Proposed merger of RAK Petroleum´s MENA Operating Subsidiaries into DNO and application for London listing

Analyst phone conference – 4 July 2011

An Industrial and Strategic Fit

- DNO is following its growth strategy to expand and diversify its operations in the MENA region
- Creates a stronger and more robust DNO with a better basis for further growth
- Higher stability and predictability in terms of production and cash flow by adding new producing assets
- The combined organizations will form a highly experienced and very skilled MENA team

Combined MENA operations and application for London listing:

Transaction summary (1/2)

- Proposed merger of RAK Petroleum´s MENA operating subsidiaries into DNO
- Based on a net asset value of both companies undertaken by an independent third party
  - An independent firm valuation is under preparation by DeGolyer and MacNaughton
- A non-binding Heads of Agreement is signed
  - Provides the basis of negotiation of the final terms and conditions of the proposed merger
- DNO will issue consideration shares to RAK in exchange for the merger of RAK’s MENA operations

DNO

Combined MENA operations and application for London listing:

Transaction summary (2/2)

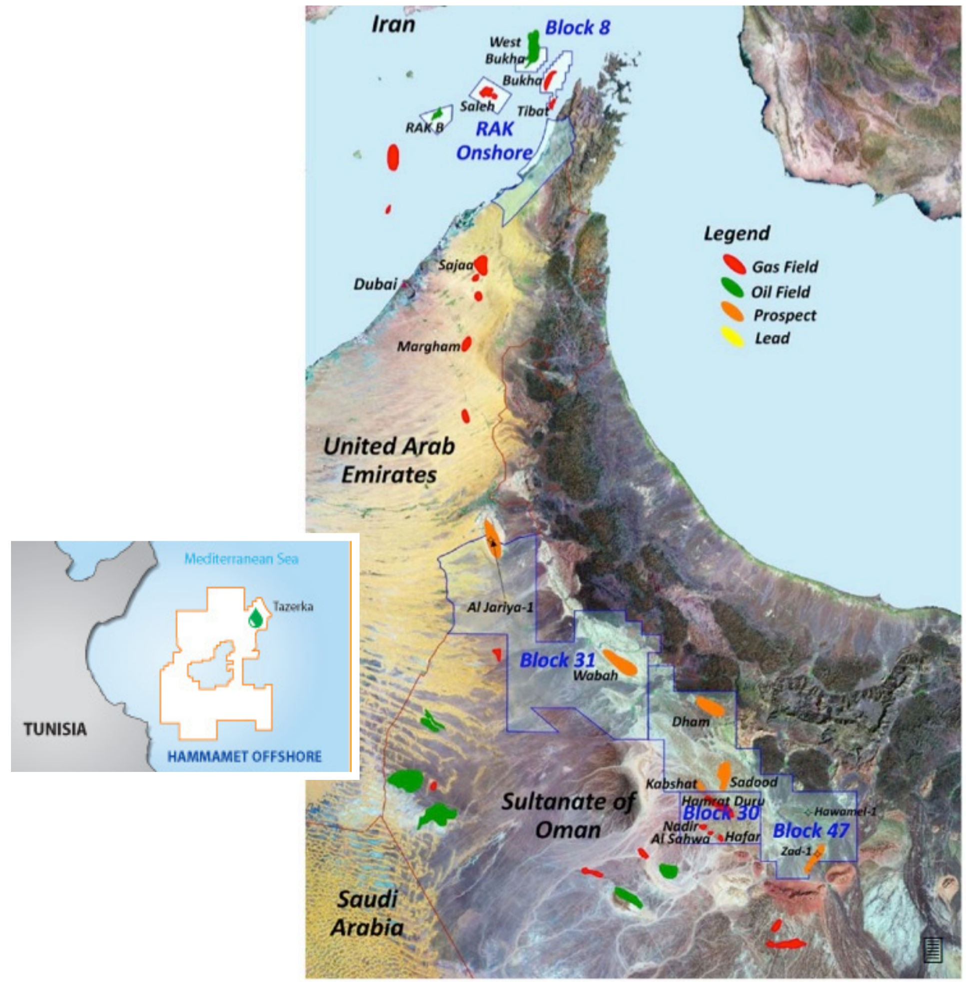
- A range for the value in assets and DNO shares is agreed
  - Value of the RAK assets is between USD 250 and 300 million
  - A DNO share price between NOK 8.25 and NOK 10
- RAK´s share holdings in DNO will increase from today´s 30 per cent to approximately 41 per cent
- The enlarged entity plans to apply for London listing
- Structured as a statutory merger of two Norwegian subsidiaries of DNO and RAK
  - In accordance with Chapter 13 of the Norwegian Public Companies Act
- This structure is exempt from the mandatory offer rules

Applying for a London Listing

- The enlarged DNO will be a more attractive entity for a London listing
- The London market is more focused on E&P companies operating in the MENA region than the OSE investors
- London listing of DNO is expected to attract a broader investor base and analysts coverage
- Listing in Oslo will be continued

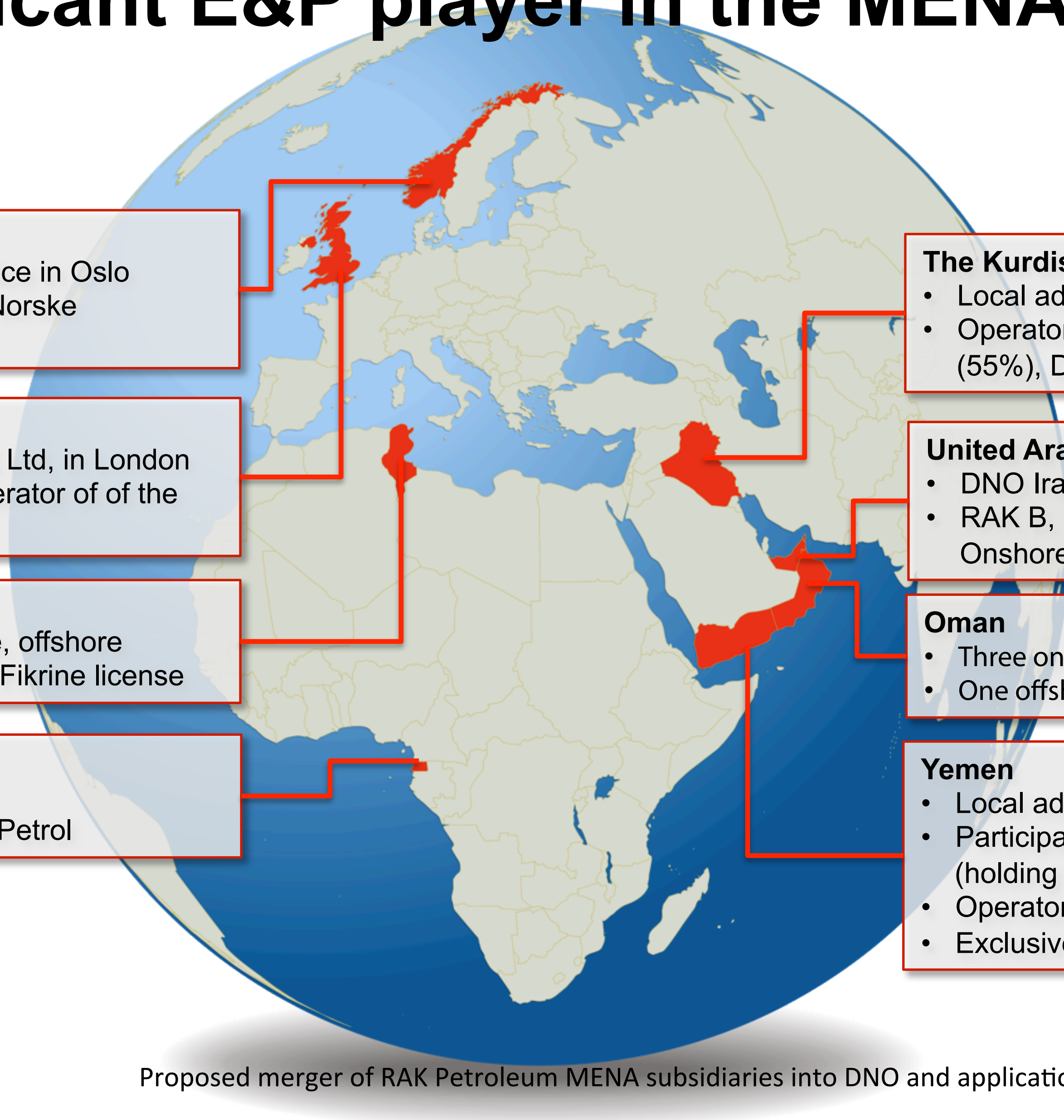
Acquiring Attractive Assets

- Geographical concentration with well defined petroleum systems in Oman, the UAE and Tunisia
- Asset mix – 8 Blocks
- Producing fields
  - Bukha & West Bukha, Block 8 Oman
- Field redevelopment
  - Saleh field, Ras Al Khaimah
- Field development
  - Block 30, Oman
  - RAK B, Ras Al Khaimah
- Exploration
  - Block 47, 30, 31 Oman
  - Rak onshore, Ras Al Khaimah
  - Hammamet license offshore Tunisia



The enlarged DNO:

A significant E&P player in the MENA region



Norway
- Corporate head office in Oslo
- 12% share of Det Norske Oljeselskap ASA

UK
- UK Office DNO UK Ltd, in London
- 50% share and operator of of the P1067 license

Tunisia
- Hammamet license, offshore
- Negotiating for the Fikrine license

Equatorial Guinea
- 5% of block P
  - Operated by GEPetrol

The Kurdistan Region of Iraq
- Local administration in Erbil
- Operator of three licenses: Tawke (55%), Dohuk (40%), Erbil (40%)

United Arab Emirates
- DNO Iraq head office in Dubai
- RAK B, RAK Saleh Offshore, RAK Onshore, Ras Al Khaimah

Oman
- Three onshore blocks
- One offshore block

Yemen
- Local administration in Sana´a
- Participating in five licenses (holding 25%-55% interest)
- Operator for three licenses
- Exclusive negotiation for block 48

DNO

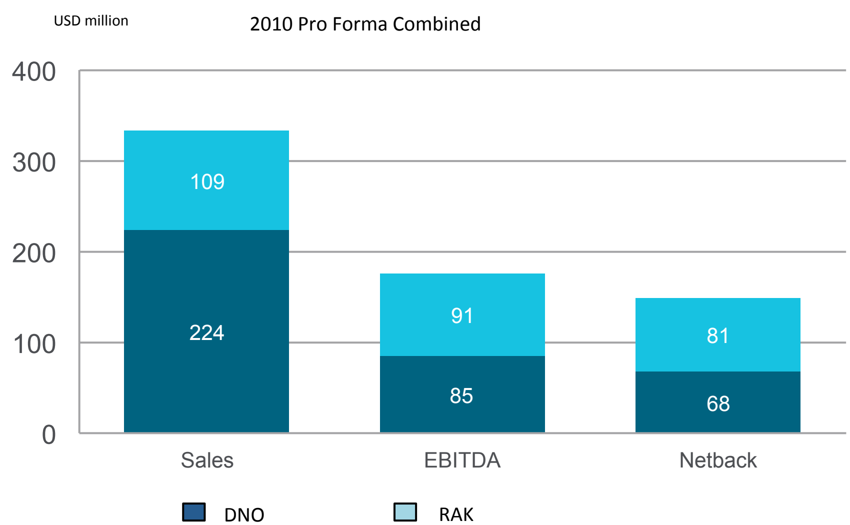
Financial Summary

DNO International ASA

USD million	2010	Q1 2011
Sales*	224	50
Gross Profit	113	25
Operating Profit**	28	13
EBITDA	85	26
Netback	68	21

RAK Petroleum

USD million	2010	Q1 2011
Sales	109	17
Gross Profit	43	8
Operating Profit	26	5
EBITDA	91	12
Netback	81	12



* Tawke exports not included in Q1 2011 figures
** USD 58 million in arbitration costs in 2010

Pro forma Combined Summary

- Building a financial platform for further growth
  - Increase and diversification of reserves, production and revenue
  - Further increase in operational cash flow
  - Further strengthening of balance sheet through increased equity

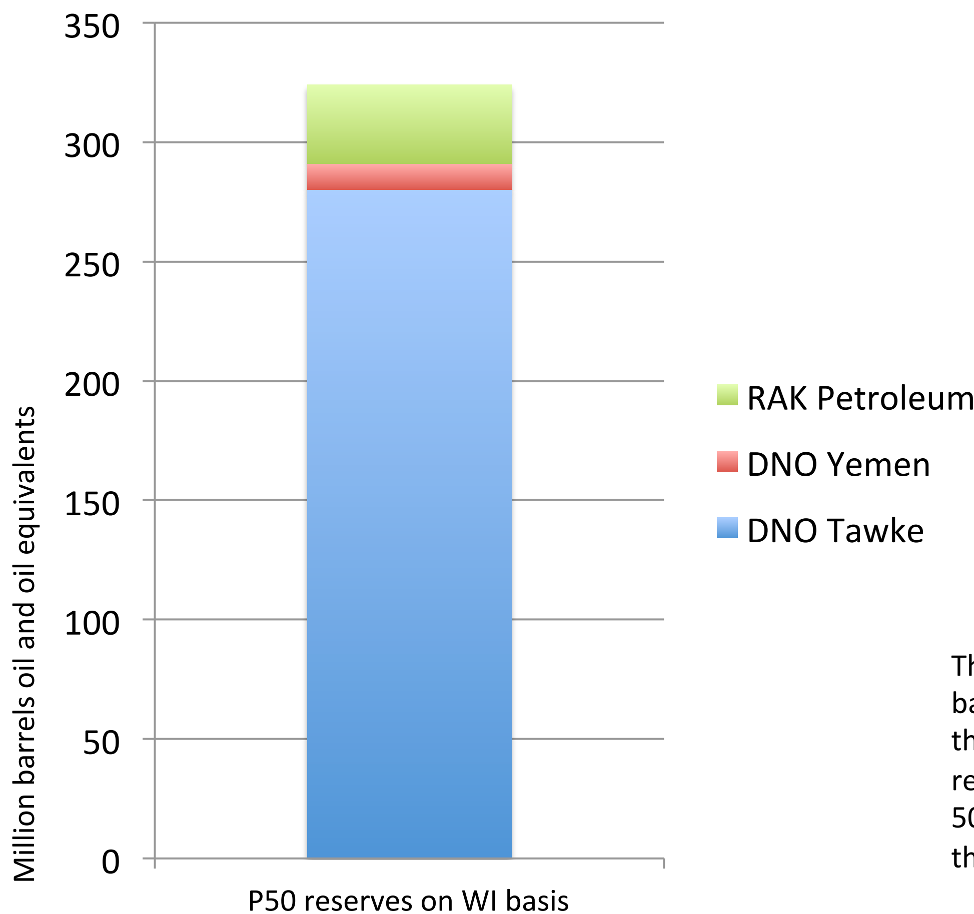
	Q1 2011			Full year 2010		
USD million	DNO	RAK	Combined	DNO	RAK	Combined
Sales[1)]	50	17	67	224	109	333
Gross profit	25	8	33	113	43	156
Operating profit	13	5	18	28	26	54
WI Production (BOEPD)	39,945	7,510	47,455	17,381	7,225	24,606
WI Reserves (BOE mill) [2)]	293	33.5	326.5	194	34.2	228.2
EBITDA	26	12	38	85	91	176
Netback	21	12	33	68	81	149
Workforce	570	59	629	565	54	619

1) Revenue from DNO export sales in Kurdistan not included
2) The RAK WI production consists of 60-65% oil and liquid and 35-40% gas.
3) Oil and oil equivalents. (The DNO Tawke P50 reserves are based on our current estimates of the gross ultimate P50 recoverable reserves for Tawke of more than 500 million barrels as reported to the market on 14 June 2011.) The remaining reserves in the RAK portfolio consists of around 40-45% oil and liquid, and the balance is gas.

Not included in table: DNO´s contingent resources (based on 2010 ASR) is 17 million barrels of oil. The contingent resources in the RAK portfolio are 32 million BOE where around 40% is oil and liquid.

The combined entity will hold:

320 million barrels in MENA P50 reserves and around 50 million BOE in contingent resources



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Transaction Governance

- An independent third party firm valuation will be undertaken
- The proposed merger is subject to approval by general meetings of the two companies
- A resolution will need support from 2/3 of the votes cast at an extraordinary general meeting in DNO International ASA
  - Extraordinary general meeting is expected to be held in September 2011
- The two RAK Petroleum connected board members, including the chairman, abstained from voting
  - The proposal is unanimously supported by the three independent board members