Dragon Oil plc

Preliminary results for the year ended 31 December 2008

27 March 2009

Dr Abdul Jaleel Al Khalifa, CEO
Tarun Ohri, Director of Finance

Forward looking statement

This presentation contains statements that constitute "forward-looking statement".

Forward-looking statements appear in a number of places in this presentation and include statements regarding Dragon Oil plc's (the "Company" or "Dragon Oil") intent, belief or current expectations with respect to its results of operations and financial condition. These statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this presentation as anticipated, believed, estimated, expected or intended.

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2008 operational overview

Dr Abdul Jaleel Al Khalifa

Chief Executive Officer

Dragon Oil

Introduction

- Continued strong operational and financial performance in 2008
  - Average daily production rate up by 28%
  - 18% growth in revenue on the back of higher realised crude oil prices
  - 30% growth in operating profit, a combination of robust top-line performance and lower cost of sales (mainly due to reversal of 2007 overlift charge)
  - Cash balance of US$876m at the year-end
- Positive working relationship with the Turkmen Government
- Proposals to restructure the Company via creation of a new holding Bermuda-incorporated company and to apply for primary listing on LSE with secondary listing maintained on ISE

Production

- Gross field production from the Cheleken Contract Area increased to 15m barrels of oil from 11.7m (+28%)
- Average daily rate of production reached 40,992 bopd compared to 31,997 bopd in 2007
- Exit production of 45,600 bopd achieved at the end of 2008 (2007: 40,048 bopd)
- Entitlement barrels at 60% of gross production (2007: 68%)
- Average realised price of US$90.8 (2007: US$70.9)

Drilling

- Nine development wells completed during 2008 compared to seven in 2007
  - drilled depths varied between 3,000 and 4,200 metres
  - initial tested rates varied between 916 to 4,682 bopd
- CIS Rig 1 contract not renewed with a view to secure a higher specification rig to enable drilling of slanted wells and achieve higher production
- Iran Khazar rig mobilised to begin drilling the first of four wells to be completed in 2009 using this rig
- Dragon Oil's refurbished Rig 40 spud the first of three wells to be completed in 2009 using this rig
- New land rig to be sourced to complete one well in 2009

Infrastructure

- Phase 2 upgrade of export facility completed

- Phase 2 expansion of Central Processing Facility to handle 100,000 barrels of total liquid per day and up to 220 mmscfd of gas per day under construction

- Dragon Oil awarded contracts and has projects underway:
  - refurbish and upgrade the Dzheitune (Lam) 13 and 28 platforms;
  - construct the new Dzheitune (Lam) B platform;
  - build additional tanks at the Central Processing Facility; and
  - construct a 30 inch, 40-km trunkline to bring all the oil and gas onshore; construction is underway

Gas monetisation

- Two oil and gas infrastructure projects awarded in 2008 (trunkline and Central Processing Facility)

- 2009
  - Plans to award Front End Engineering Design for onshore Gas Treatment Plant, subject to approval
  - Following this, the engineering, procurement and construction contract would be tendered
  - Gas Treatment Plant to enable production of high quality treated sales gas and removal of gas liquids

- Support from the Government of Turkmenistan

Marketing activities

- Export routes in 2008
  - 80% through a swap agreement to Neka (Northern Iran) for equal volume of Iranian crude oil from Kharg (Southern Iran) for marketing to international third parties
  - 20% via Baku, Azerbaijan to maintain marketing flexibility

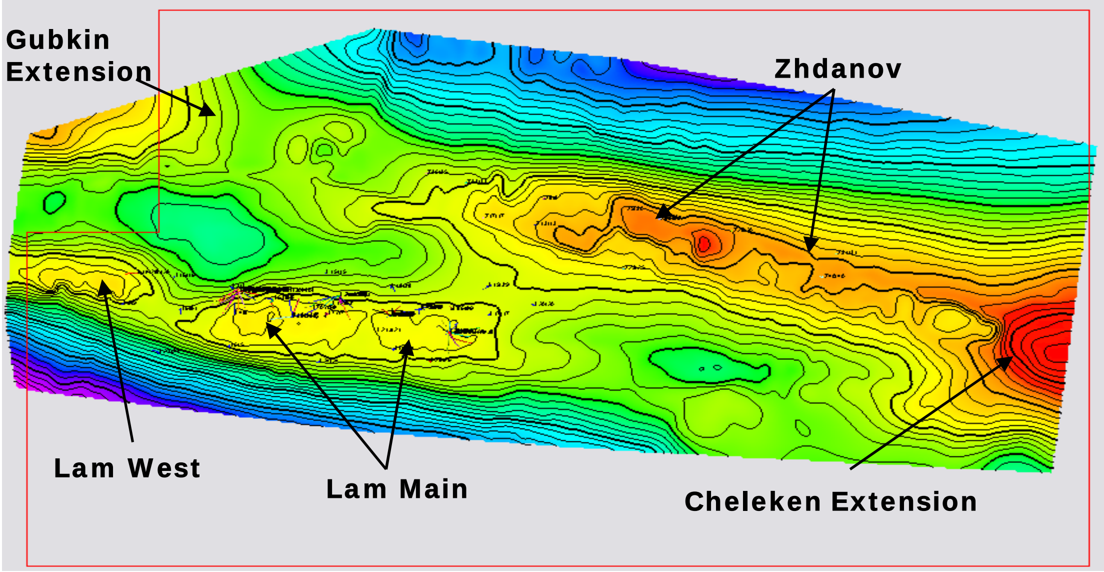
- Additional potential routes being considered
  - Through port of Makhachkala in Russia
  - BP-operated Baku-Tbilisi-Ceyhan (BTC) pipeline

Reserves and Resources

As at 31 December 2008	
Proved and Probable Remaining Recoverable Reserves	**Oil and Condensate, million barrels**
Gross field reserves to 1 May 2035	636
2C Resources	**TCF**
Gross Gas Contingent Resources	3.2

Notes: 1. Based on the latest reserves certification by an independent energy consultant.

2. The Company's entitlement is 296 million barrels.



Corporate restructuring

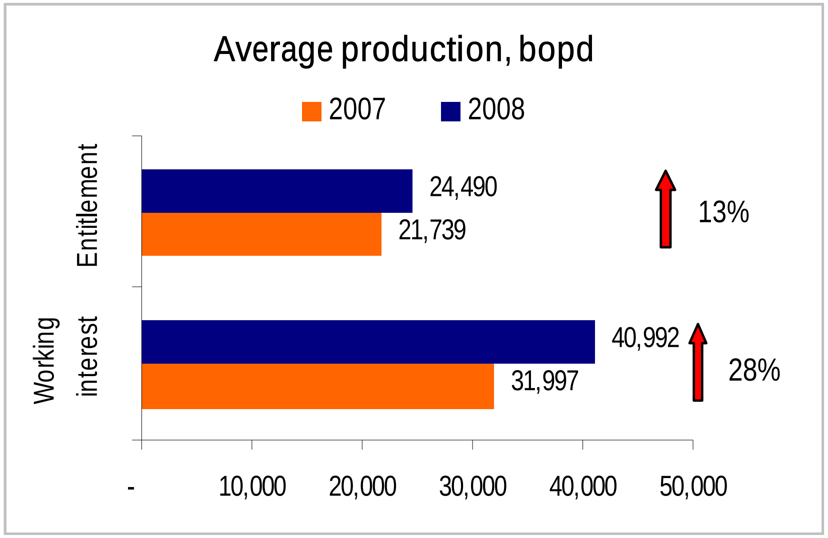
- Proposed corporate restructuring to create a new holding company in Bermuda
  - Historic reasons for Irish origins
  - 96% of shareholder base outside Ireland
  - Location of assets and business activity
  - Headquarters in Dubai since 1999
  - Need to align business location with legal and commercial status
- Application for admission of ordinary shares for primary listing on the London Stock Exchange
  - Application for secondary listing on the Irish Stock Exchange

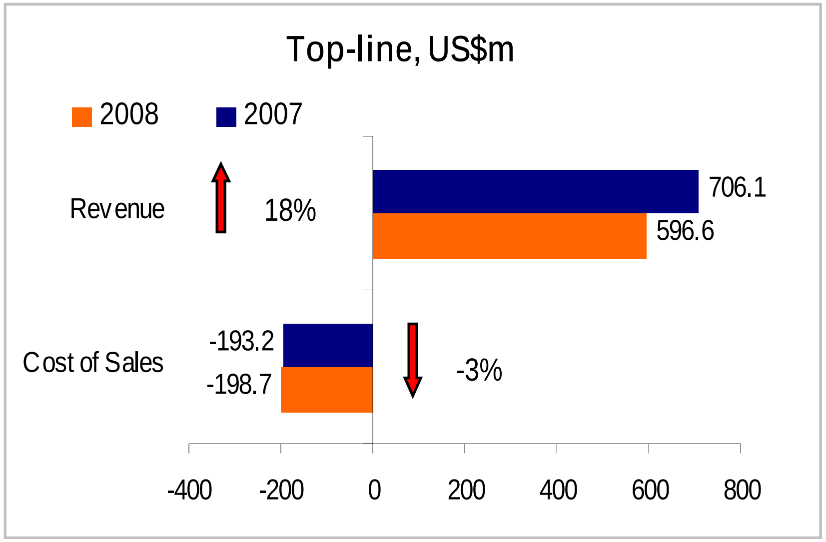
2008 financial overview

Tarun Ohri

Director of Finance

Financial overview





- According to PSA fiscal terms entitlement barrels decreased from 68% to 60% of gross production in 2008. The rate was determined by operating and development expenditure, realised crude oil prices and other factors

- Strong top-line performance is a result of higher realised crude oil prices that offset a 14% decline in sales volume
- 30% increase in operating profit came from higher revenues and lower cost of sales

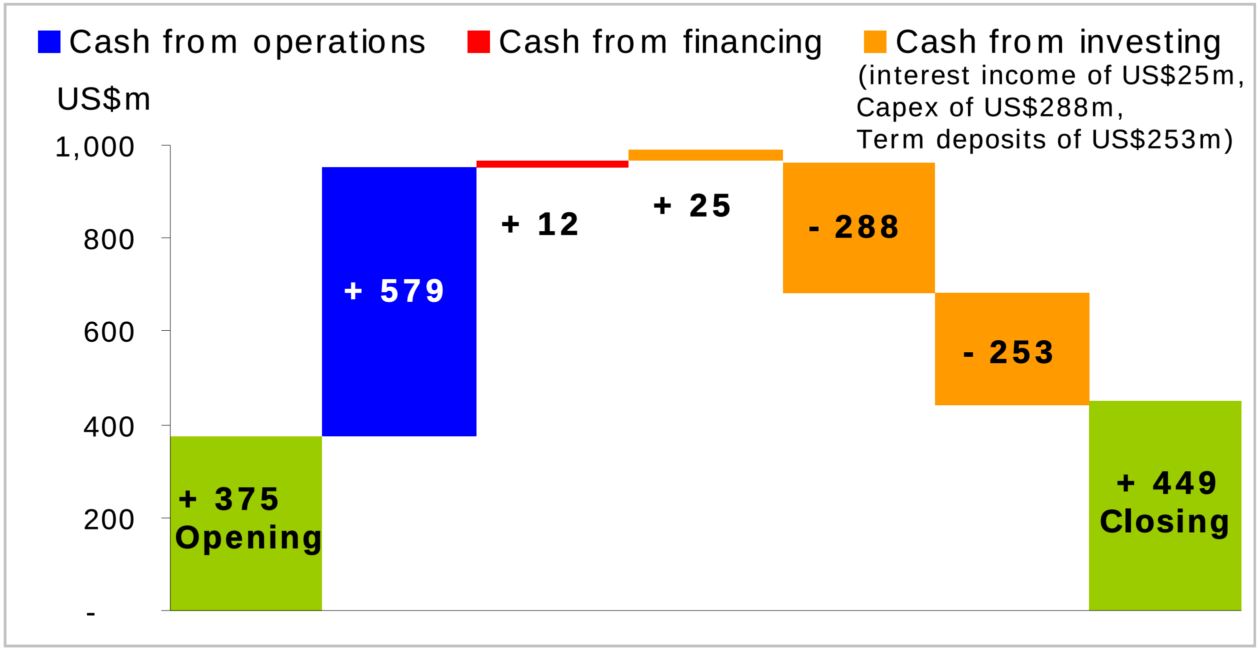
Income statement

US$m	2008	2007	Change	Comment
Revenue	**706.1**	**596.6**	**18%**	
Barrels of oil sold, m	7.5	8.7	-14%	Attributable to change in lifting position & higher inventory at 2008 year-end
Average realised price per barrel, $	90.8	70.9	28%	
Cost of sales	**(193.2)**	**(198.7)**	**-3%**	Due to reversal of 2007 overlift charge of US$24m & higher crude oil inventory at 2008 year-end
Operating & production	(43.2)	(96.7)	-55%	
Depletion & depreciation	(150.0)	(102.0)	47%	
Average depletion charge per barrel, $	(16.7)	(12.8)	30%	Upward revision of long-term oil price assumption & increased field development costs
Administrative expenses, other income / (loss)	**(38.9)**	**(32.9)**	**18%**	Higher charge of US$5m on derivative financial instruments & US$0.4m write-off for exploration and evaluation in Yemen
Operating profit	**474.0**	**365.1**	**30%**	
Finance income/(costs)	25.0	19.2	30%	Result of higher cash balances
Income tax expense	130.0	80.3	62%	Higher applicable rate under Hydrocarbon Resources Law of 2008
Net profit	**369.0**	**303.9**	**21%**	

Cashflow statement

2008:

More cash generated from operations on the back of higher realised crude oil prices



Cash and term deposits total US$876m at period end and include:

- Cash and term deposits of less than 3 months of US$449m
- Term deposits of more than 3 months of US$427m comprising the opening balance of c.US$173m and the movement of c.US$253m

Balance sheet

US$m	2008	2007	Comment
Non-current assets			
PPE & intangible assets	777.5	640.0	Increase due to US$288m of capex offset by depletion & depreciation charge
Current assets			
Inventories & trade receivables	115.6	129.5	
Cash & term deposits	875.7	548.6	Higher due to increase in cash generated from operations
Total assets	**1,768.8**	**1,318.1**	
Total equity	**1,442.3**	**1,060.4**	
Liabilities			
Non-current liabilities	83.7	56.3	Maintained zero-debt position
Current liabilities	242.8	201.4	Higher due to US$63m increase in provision for abandonment & decommissioning on increased production, increase in tax payable of US$16, US$11m decrease in fair value provision on derivative financial instruments, US$24m movement in overlift creditors
Total equity & liabilities	**1,768.8**	**1,318.1**	

Capital expenditure in 2008

US$287m

60% on drilling projects

- Fours wells completed using CIS Rig 1
- Five wells using Iran Khazar
- Planned workovers

40% on infrastructure development

- Refurbishment of Dzheitune (Lam) 13 and 28 platforms
- Building of new Dzheitune (Lam) B platform
- Construction of additional tanks at the Central Processing Facility
- Construction of 30 inch, 40-km trunkline

Outlook

Dr Abdul Jaleel Al Khalifa

Chief Executive Officer

Outlook for 2009-11

Drilling

- 2009-11: up to 35 development wells to be completed including eight wells to be completed in 2009

Average daily production rate

- Up to 15% annual production growth on average

Capital expenditure

- Infrastructure capex of US$700-800m including US$300m allocated for 2009 projects
- Capital expenditure for drilling is mainly determined by the number of wells drilled. The progress is dependent on availability of rigs in the Caspian Sea region
- Gas development capex of US$200-250m

Positive outlook for 2009

- Complete eight wells by the year-end
  - three using Rig 40
  - four by Iran Khazar rig
  - one by a new platform-based rig
- Infrastructure capital expenditure for 2009 – estimated at up to US$300 million – to be funded internally
- Accelerate commercialisation of the gas resources
- Pursue the diversification of asset base with focus maintained on quality

Dragon Oil plc

Thank you for your attention