



Presentation of Interim results

1st quarter 2003

Managing Director Helge Eide

CFO Haakon Sandborg

Highlights

- **All time high production**
- **Favourable oil prices**
- **Encouraging drilling results**
- **Record breaking financial results**

Main key figures

All figures in million NOK

	Q1 2003	Q1 2002	2002
Operating Revenues	580	368	1 691
EBITDA	355	191	967
Operating Profit	272	93	523
Profit (loss) before Tax	299	75	287
Profit (loss) after Tax	108	24	-77
Netback	236	146	552

DNO Mission

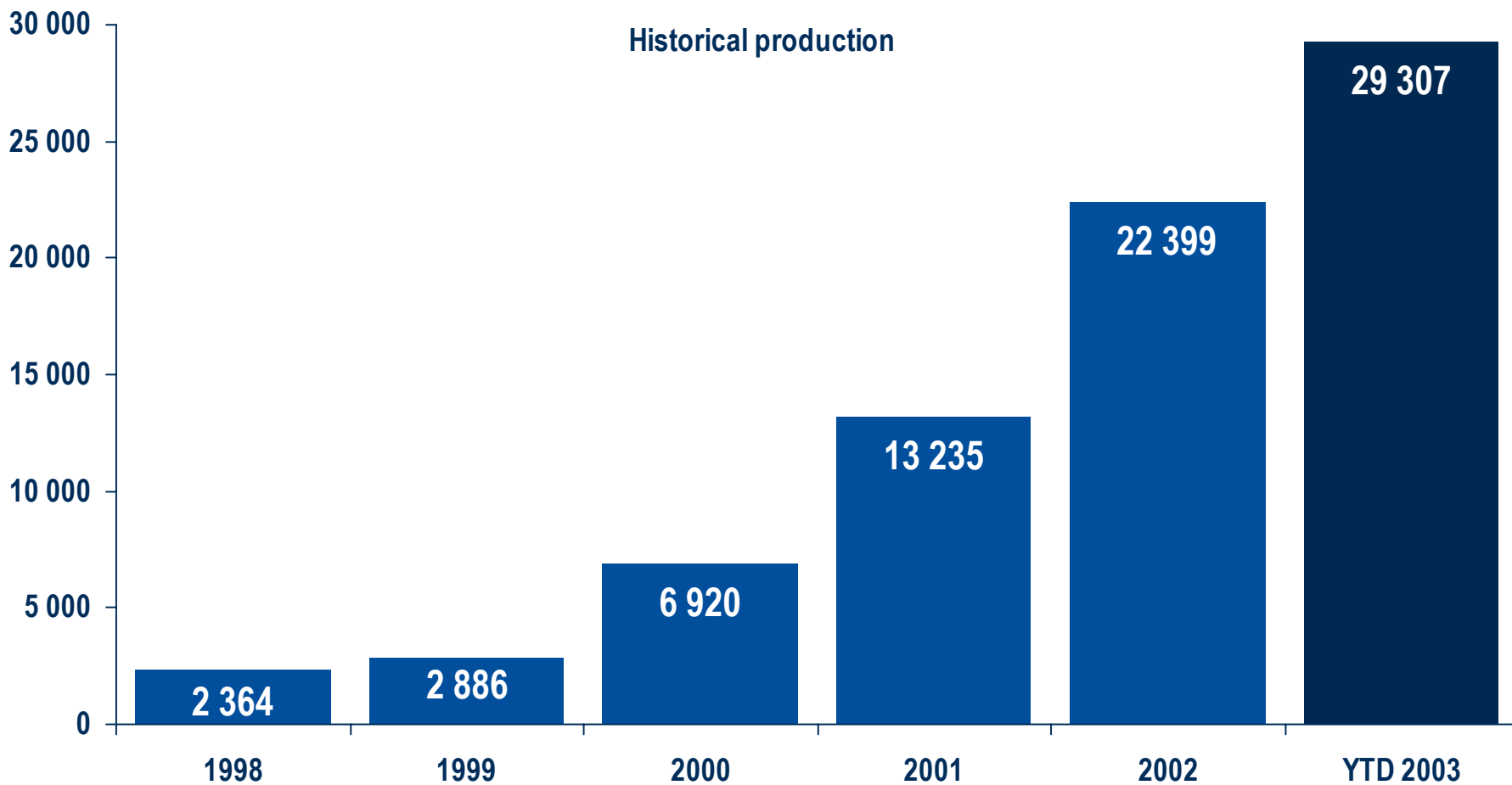
“DNO shall be a leading, international niche player engaged in both the development of smaller oil & gas fields, and in extended production and increased recovery from mature petroleum fields”



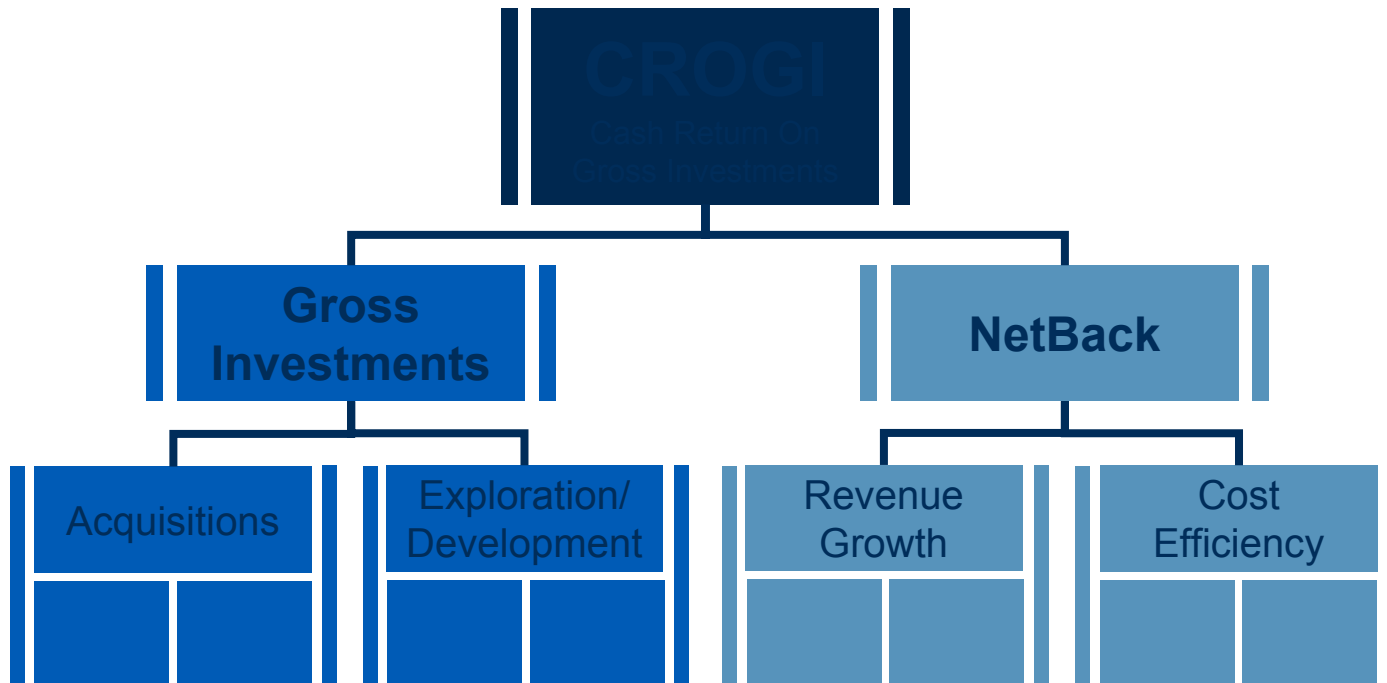
DNO Strategy

- **Operator and / or active partner**
- **Networking**
- **Best practice from oil companies and contractors**
- **Investments in Offshore and Services**

Does DNO's strategy work?

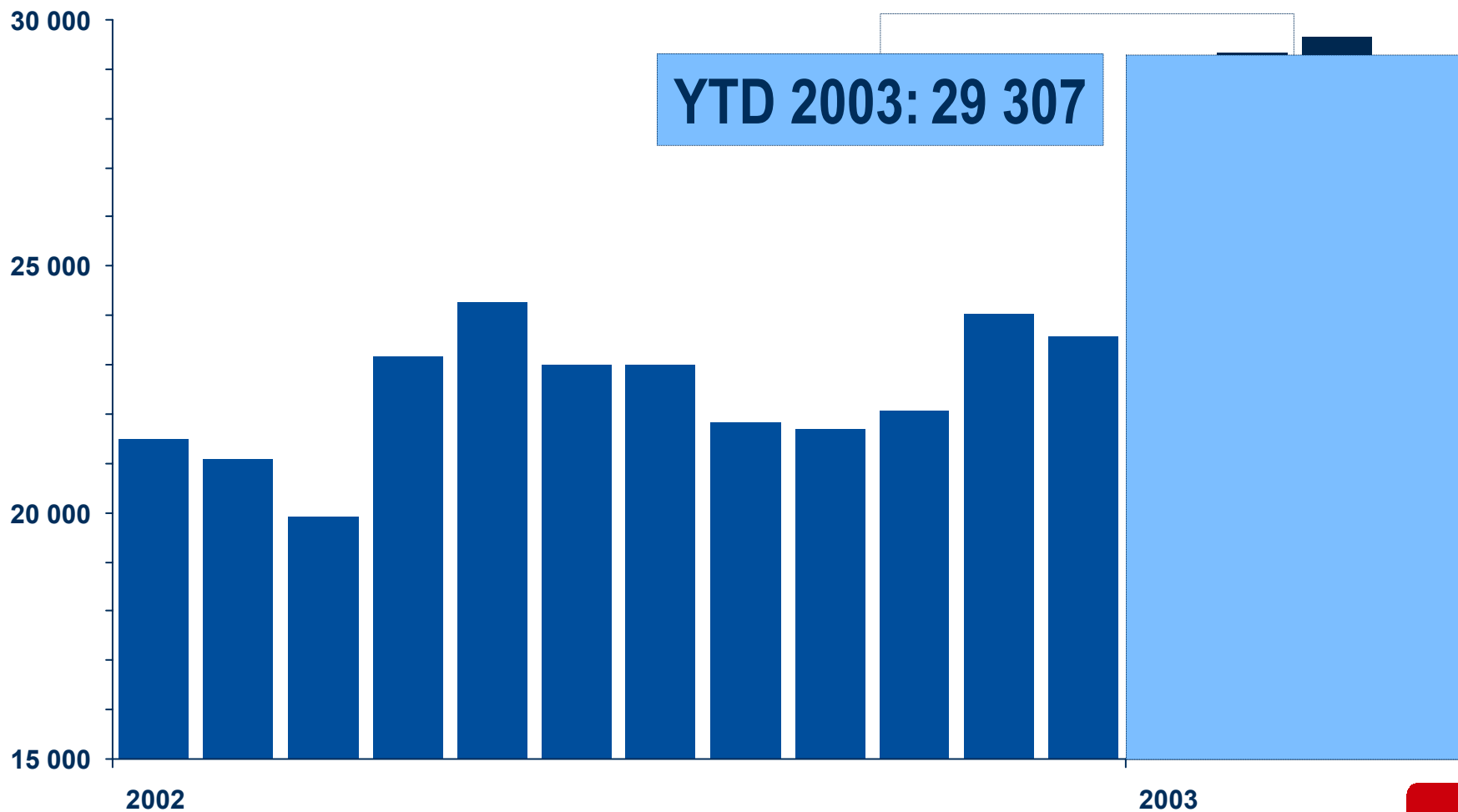


Value creation



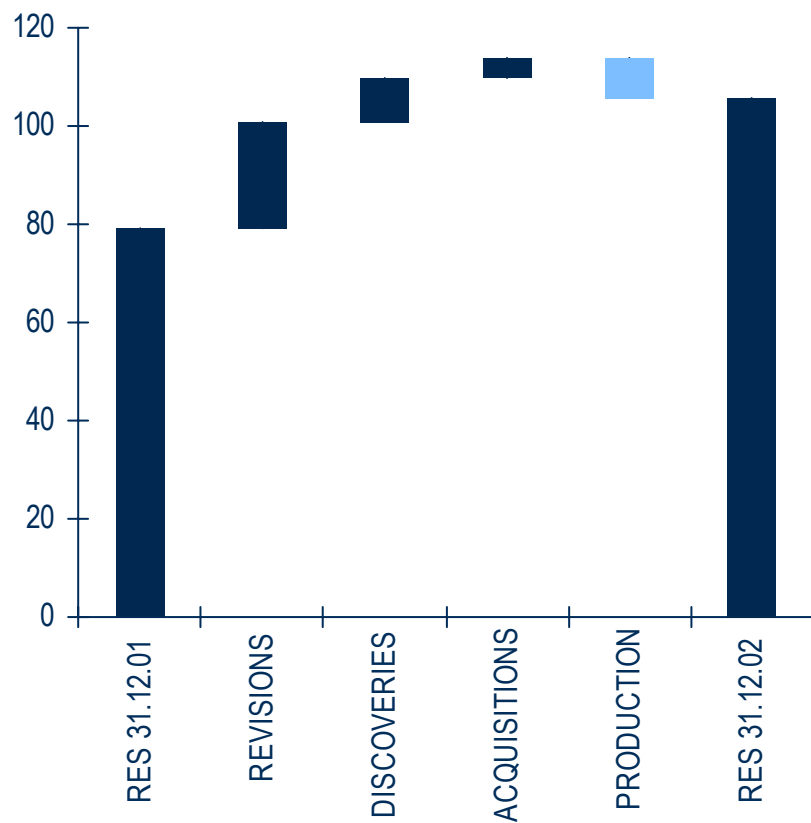
- Value creation is driven by profitable growth in cash flow expressed as cash return on gross investments (CROGI)
- Key Performance Indicators linked to main value drivers: production growth, reserve replacement rate, direct field per bbl etc

DNO's Monthly Oil Production

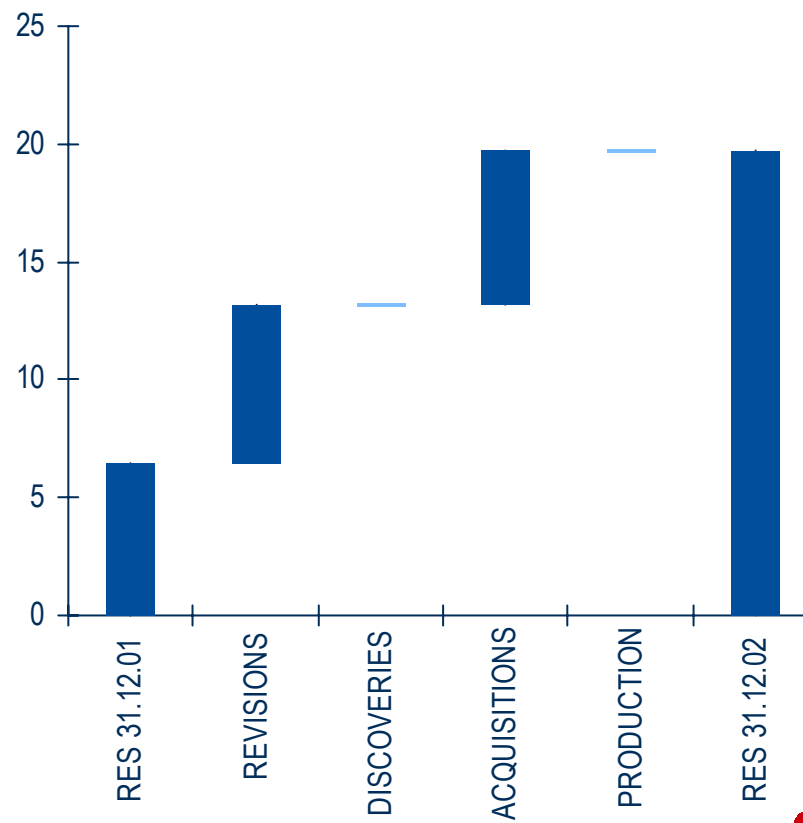


Reserves (BBLs)

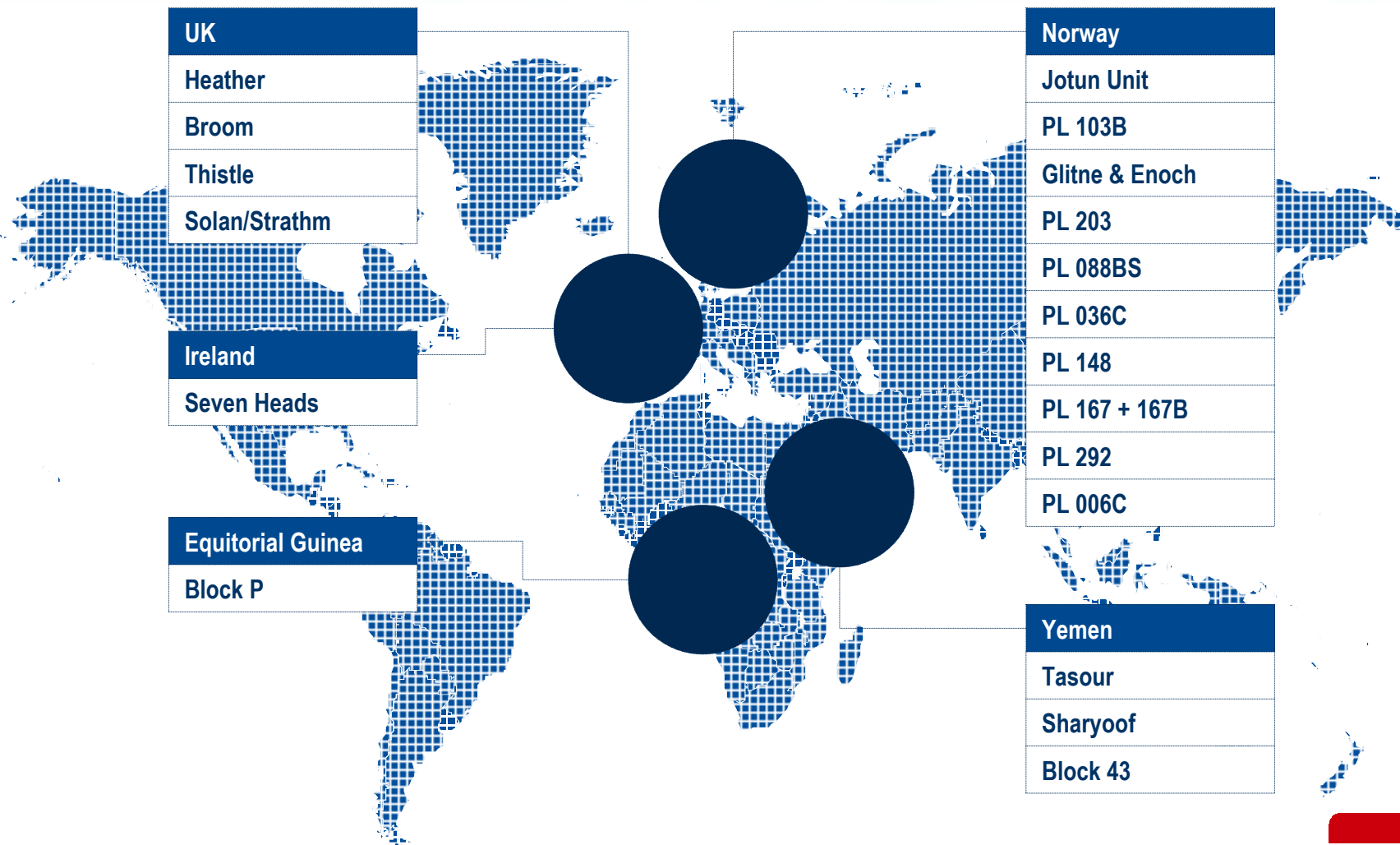
Oil Reserves



Gas Reserves

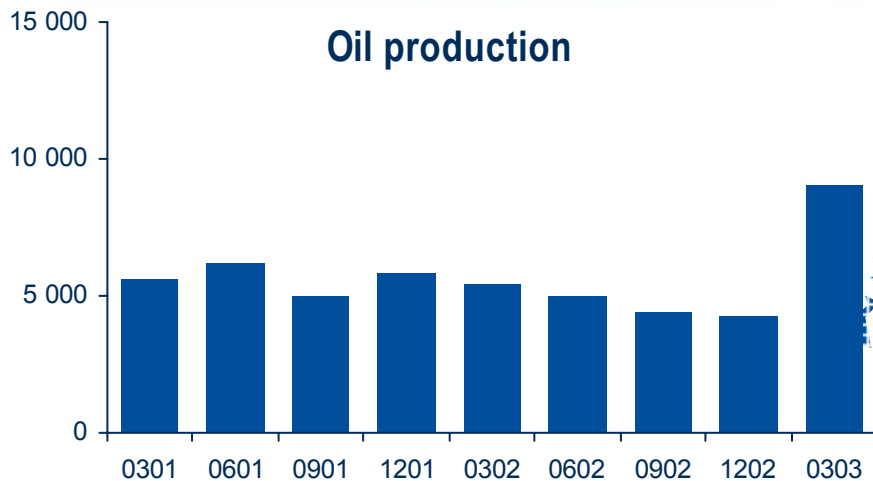


DNO in the world



Overview; United Kingdom

Oil production



Name	%	Operator
Heather	100,00	DNO
Broom	55,00	DNO
Thistle	99,00	DNO
Solan/Strathmore	3,70	Amerada Hess

- Operational efficiency and cost focus on Heather & Thistle
- Broom Development Plan

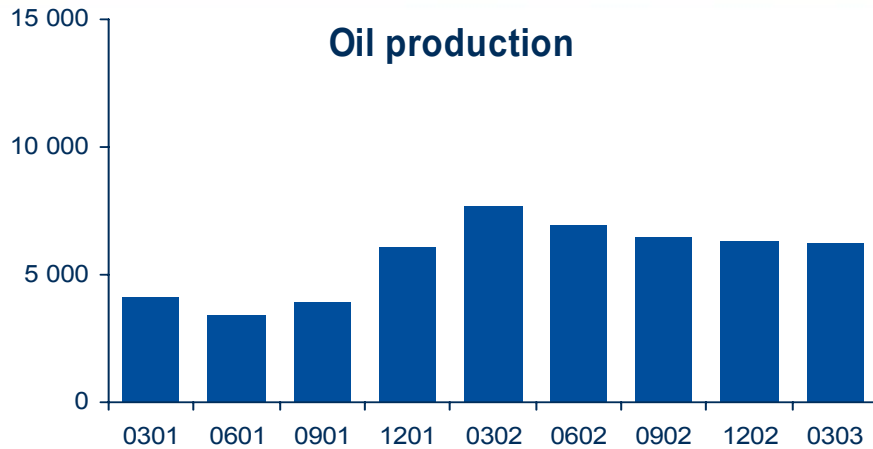
Broom

- **Development Plan completed**
- **First oil during 2004**
- **Extension of Heather production by 10 + years**



Overview; Norway

Oil production



Name	%	Operator
Jotun Unit	7,00	Exxon/Mobil
PL 103B	70,00	DNO
Glitne & Enoch	10,00	Statoil
PL 203	15,00	Marathon
PL 088BS*	15,00	Marathon
PL 036C*	15,00	Marathon
PL 148	50,00	DNO
PL 167 + 167B	20,00	Statoil
PL 292	100,00	DNO
PL 006C	100,00	DNO

- Stable production
- Acquired several new license interests
- Increased interest to 15% in PL 203 area
- Drilling on PL 203

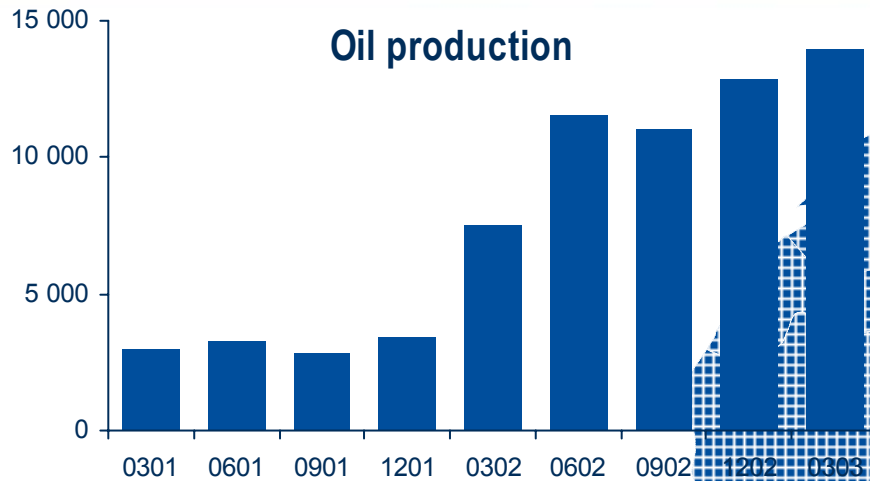


PL 203

- **Kneler oil discovery**
- **Ca 50 mtr. gross oil column**
- **Potential for increased reserves**



Overview; International



Name	%	Operator
Tasour	41,00	DNO
Sharyoof	24,45	Dove Energy
Block 43	73,00	DNO
Seven Heads, Irl.	12,50	Ramco
Block P, Eq. Guinea	TBA	Ocean Energy

- Record production
- Successful drilling results
- Positive test results on Seven Heads
- First lisenice interest in West-Africa

Tasour (Block 32)

- Record production from the field
- Improved geological understanding of the Tasour area
- Potential for additional reserves in the Western flank



Overview; Ireland

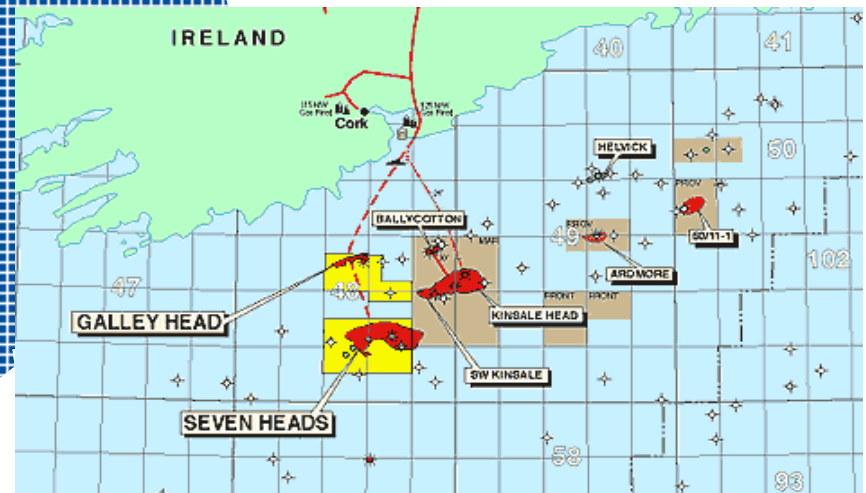
■ Partners:

- Ramco: 86,5 %
- IPDL (DNO): 12,5 %
- Sunningdale Oils 1,0 %

■ Plan of Development approved March 2003

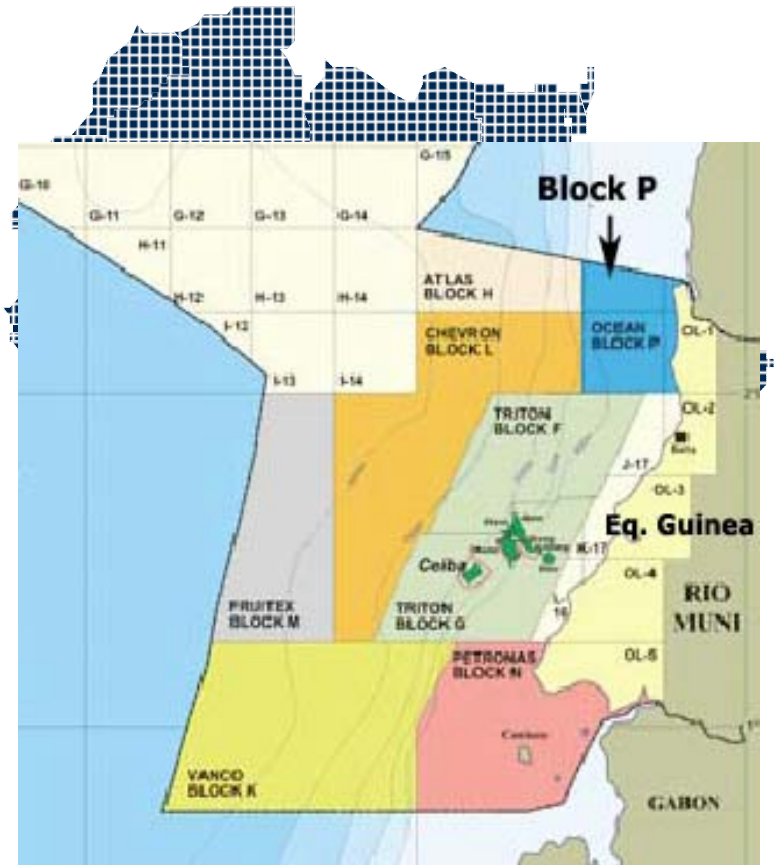
■ Positive test results of production well 48/24-6

■ Gas deliveries to commence before the end of 2003



Overview; Equatorial Guinea

- Participation in Block P, offshore Rio Muni in Equatorial Guinea
- Partners:
 - Ocean Energy
 - Petronas
 - Atlas Petroleum
 - DNO
- Equity TBA



Other activities

- **Optimizing Portfolio**
- **Corporate Governance**
- **AIM Listing**

2003 Outlook

- **Potential for production above 26' BOPD target if positive outcome from drilling**
 - Glitne, Tasour, Sharyoof
- **High drilling activity - potential for increased reserves**
 - Bl. 43, Tasour, Sharyoof, PL 203, PL 167
- **Progress Broom Development**
- **First gas production 4 Q 2003**



Financials

1st Quarter 2003

CFO Haakon Sandborg

Financial Highlights

- **36 % increase in operating revenues**
- **Exploration activities**
- **Record EBIT and Netback**
- **Positive net finance**
- **Investments in Seven Heads**

P & L Statement

All figures in million NOK

	Q1 '03	Q4 '02	Q3 '02	Q2 '02	Q1 '02	2002
Operating Revenues	580	425	440	457	368	1 691
Exploration and Impairment	-33	-21	-7	-53	-33	-114
Operating Exp , excl expl & DD&A	-197	-173	-150	-155	-145	-623
EBITDA	355	244	283	249	191	967
EBITDAX	388	265	290	302	224	1 081
DD&A	-73	-91	-78	-96	-86	-352
Abandonm Provisions, Write-down	-5	-49	-9	-9	-12	-79
Operating Profit	272	91	196	144	93	523
Earnings in Associated Companies	0	-46	-20	-122	-4	-192
Net Financial Items	27	9	-10	-30	-13	-44
Profit (loss) before Tax	299	54	166	-7	75	287
Taxes	-191	-133	-120	-60	-51	-364
Profit (loss) after Tax	108	-79	46	-68	24	-77



Financial Items

All figures in million NOK

	Q1 '03	Q4 '02	Q3 '02	Q2 '02	Q1 '02	2002
Interest revenues	3	4	4	2	3	13
FX-contracts, swaps	18	18	4	36	6	64
Agio, other financial revenues	4	31	-3	5	0	33
Financial revenues	25	53	4	43	10	109
Interest expenses	-12	-14	-15	-13	-15	-56
Disagio / agio	15	-8	3	-58	-66	-66
Other financial expenses	-1	-22	-3	-1	-31	-31
Financial expenses	2	-44	-14	-72	-23	-153
Net Finance	27	9	-10	-29	-13	-44

BS - Assets

All figures in million NOK

	31.03.2003	31.12.2002	31.12.2001
Fixed Assets	1 427	1 379	1 372
Financial Fixed Assets	269	256	485
Intangible Assets	135	142	150
Total Fixed Assets	1 830	1 777	2 006
Cash and Cash Equiv	267	84	164
Other Current Assets	275	180	255
Total Current Assets	541	264	347
TOTAL ASSETS	2 371	2 041	2 353

BS - Equity and Liabilities

All figures in million NOK

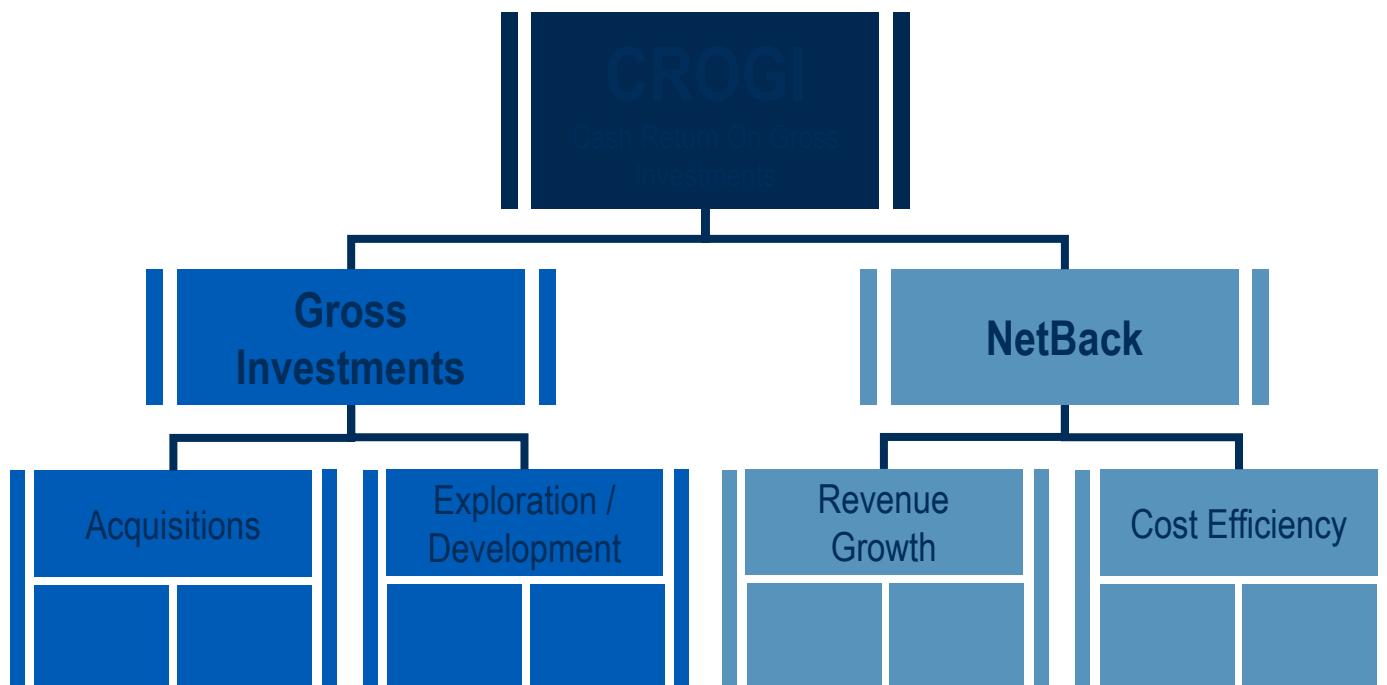
	31.03.2003	31.12.2002	31.12.2001
Shareholders' Equity	1 021	902	942
Interest-Bearing Long-Term Debt	579	553	651
Prov for Liabilities and Charges	382	346	441
Total Long-Term Liabilities	962	898	1092
Other Short-Term Debt	389	241	320
Total Short-Term Debt	389	241	320
EQUITY AND LIABILITIES	2 371	2 041	2 353

Cash Flow

All figures in million NOK

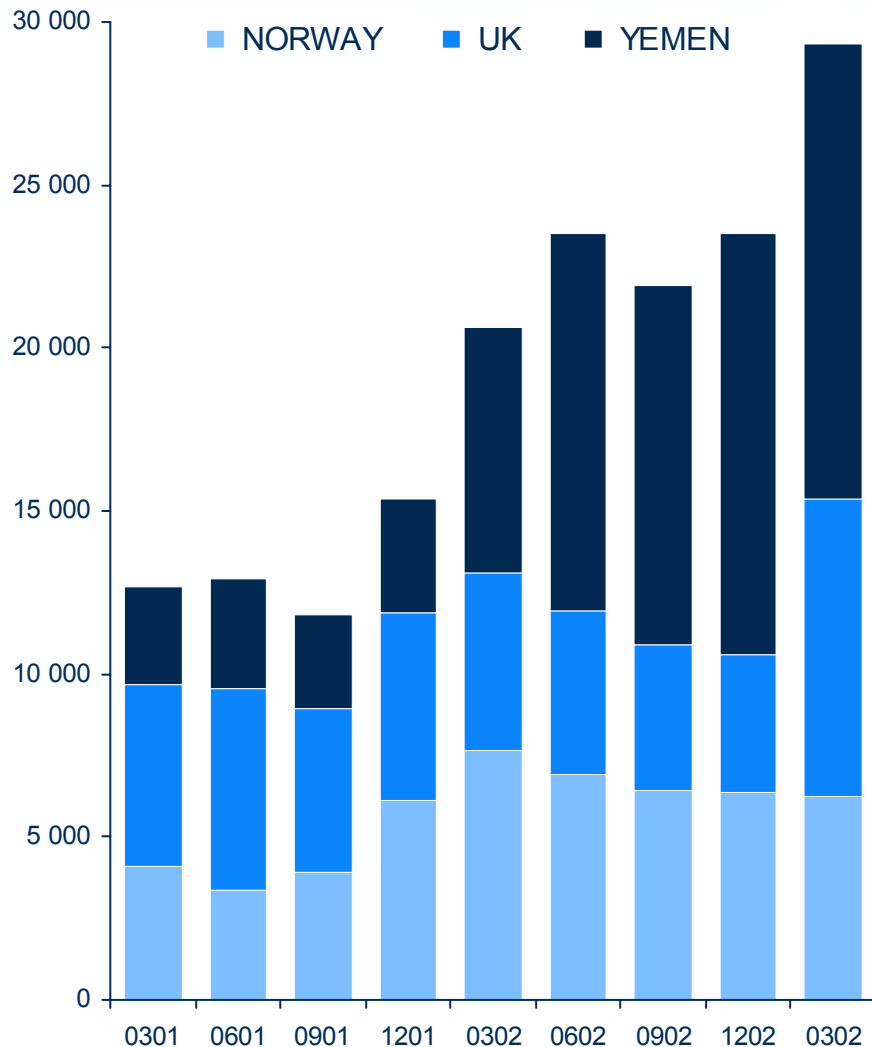
	Q1 2003	Q4 2002	Q3 2002	Q2 2002	Q1 2002	2002
Consolidated profit before tax	299	54	166	-7	76	287
Taxes paid for the period	-119	-156	-97	-117	-45	-415
Depreciation, depletion and amort.	73	156	83	101	92	432
Associated companies	0	46	20	122	4	192
Changes in working capital / adjustm.	38	64	6	0	-143	-72
CF provided by operating activities	292	163	178	99	-17	424
CF used in investing activities	-141	-255	-116	-23	-67	-461
CF from financing activities	32	-34	11	-95	75	-43
Net Change in Cash	183	-125	73	-19	-8	-80
Cash at beginning of period	84	210	137	156	164	164
Cash at end of Period	267	84	210	137	156	84

Value Creation



- Value creation is driven by profitable growth in cash flow expressed as cash return on gross investments (CROGI)
- Key Performance Indicators linked to main value drivers: Growth in production, reserve replacement rate, direct field per bbl etc

Oil Production



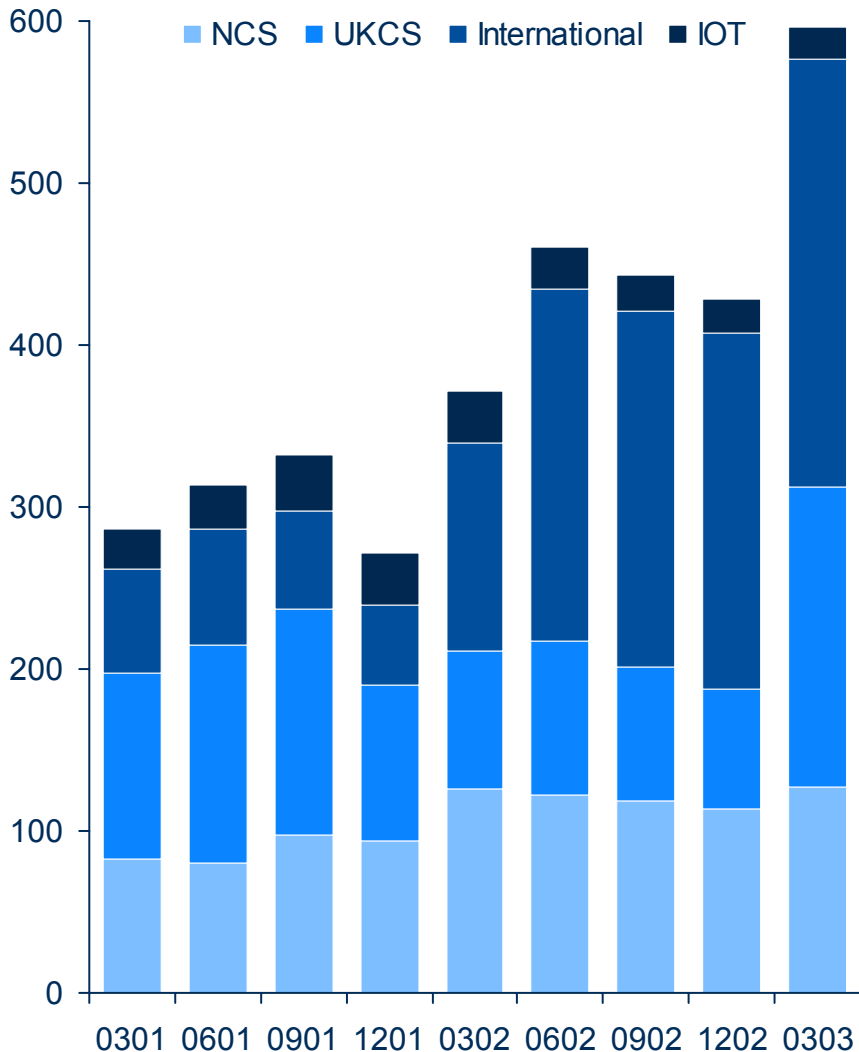
- **Production increase**
 - Thistle acquisition
 - Block 32 Yemen
- **Increase from 4Q02**
 - 474 394 barrels
 - 5 271 barrels per day

Oil Price vs FX (April 2001 - March 2003)



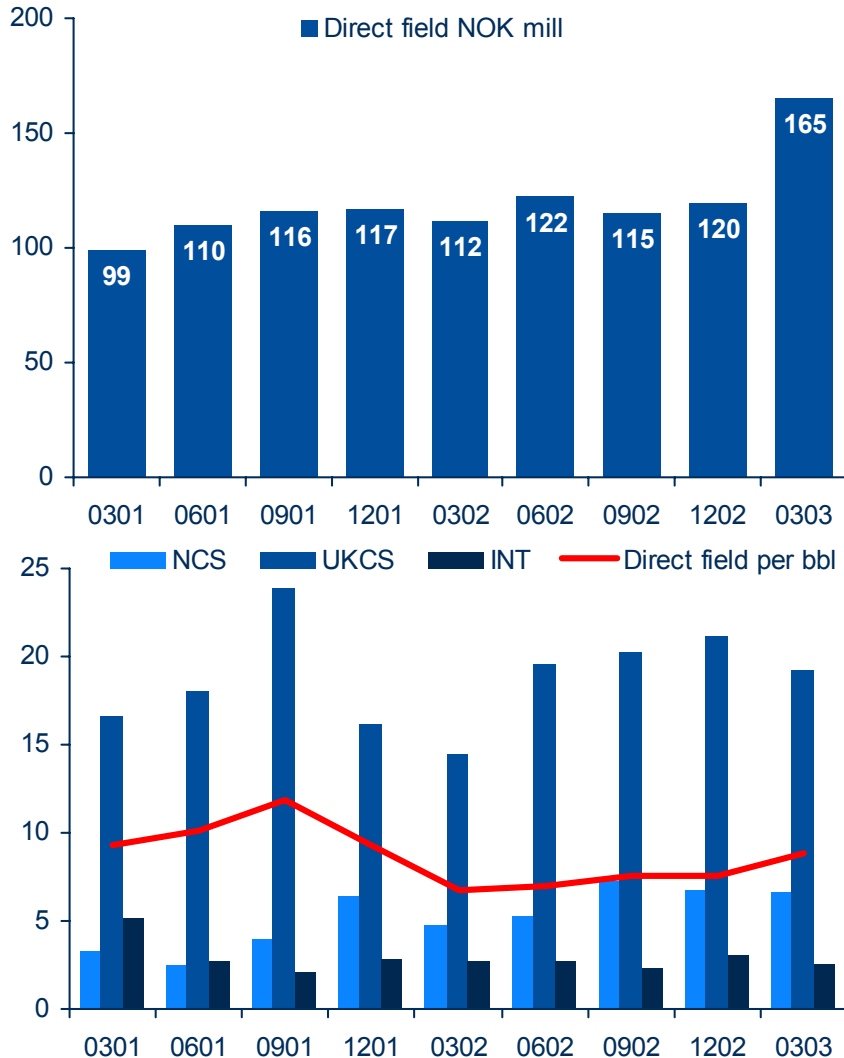
- **Average Brent spot first quarter, 31,47 USD/BBL, up from 27,34 USD/BBL in fourth quarter 2002**

Revenue Development



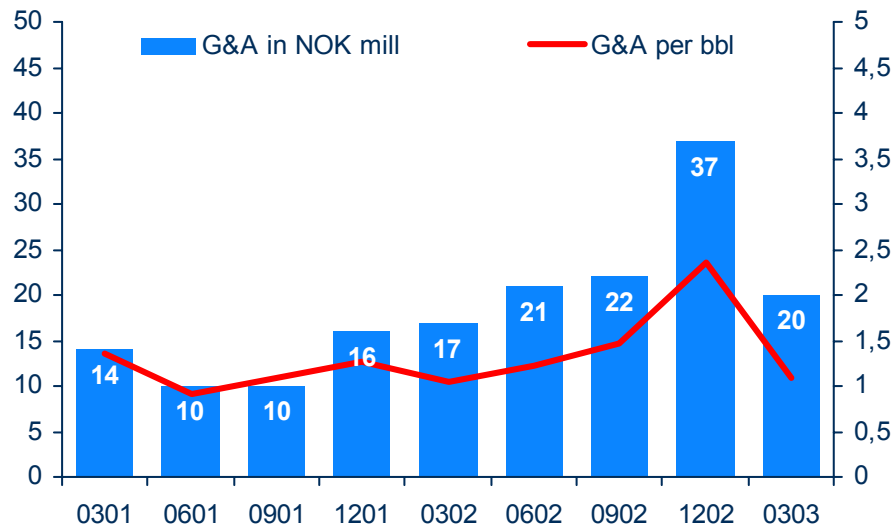
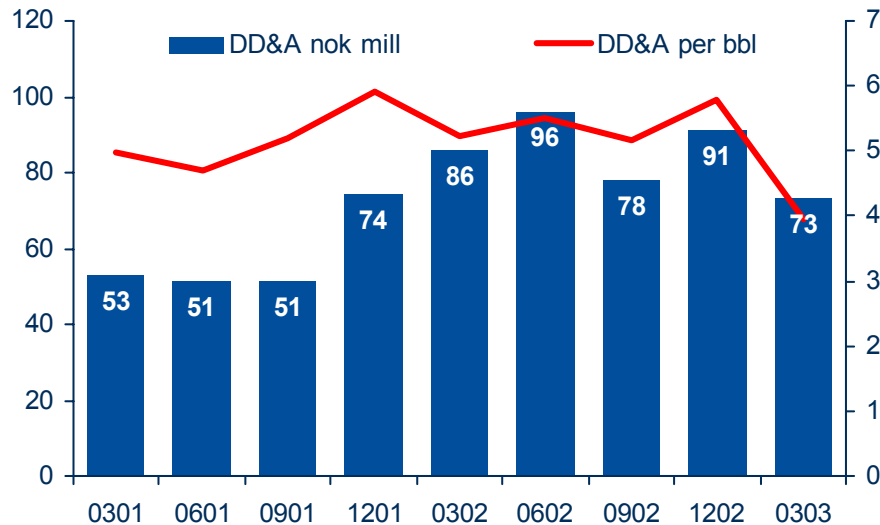
- Production increase Bl. 32 and UK Thistle acquisition
- Favourable oil prices

Production & Transport Expenses



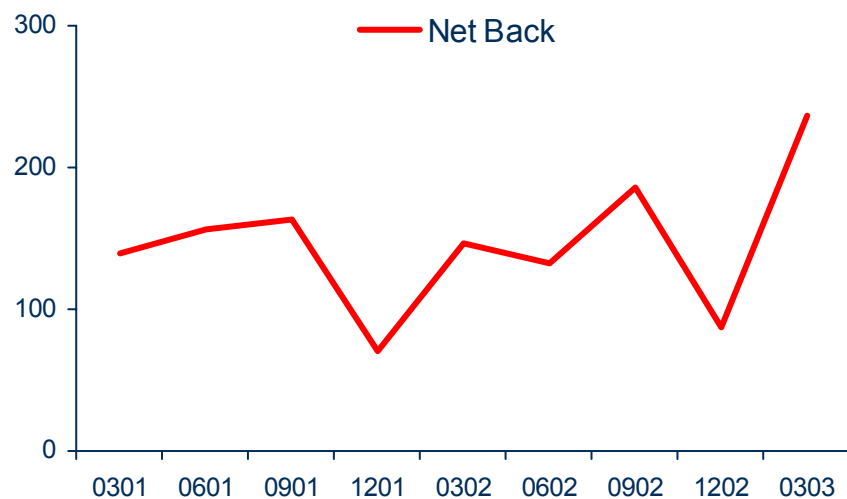
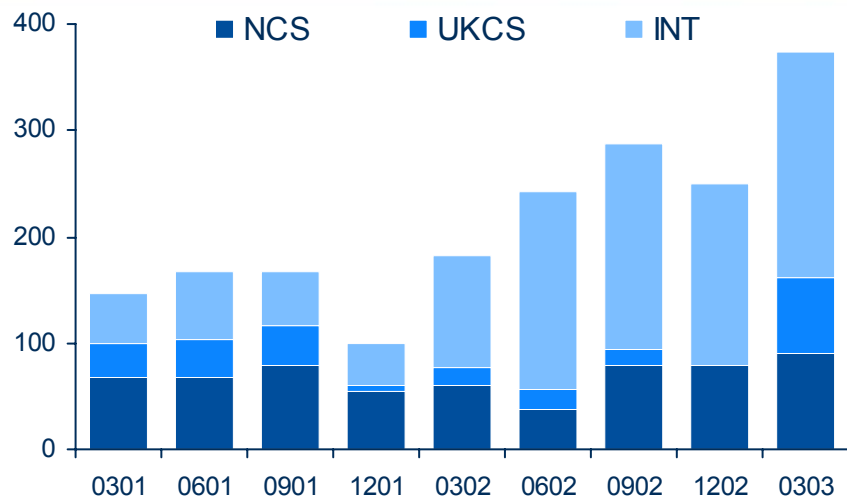
- Increase in production and transportation expenses at group level
- Thistle contributing positively to unit cost reduction on the UKCS
- Increased contribution to total production from UKCS, results in a slightly higher production and transport expense per bbl for the group

DD&A, G&A and Other Expenses



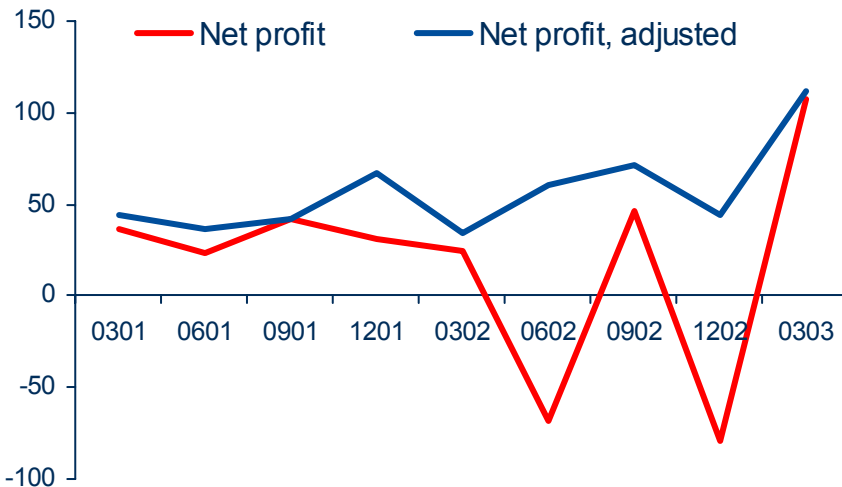
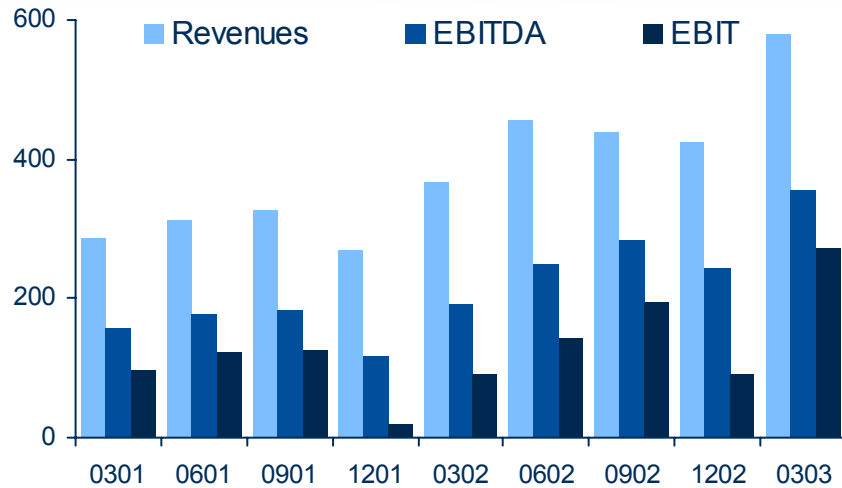
- No impact on DD&A from Thistle acquisition
- Lower G&A and other expenses in the first quarter

EBITDA per Unit and Net Back



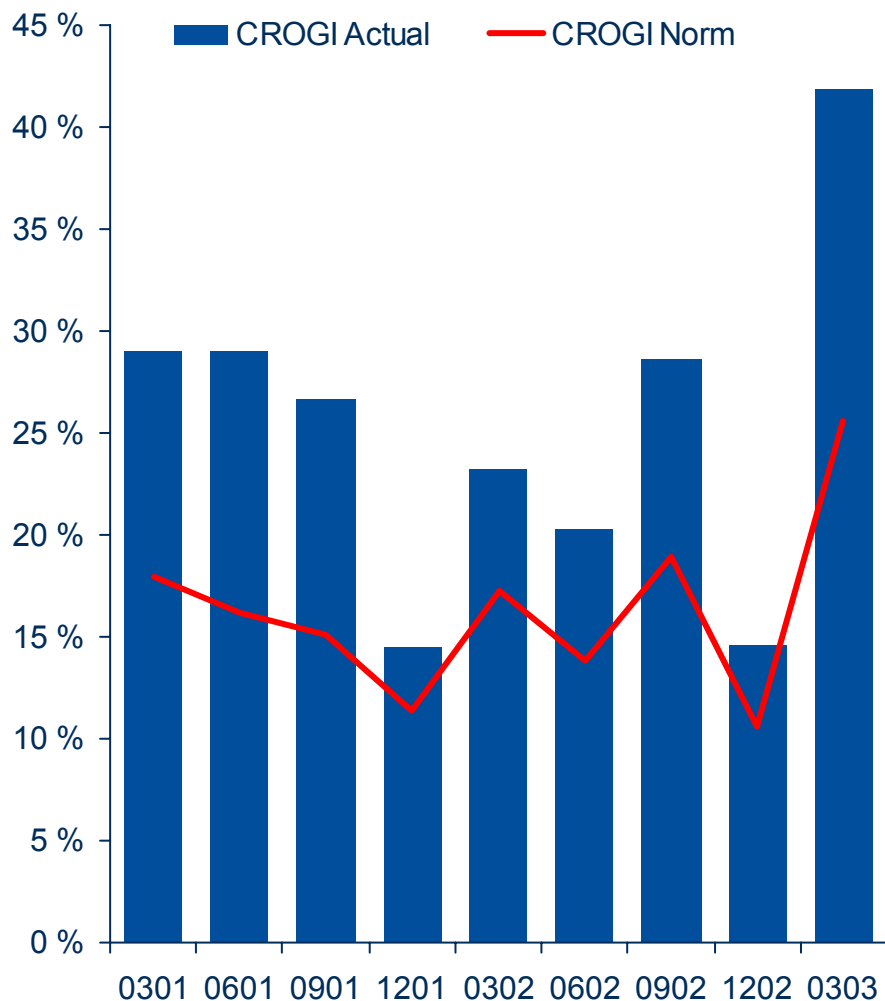
- Increase in netback caused by strong EBITDA and no tax payments NCS in the first quarter

Revenues, EBITDA, EBIT, Net Profit



- Strong EBIT and EBITDA
- No impact from offshore and services
- Record net profit

CROGI



- High cash flow returns after tax validating business strategy
- On normalized basis (USD 18 per bbl and USD/NOK 7,5), exceeding CoC

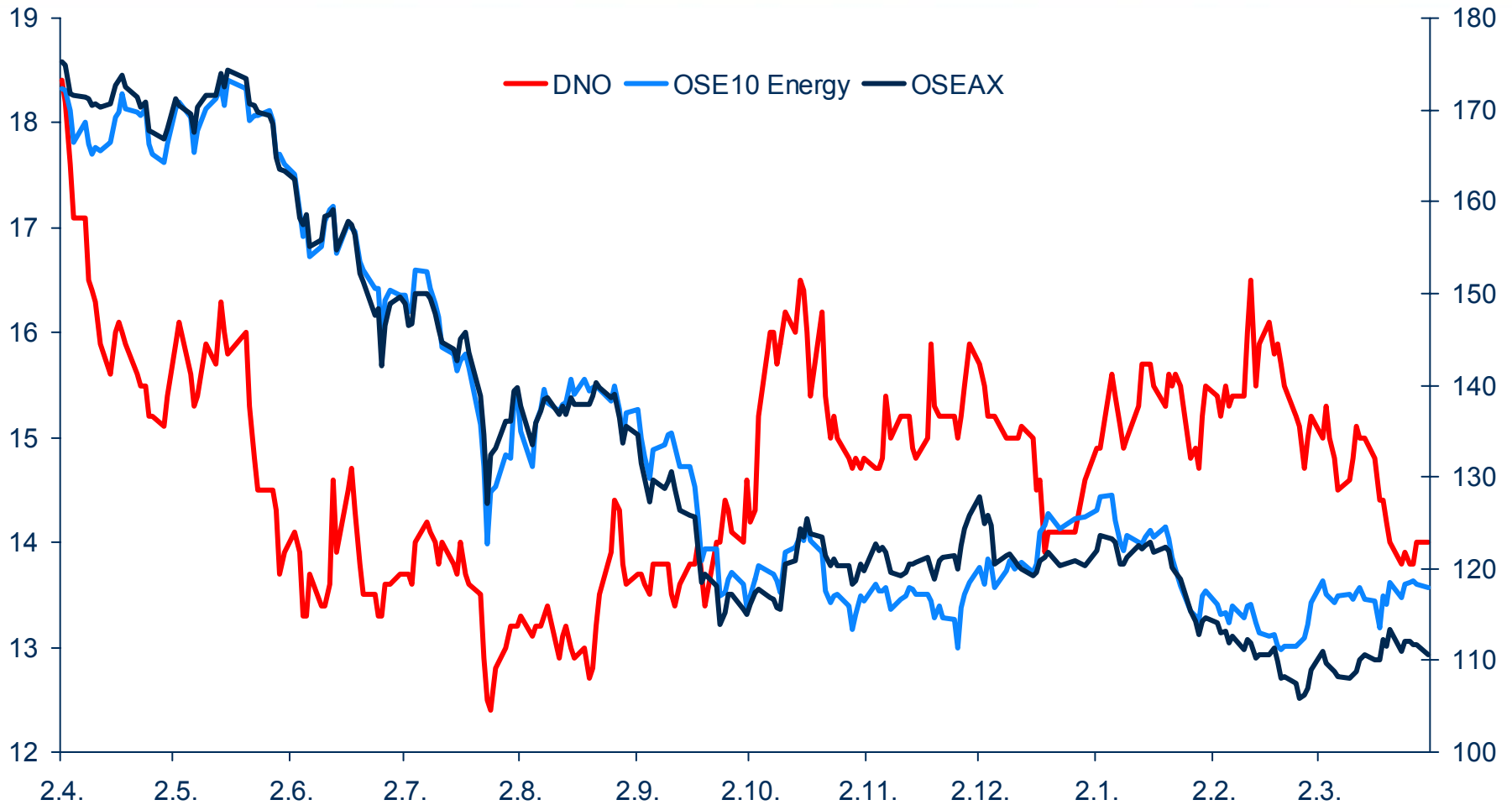
Key Figures

	Q1 2003	Q4 2002	Q3 2002	Q2 2002	Q1 2002	2002
Earnings per Share	2,04	-1,55	0,91	-1,34	0,49	-1,50
EBITDA per Share	6,55	4,85	5,62	4,95	3,78	19,20
EBITDA Margin	61,2	57,4	64,3	54,5	51,8	57,2
EBIT Margin	47,0	21,3	44,4	31,5	25,2	30,9
CROGI (actual)	41,60 %	14,60 %	28,60 %	20,30 %	23,20 %	25,5%
CROGI (normalised)	26,60 %	10,60 %	18,90 %	13,80 %	17,30 %	17,6%
ROACE (actual)	30,7 %	-18,30 %	14,60 %	-14,50 %	8,60 %	-2,3%
ROACE (adjusted)	32,0 %	9,8 %	21,2 %	28,2 %	10,8 %	15,3%
Equity Ratio	43,0	44,2	41,2	40,3	38,8	44,2
Debt/EBITDA	0,4	0,6	0,5	0,6	1,0	0,8
EBITDA/Interest Expense	29,5	17,3	19,1	19,1	12,8	17,0



Appendices

DNO Share Price last 12 months



Shareholders

	NAME	SHARES	PERCENT	NATIONALITY
1	INCREASED OIL RECOVERY	6 563 142	12,11	NOR
2	DET STAVANGERSKE DAMSKIPSSSELSKAP	2 000 000	3,69	NOR
3	THE LAW DEBENTURE TRUST	1 999 642	3,69	GBR
4	LARSEN OIL & GAS AS	1 802 148	3,32	NOR
5	UNISTAR HOLDINGS INC	1 537 000	2,83	USA
6	SKAGEN VEKST	1 499 759	2,76	NOR
7	SLETTHEI AS LEIF INGE	1 271 333	2,34	NOR
8	DNO ASA	1 105 740	2,04	NOR
9	KAS DEPOSITARY TRUST	1 045 000	1,92	NLD
10	LIVIUS INTERIØR AS C/O LARSEN OIL & GAS	1 004 500	1,85	NOR
	TOTAL	19 828 264	36,55	

