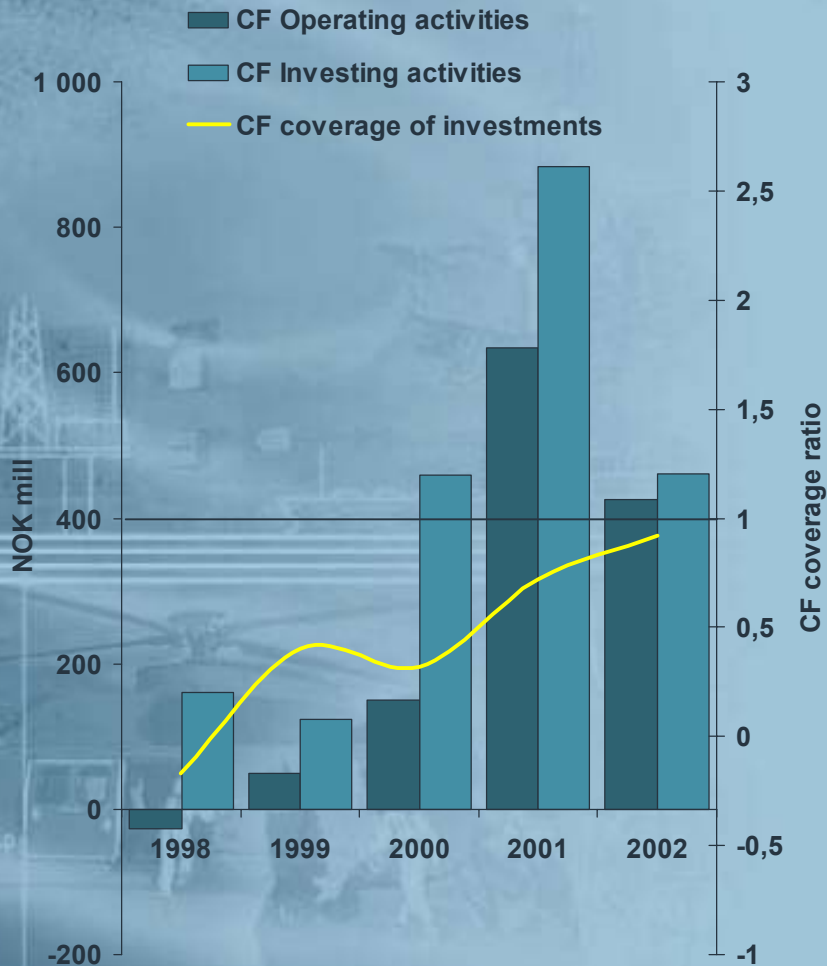
Revenues, EBIT and net profit



Comments

- Profitable growth in oil and gas segment
- Impact from Timan Pechora and O&S on net profit 2002
- Net profit adjusted:
 - Loss associated company
 - Timan Pechora project
 - Other non-cash items (O&S)

Cash Flow and Capex 1998 - 2002



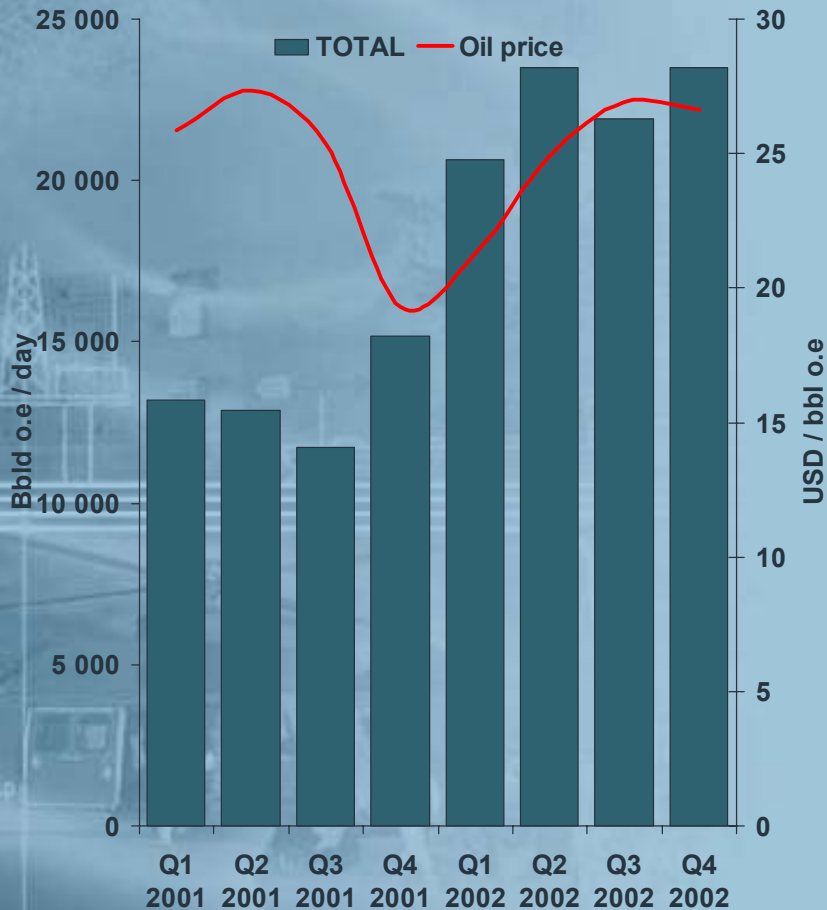
Comments

- **Significant investments in O&G assets**
 - 2000 NOK 460 mill
 - 2001 NOK 884 mill
 - 2002 NOK 461 mill
- **Improving cash flow coverage of investments**



Appendix

Production vs. Oil Price



Comments

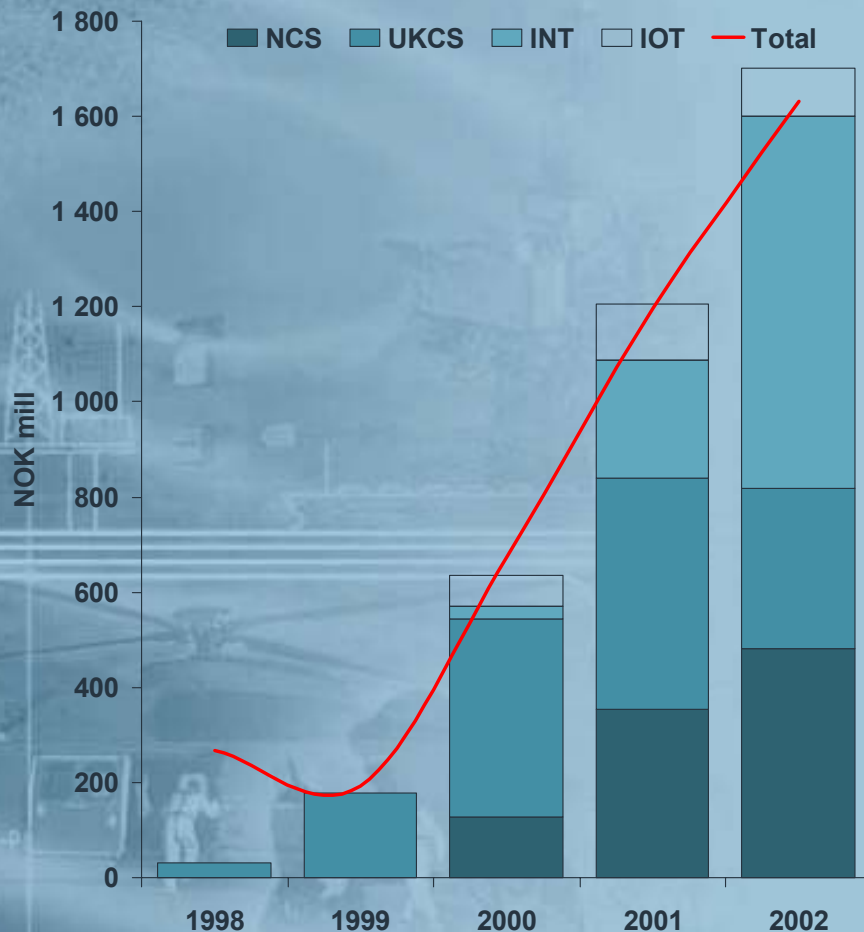
■ Average production

- 4Q 23.513 bbls / day
- 3Q 21.928 bbls / day

■ Average oilprice

- Reduction in Brent quarterly average from USD 26,91 in 3Q to USD 26,63 in Q4
- Increase in average annual oilprice from USD 24,5 in 2001 to USD 24,9 in 2002

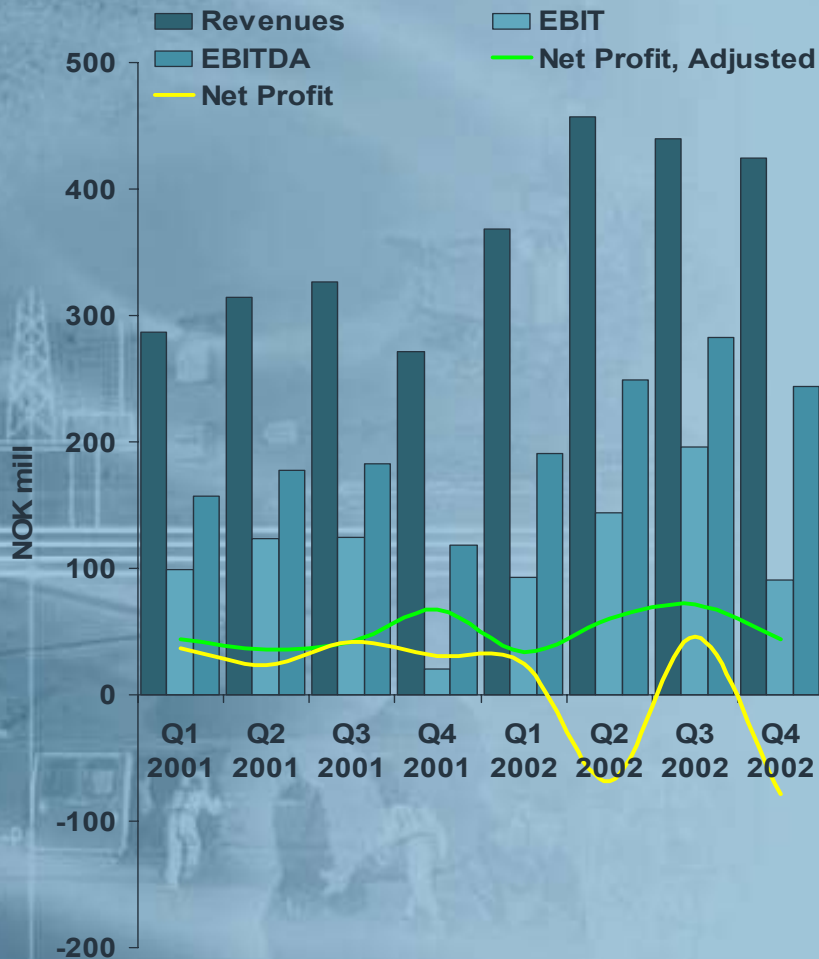
Revenues 1998 - 2002



Comments

- Strong annual growth in revenues
- Diversification of license portfolio

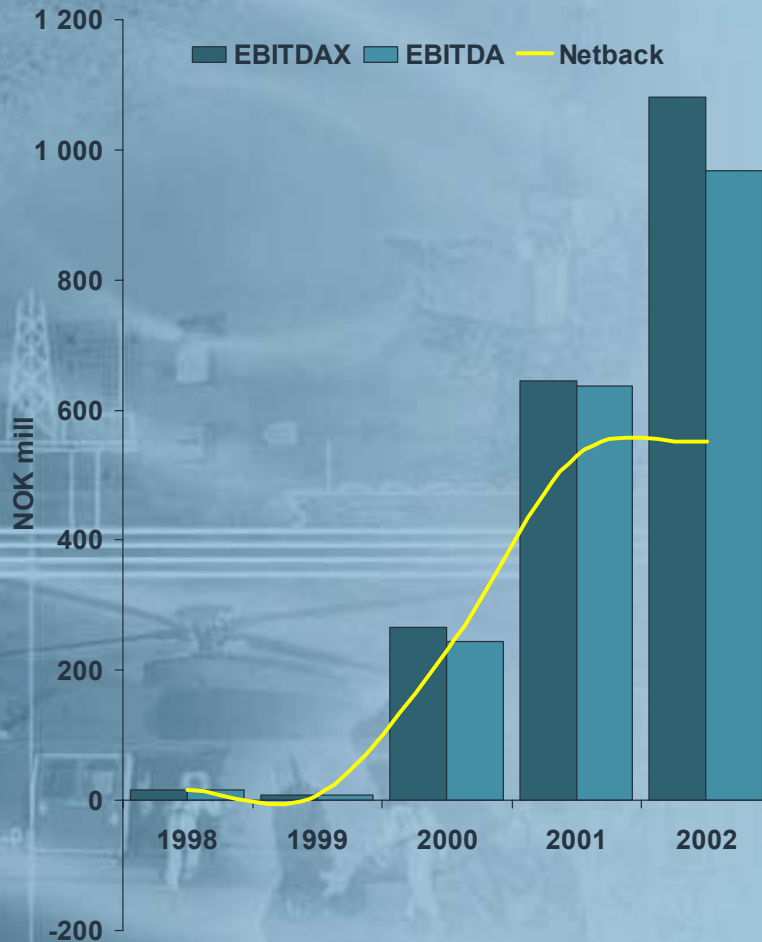
Rev., EBIT, EBITDA & Net Profit



Comments

- Lower EBITDA and Operating Profit from last quarter
- Net profit adjusted
 - loss from PDR
 - write-down Timan Pechora
 - other non-cash items (O&S)

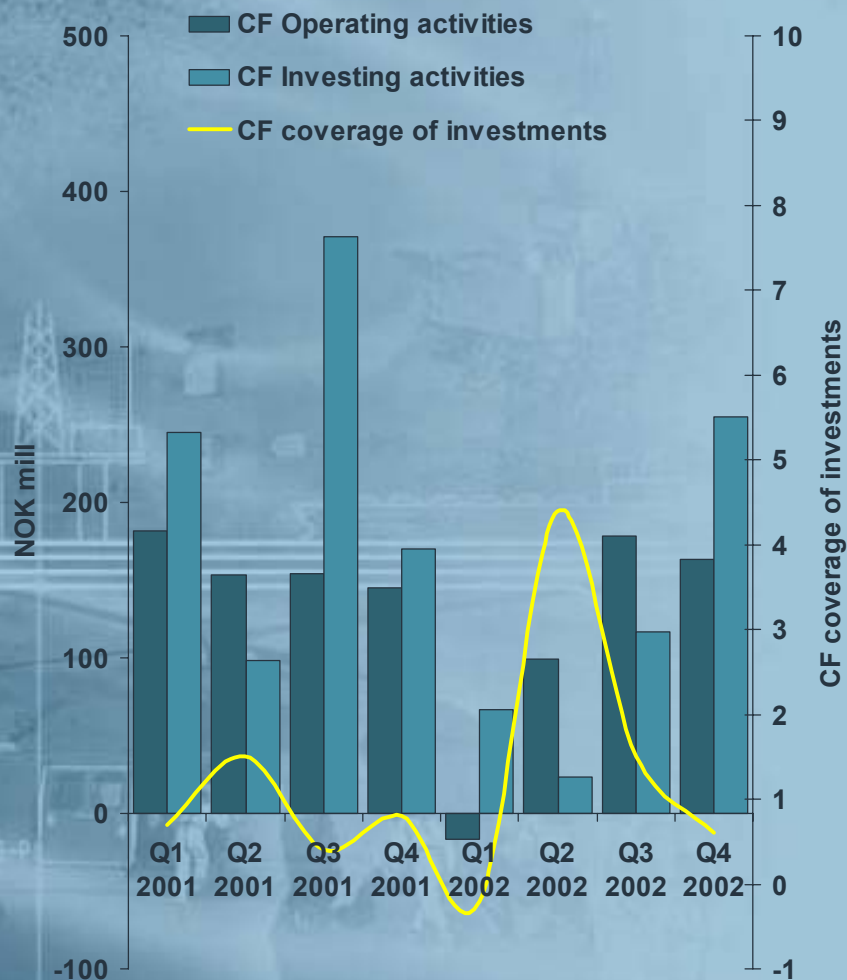
Net Back 1998 - 2002



Comments

- Strong cash flow generation after tax
- Maintaining high netback despite increased tax payments 2002

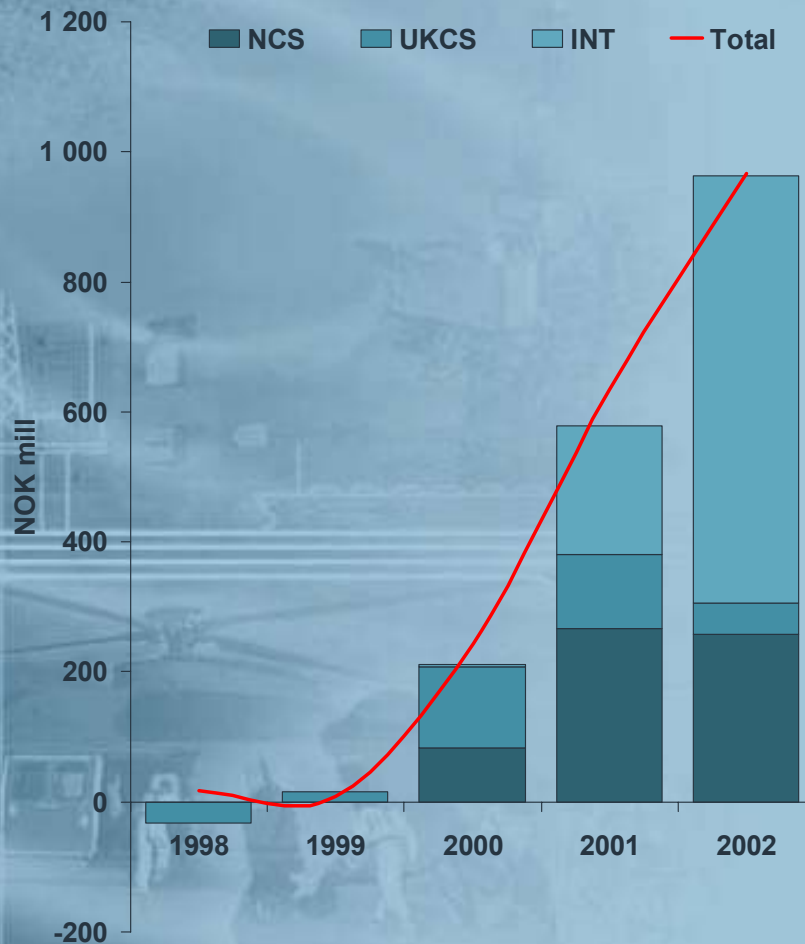
Cash Flow and Capex



Comments

- Strong cash flow cover of investments
- 4th quarter investments:
 - Jotun 3,75%
 - Drilling programme INT
 - Seven Heads

EBITDA 1998 - 2002



Comments

- Strong growth in earnings before interest, tax and DD&A

Income Statement 2000 - 2002



| | 2002 | 2001 | 2000 |
|----------------------------------|--------------|--------------|------------|
| Operating Revenues | 1 691 | 1 199 | 673 |
| Exploration and Impairment | -114 | -10 | -22 |
| Operating Exp., excl expl & DD&A | -623 | -554 | -407 |
| EBITDA * | 954 | 635 | 244 |
| EBITDAX ** | 1068 | 645 | 266 |
| DD&A | -352 | -229 | -77 |
| Abandonm. Provisions, Write-down | -79 | -40 | -45 |
| Operating Profit | 523 | 367 | 121 |
| Earnings in Associated Companies | -192 | -33 | -31 |
| Net Financial Items | -44 | -26 | 4 |
| Profit (loss) before Tax | 287 | 308 | 94 |
| Taxes | -364 | -174 | -44 |
| Profit (loss) after Tax | -77 | 134 | 50 |

20 largest shareholders 180203



| | | | |
|---|-----------|-------|-----|
| INCREASED OIL RECOVERY | 6.563.142 | 12,11 | NOR |
| DET STAVANGERSKE DAMSKIPSSKAP | 2.000.000 | 3,69 | NOR |
| THE LAW DEBENTURE TRUST | 1.999.642 | 3,69 | GBR |
| LARSEN OIL & GAS AS | 1.802.148 | 3,32 | NOR |
| UNISTAR HOLDINGS INC | 1.537.000 | 2,83 | USA |
| SKAGEN VEKST | 1.499.759 | 2,76 | NOR |
| SLETTHEI AS LEIF INGE | 1.271.333 | 2,34 | NOR |
| DNO ASA | 1.105.740 | 2,04 | NOR |
| KAS DEPOSITARY TRUST | 1.045.000 | 1,92 | NLD |
| LIVIUS INTERIØR AS C/O LARSEN OIL & GAS | 1.004.500 | 1,85 | NOR |
| VESTA LIV AS AKSJER | 884.000 | 1,63 | NOR |
| BUS AS | 750.000 | 1,38 | NOR |
| EGD SHIPPING II AS C/O EGD HOLDING AS | 700.000 | 1,29 | NOR |
| SPAREBANKEN SOGN OG V/FINANSVDELINGA | 603.000 | 1,11 | NOR |
| FIRSTNORDIC NORGE VE V/FIRSTNORDIC FONDEN | 600.000 | 1,10 | NOR |
| TINE PENSJONSKASSE | 540.500 | 0,99 | NOR |
| BL TRADING & SERVICE | 510.700 | 0,94 | NOR |
| MYKJÅLAND BERNT | 475.000 | 0,87 | NOR |
| KIRKESUNDET INVEST A | 450.000 | 0,83 | NOR |
| HALVORSEN JAN GUNNAR | 400.000 | 0,73 | NOR |