Dragon Oil

2012 Full-Year Results

12 February 2013

Forward Looking Statements

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The updated field development plans as well as infrastructure and drilling projects are subject to approval by the Turkmenistan Government.

2012 Operational and Corporate Results

Dr Abdul Jaleel Al Khalifa,
CEO

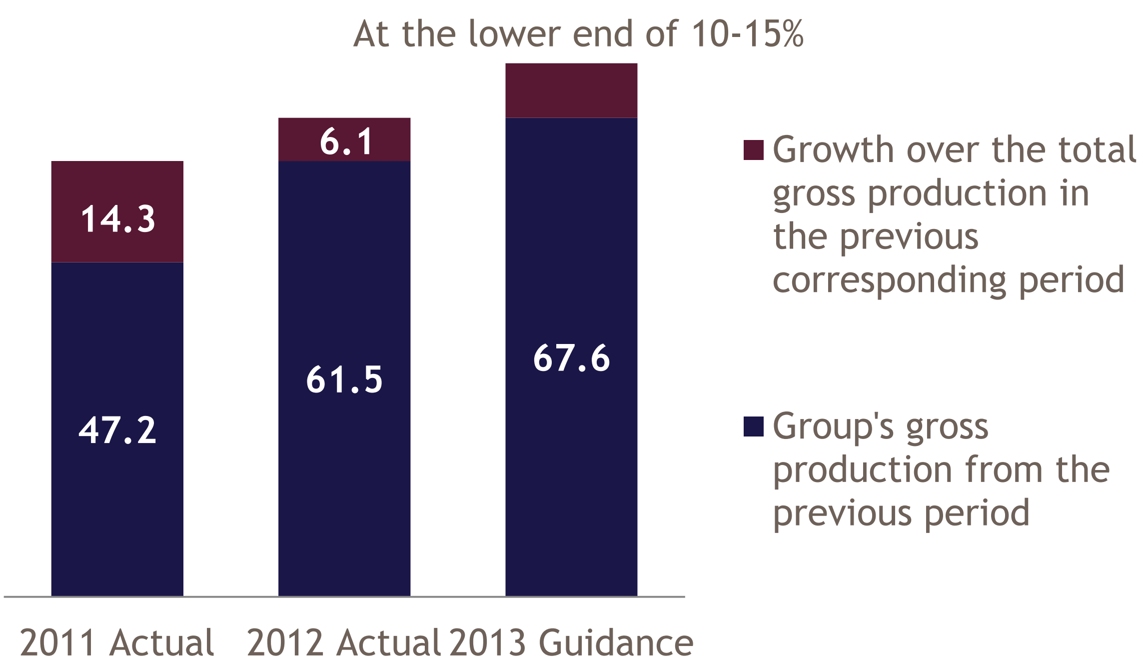
2012 Key Highlights

- Solid operational and financial results
- Reserves and resources organic growth for a third consecutive year
- Diversification continues:
    - Final service contract for exploration Block 9 in Iraq signed
    - Winning bidder for two exploration blocks in Afghanistan
- Marketing arrangements via Baku, Azerbaijan secured until the end of 2014 for all export volumes
- Value returned to shareholders through:
    - Increase in regular dividends per share
    - US$200mn share buyback programme

2012 Gross Production Growth

Dragon Oil

- Solid 10% growth despite sand control issues, now resolved



Average gross production

67,600 bopd

December 2012 average gross production

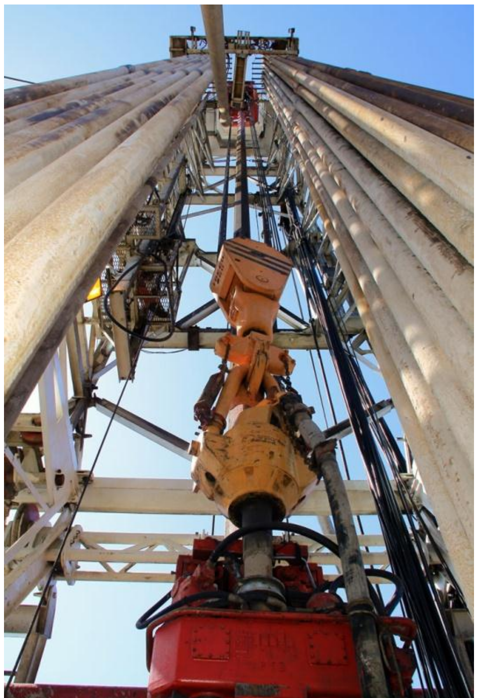
73,500 bopd

Offshore platform.

2012 Drilling Results

Dragon Oil

2012 drilling programme comprised 15 wells from 13-15 wells originally planned



Offshore drilling rig.

Well	Completion date	Depth (metres)	Type of completion	Initial test rate (bopd)
13/140A	January	2,237	Single sidetrack	2,123
A/165	January	3,060	Dual	2,272
28/166	February	2,810	Single	1,975
C/167	March	2,765	Dual	3,396
13/168	April	2,791	Single	1,008
28/169	May	2,010	Single	2,097
C/170A	June	2,730	Dual	2,072
13/171	June	2,893	Dual	No flow
28/172	June	2,007	Single	1,976
C/173	July	3,015	Dual	2,918
28/174	July	1,976	Single	1,705
13/144C	July	2,637	Single sidetrack	956
C/175	September	2,721	Single	1,420
C/176	November	1,786	Single	1,462
A/177	December	3,085	Single	1,796

Reserves and Resources

	As at 31 December 2012		As at 31 December 2011	
Proved and Probable Remaining Recoverable Reserves	**Oil and Condensate million barrels**	**Gas TCF**	Oil and Condensate million barrels	Gas TCF
Gross field reserves to 1st May 2035	**677**	**1.5**	658	1.5
2C Resources				
Gross oil and condensate contingent resources	**59**	**-**	88	-
Gross gas contingent resources	**-**	**1.4**	-	1.4

180% RESERVES REPLACEMENT AGAINST 2012 GROSS PRODUCTION

Infrastructure Highlights

Offshore platform.

Offshore platform.

Crude oil storage tanks.

- Dzhygalybeg (Zhdanov) A and B platforms: drilling to commence in 2H 2013
- Tendering to select contractors to construct four platforms in the Dzheitune (Lam) field is ongoing
- Expect to select a contractor in 2013 to build facilities to increase our crude oil storage capacity
- Plugging and abandonment activities on old non-producing wells ongoing with two wells plugged and abandoned

Rig Deployment

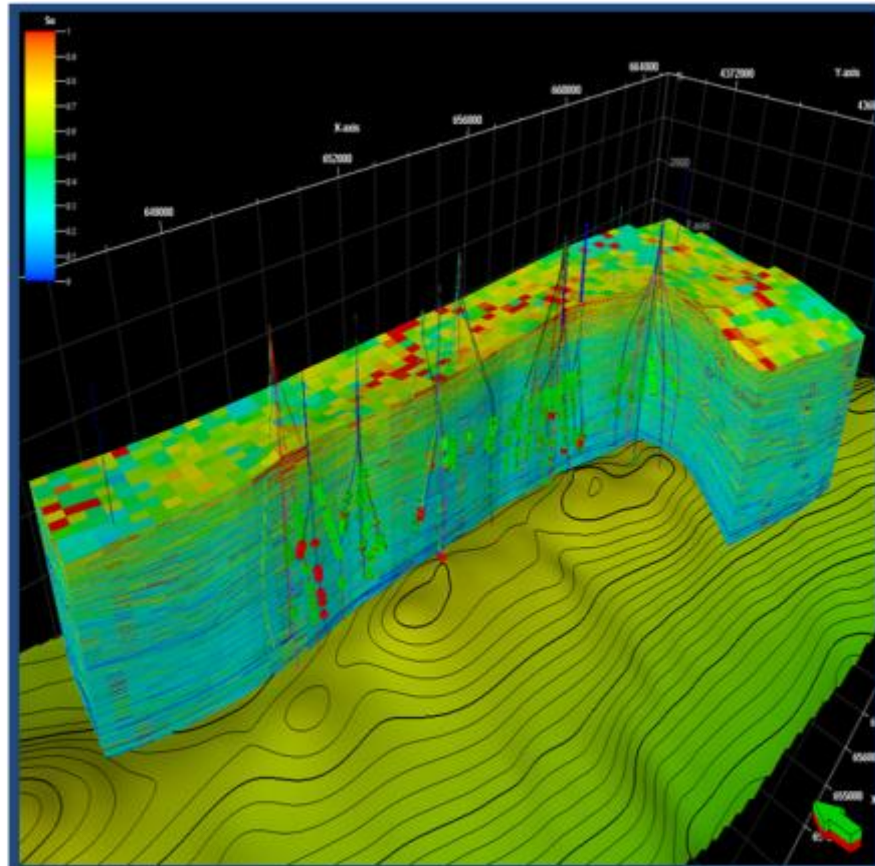
	STATUS	ANNUAL DRILLING CAPACITY
Rig 40	Owned	Wells, sidetracks
Jack-up rig	Contracted until May 2015	4-5 wells
Land rig №1	Contracted for another 3 wells	4-5 wells
Land rig №2, 3	Contracted and to start drilling in 2H 2013	4 wells
Caspian Driller	Due in mid-2013	6 wells


Platform-based drilling rig.


Platform-based drilling rig.

Secondary Oil Recovery

- Pilot water injection project commencing shortly
- One well in the Dzheitune (Lam) 75 area converted into an injector-type well
- Similar activities in the Dzheitune (Lam) 13 area
- Potential to increase reserves, increase production rate and extend plateau
- If successful, wider scale implementation by 2015



Gas Monetisation

Short-term arrangement to reduce flaring of gas

Long-term gas sales agreement, targeted towards export markets, and strip condensate for sale

2013

2014-16

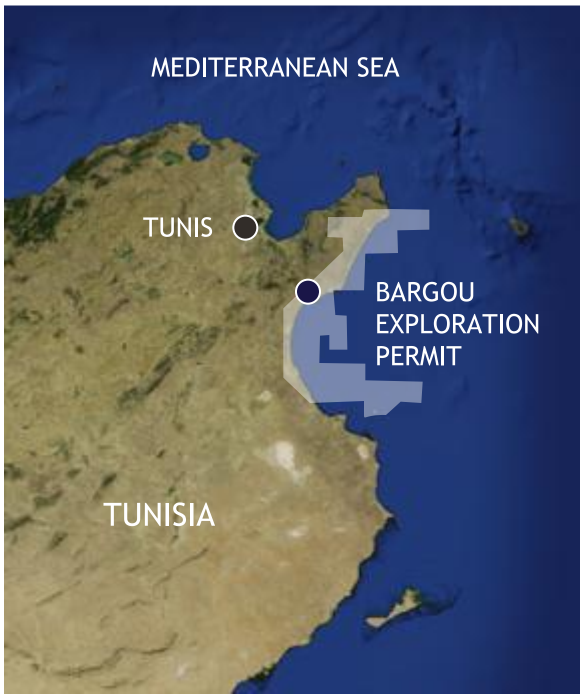
Tendering to select a contractor for EPIC of Gas Treatment Plant

Gas Treatment Plant completion

Diversification

Tunisia Bargou Permit

4,616km^2
shallow offshore



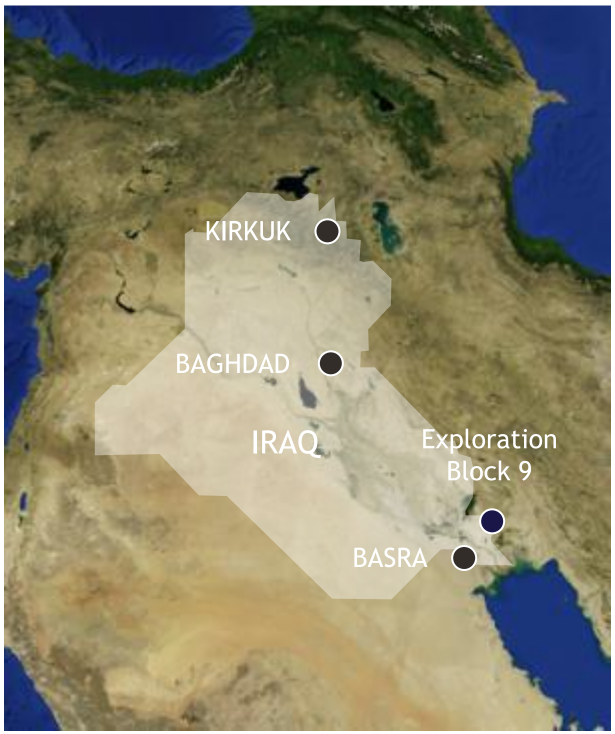
- Joint Venture of Dragon Oil (55%), Cooper Energy (30% and operator) and Jacka Resources (15%)
- Approval from the Tunisian Hydrocarbons Consultative Committee for the farm-in agreement received
- Rig and well management services secured to drill the Hammamet West-3 well
- Drilling scheduled to commence in March 2013
- Cost capped at $26.6mn with Dragon Oil contributing $20mn
- A pilot hole followed by a horizontal section to intersect the fractures within the Abiod formation

Diversification (cont.)

Iraq

Block 9

Basra province
866km^2 onshore



- Consortium of Kuwait Energy (70% and operator) and Dragon Oil (30%)
- Final service contract signed
- 5-year exploration period to establish commerciality plus extension options
- Automatic 20-year development and production phases plus extension in case of commercial discovery
- US$6.24/boe remuneration fee
- Work includes: de-mining, seismic acquisition and interpretation, drilling a well

Other opportunities

- Winning bidder for two blocks in **Afghanistan**

2012 Other Material Events

Export of crude oil

- Marketing arrangements via Baku, Azerbaijan secured until the end of 2014 for all export volumes
- Alternative routes may become available in two-three years' time

Appointments

- Thor Haugnaess appointed Independent Non-executive Director bringing oilfield services-related experience to the Board
- Ali Al Hauwaj appointed Exploration Manager to head our exploration team and develop the Group's exploration expertise

Returning value to share holders: regular dividends and share buyback

- Increased interim dividend of 15 US cents – 67% increase over 2011 interim dividend
- Increased final dividend of 15 US cents – 36% increase over 2012 final dividend
- US$200mn returned to shareholders through a share buyback programme in June-October 2012: 22.6 mn shares purchased at weighted average price of £5.68 and cancelled

Investment in People

Our Talent

- Over 1,400 professional originating from 40 countries
- 83% come from Turkmenistan
- 235 new joiners in 2012
- Attractive career opportunities

Dragon Oil employee.

Training and Development

- In-house and external training programmes with particular focus on national employees
- Partnerships with educational institutes in the region
- Assistance with higher education tuition fees

Training.

Investment in Communities - Polyclinic

- Major c.US$5mn project completed: polyclinic building and related infrastructure
- Inauguration planned for March 2013

2011: concept stage.

2012: construction.

2013: completion.

2012 Financial Results

Tarun Ohri,
Director
of Finance

2012 Financial Highlights

Revenue

US$1+bn

- Production growth
- Stable realised oil prices

Net profit

US$600mn

Final dividend of 15 US cents per share for 2012

- 2012 full-year dividend amounts to 30 US cents per share

Cash Balance

US$1.7bn

Net of A&D

- Self-financing of capital expenditure
- Dividends
- Share buyback
- Diversification opportunities

2012 Results Summary

- Strong free cash flow generation enables us to continue with the development of the Cheleken Contract Area, execute value-enhancing acquisitions and increase dividends
- In June-October 2012, we also undertook a share buyback programme
- Maintain an unleveraged position

US$m	2012	2011	Change
Revenue	**1,155.1**	1,150.5	0.4%
Operating profit	**790.9**	856.2	(8%)
Net profit	**600.0**	648.4	(7%)
Basic earnings per share (US cents)	**119.5**	126.0	(5%)
Dividend per share (US cents)	**30.0**	20.0	50%
Capital employed	**2,859.3**	2,588.5	10%
Net cash from operating activities	**1,025.6**	1,015.8	1%
Net cash used in investing activities	**(501.9)**	(914.4)	(45%)
Cash balance (excl. A&D)	**1,736.5**	1,526.8	14%
Debt	**nil**	nil	

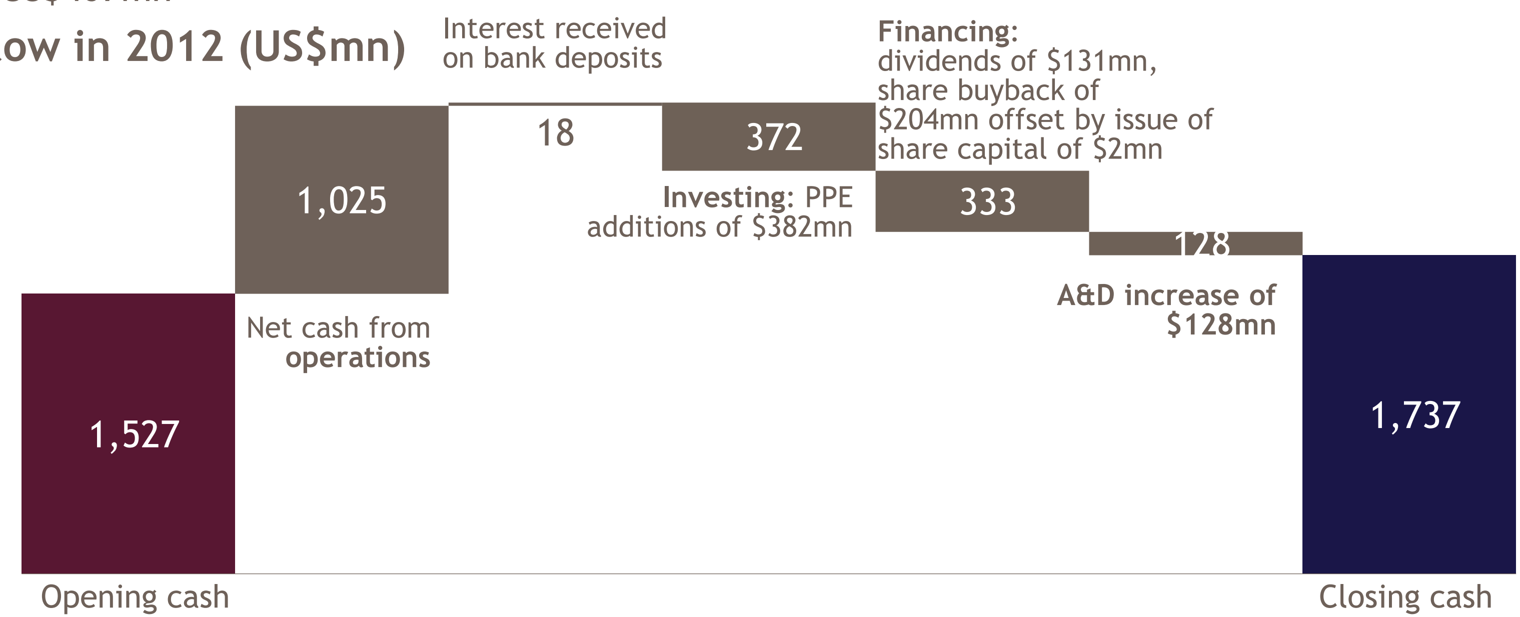
2012 Income Statement

US$m	2012	2011	Change	Comments
Revenue	**1,155.1**	1,150.5	0.4%	Marginal increase attributable to a 2% increase in the volume of crude oil sold over the previous year offset by a 1% decrease in the average realised crude oil price.
Cost of sales	**(329.2)**	(266.5)	(24%)	Increase due to movement in the lifting position, higher field operating costs and increased depletion charge
Administrative expenses (net of other income)	**(35.0)**	(27.8)	(27%)	Higher primarily due to an increase in head office costs during 2012 on account of higher corporate activity
Operating profit	**790.9**	856.2	(8%)	
Finance income	**18.2**	15.5	18%	Increased due to higher cash balance maintained during the year and despite marginally lower interest yields
Income tax expense	**(209.1)**	(223.3)	6%	Lower on the account of lower taxable profit Applicable tax rate remains 25%
Net profit	**600.0**	648.4	(7%)	

2012 Cash Flow

- Cash and term deposits total US$2,144mn as at 2012 year-end and include:
  - Term deposits of less than three months US$278mn
  - Term deposits of more than three months of US$1,866mn
  - Abandonment and decommissioning fund of US$407mn
- Net cash from operations up 1%
- Capital expenditure in 2012 was US$382mn and US$372mn cash outflow after movement in payables including additions to intangible assets
- Cash maintained with international and UAE banks

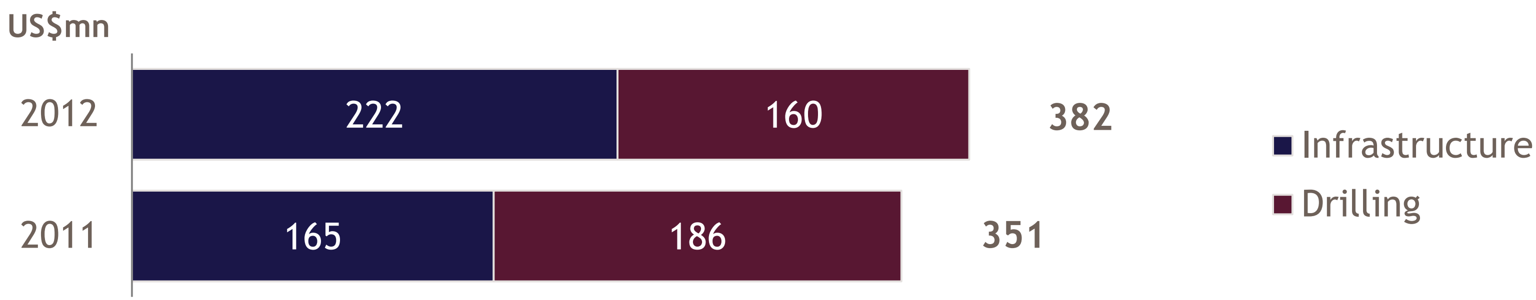
Cash flow in 2012 (US$mn)



2012 Balance Sheet

US$mn	2012	2011	Comments
Non-current assets			
Property, Plant & Equipment and intangible assets	**1,529.6**	1,353.9	Increase due to capital expenditure of US$382mn offset by the depletion and depreciation charge
Current assets			
Inventories, trade & other receivables	**169.3**	191.6	
Cash & term deposits	**2,144.2**	1,805.8	Includes US$407mn held for abandonment and decommissioning activities
Total assets	**3,843.1**	3,351.3	
Total equity	**2,859.3**	2,588.6	
Liabilities			
Non-current liabilities	**143.1**	116.4	
Current liabilities	**840.7**	646.3	Increase due to higher abandonment and decommissioning liability, overlift creditors, provision for current tax liability and trade and other payables
Total equity & liabilities	**3,843.1**	3,351.3	

2012 Capital Expenditure



Total capital expenditure for 2012:

- Drilling (42%)
  - 15 wells completed
- Infrastructure (58%)
  - Dzhygalybeg (Zhdanov) A and B platform
  - Dzhygalybeg (Zhdanov) Block 4
  - Infrastructure upgrades and in-field pipelines

Offshore platform.

Outlook

Dr Abdul Jaleel Al Khalifa,
CEO

2013 Outlook

Production

- 13 to 15 wells and two workovers
- Production growth at the lower end of the medium term guidance of 10-15% on average per year
- Water injection pilot project at the Dzheitune (Lam) 75 area

Rigs

- Jack-up rig to complete four wells
- Leased land rig 1 to complete up to six wells; leased land rig 2 and 3 to compete two to three wells
- The Caspian Driller expected in mid-2013 to complete two-three wells
- Capex of US$300mn for the year

Platforms

- The Dzhygalybeg (Zhdanov) A and B platforms to be installed in 1H 2013, drilling to commence in 2H 2013
- Contract award to build the Dzheitune (Lam) D and E
- Capex of around US$300mn for the year

Gas and Diversification

- Tendering process to select a contractor to built a Gas Treatment Plant
- Drilling in the offshore Bargou Exploration Permit in Tunisia
- Development plan for exploration work in Iraq
- Agreement on contract terms in Afghanistan

Medium-term Outlook

Production

- Around 20 wells per year in 2014 and 2015
- Production growth of around 15% per year in 2014 and 2015
- 100,000 bopd production target in 2015
- Water injection pilot project at the Dzheitune (Lam) 75 and 13 area

Rigs and Platforms

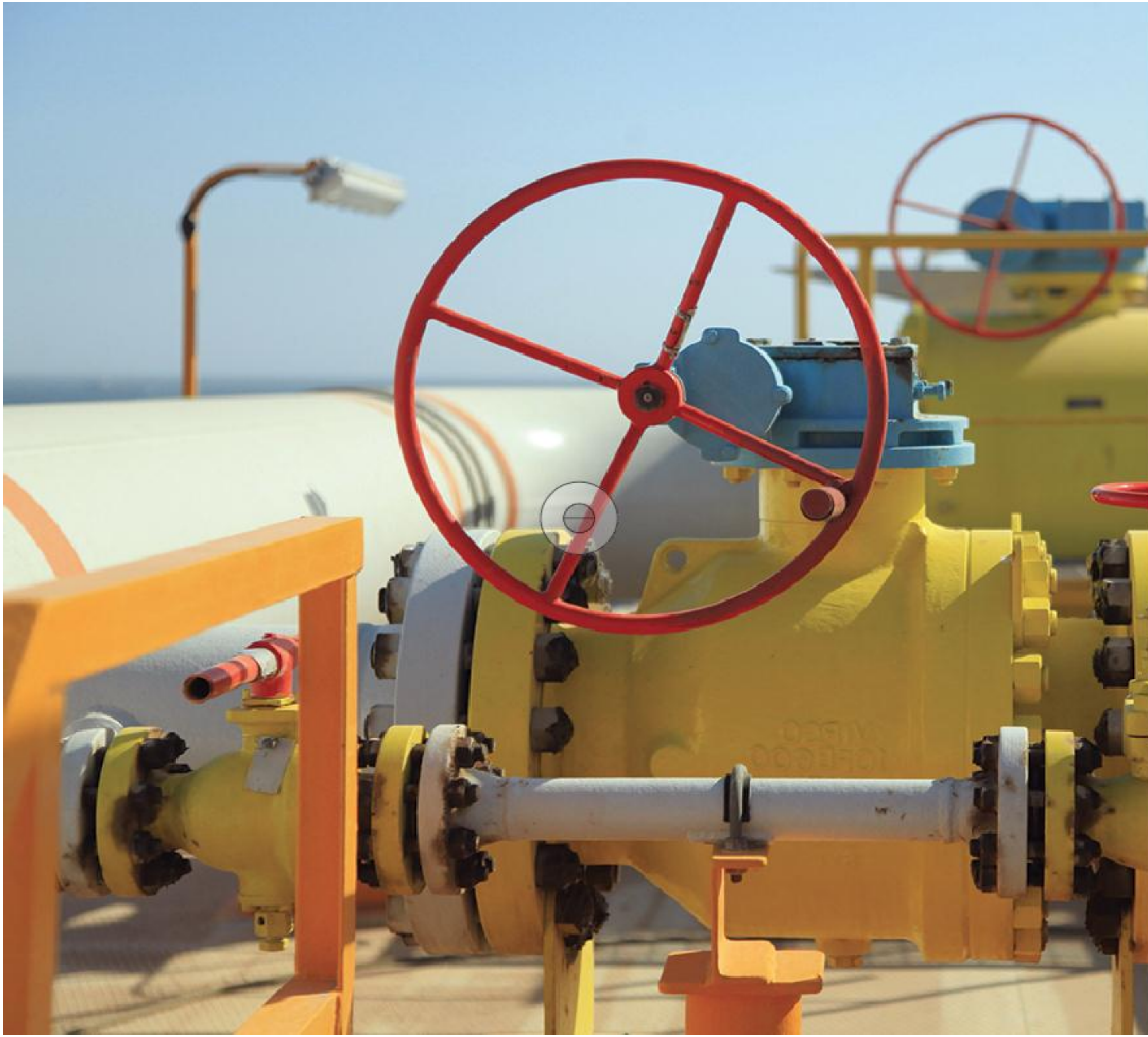
- Continue sourcing processes for additional rigs
- Up to four platforms in the Dzheitune (Lam) area

Capital Expenditure

- US$1.5bn for infrastructure and drilling in 2013-15 in the Cheleken Contract Area

Gas and Diversification

- Construction of the Gas Treatment Plant
- Diversification opportunities
- Analysis of drilling results from the offshore well in the Bargou Permit in Tunisia
- Possible drilling in Iraq



Investor and analyst enquiries

Dragon Oil plc

Anna Gavrilova
+ 44 20 7647 7804
agavrilova@dragonoil.com
ir@dragonoil.com

Media enquiries
Citigate Dewe Rogerson
Martin Jackson
+44 20 7638 9571

Joint Corporate Brokers
Davy
John Frain
+353 1 679 6363

Joint Corporate Brokers
Nomura International plc
Andrew Forrester
+44 20 7521 2000