



DNO International ASA

**To: Ministry of Natural Resources
Kurdistan Regional Government**
**Attn: Dr. Ashti Hawrami
Minister of Natural Resource**

5 October 2009

With reference to the recent events caused by the conflict between DNO and Oslo Stock Exchange (OSE) we wish to apologize for all unwarranted negative publicity this has caused to the Kurdistan Region of Iraq as well as to its government.

DNO has been working hard to minimize negative effect of this unfortunate situation on the KRG and we would like to give the Prime Minister's Senior Advisor, Dr. Khaled Salih our highest credits for his efforts during his recent stay in Norway. We believe that, despite the negative publicity caused by the speculations in the media, Dr Khaled Salih's efforts in Norway has clarified to the Norwegian public the fact that KRG at no point did anything wrong.

We also appreciate the outcome of Dr Khaled Salih's meeting with the OSE. The OSE stressed during that meeting that the OSE did not have any issues with KRG, and that KRG had not at any time been the subject of investigations by the OSE.

In addition, the OSE made it clear during that meeting that the investigations carried out by the OSE concerning its case with DNO have been in respect of DNO and the company's duties towards the OSE and the market. As far as the OSE was concerned the case came to an end by the decision announced by the Stock Exchange Appeals Committee on 17 September.

With respect to the third party claims, DNO can hereby confirm that there are no other parties who have any rights to, or claims any rights to any interest in any of DNO's PSC's in the Kurdistan Region.

As we have discussed during our recent meetings all issues are now resolved and we therefore ask the KRG to lift the suspension, in order for DNO to resume normal operations as soon as possible.

DNO will now focus primarily on local sales and we are prepared to immediately increase the deliveries to higher volumes subject to the demand in the local market. We wish to advice you that our total capacity for local sales from the Tawke field by tanker trucking is 30,000 bopd.

We have now tested the Tawke facilities at its design capacity, and we have delivered 50,000 bopd for export. As you are aware, the export was stopped on Monday 21 September 2009.



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DNO is prepared to resume the export of oil to the international markets once a future payment mechanism is in place. The increase of export will be step wise in line with good and prudent oil field practices.

Yours Sincerely,

On behalf of the Board of Directors of DNO International ASA



Berge Gerdt Larsen
Chairman of the Board