

## **PROPOSED RESOLUTIONS FOR THE 2005 ANNUAL GENERAL MEETING:**

### **6. Election of members of the Board of Directors.**

A motion is made to re-elect the members of the Board of Directors.

#### **Proposed resolution:**

“The General Meeting elects the following Board of Directors for a term of two years:

Berge Gerdt Larsen, Executive Chairman

Anders Farestveit, Vice-Chairman

Helge Eide, Board Member

Trygve Bruvik, Board Member

Bjørge Gretland, Board Member”

### **7. Authorisation of the Board of Directors to increase the company’s share capital.**

Following the Annual General Meeting on 22 June 2004, the Board of Directors is authorised to increase the company’s share capital by up to NOK 20,000,000 by issuing up to 5,000,000 new shares with a face value of NOK 4 each. The Board has not used the current authorisation.

To have financial flexibility, the Board would like the General Meeting’s continued authorisation to increase the company’s share capital by up to NOK 20,000,000 either to make possible private placements with owners of other companies or acquire assets in the company’s core areas to be settled in full or in part with shares.

The authorisation to the Board that is covered by the proposed resolution in this item 7 will replace the current authorisations for the Board adopted at the Annual General Meeting on 22 June 2004.

The authorisation also includes option awards to the company’s senior executives and Board of Directors. The authorisation should also be valid in connection with any listing of the company’s shares on international stock exchanges.

#### **Proposed resolution:**

“Pursuant to section 10-14 of the Public Limited Companies Act, the Board of Directors is granted new authorisation to increase the company’s share capital by up to NOK 20,000,000 by issuing up to 5,000,000 shares with a face value of NOK 4, at a price and other subscription terms to be stipulated by the Board.

Up to 512,500 shares may be granted in accordance with options allocated. The conditions for the 512,500 options are stated in Enclosure 1.

The Board is authorised to amend Article 4 of the Articles of Association accordingly.

The Board may deviate from the shareholders' pre-emption right to subscribe for the new shares.

The authorisation may be used by the Board in a situation in which an offer is made pursuant to the rules in sections 4-1, 4-2 (3) or 4-6 of the Securities Trading Act, cf. section 4-17 (2) of the Securities Trading Act.

The authorisation is valid for two years from the date of the General Meeting. The authorisation shall also cover a capital increase against contributions in kind, including in connection with a merger pursuant to section 13-5 of the Public Limited Companies Act. The shares will entitle the holders to a dividend for the financial year the authorisation is utilised. The authorisation replaces the authorisation to increase the company's share capital that was given to the Board by the General Meeting on 22 June 2004."

## **8. Continuation of the company's option programme**

In recent years the company's General Meeting has authorised the Board to increase the company's share capital by, among other things, granting options to the company's Board of Directors, senior executives, project employees, key personnel and resource persons. The authorisations granted have not been fully utilised.

The Board views it as desirable to further develop the existing strategic choice with regard to incentive systems. The Board wishes to maintain a program for senior executives and the Board of Directors based on options for share purchase and asks for the General Meeting's authorisation to confirm the option programme appearing in Enclosure 1, so that the authorisation for 212,500 granted options is extended and up to 300,000 new options can be granted to 3 Board Members. The authorisation supersedes the authorisation given at the company's Annual General Meeting on 22 June 2004.

### **Proposed resolution:**

"The Board of Directors submitted the proposed option programme to the company's General Meeting. The General Meeting agreed with the Board's allocations and approved the Board's proposed option programme, cf. Enclosure 1. The Board may honour its commitments in accordance with the options granted by exercising the authorisation approved in item 7 or by granting shares from the company's holding of treasury shares. The strike price shall be adjusted krone for krone for distributed dividend, including dividend shares settled at the closing price on the date of distribution of the dividend shares. If the company decides to change shareholders' equity or the number of shares through split, share issue, merger, demerger, capital reduction, or otherwise, the options shall be adjusted in order to maintain their monetary value. The General Meeting's approval is valid until the person in question's function as Board member or employee has expired, and the authorisation is valid for two years, unless it is amended by the General Meeting."

## **9. Authorisation of the Board of Directors to acquire treasury shares.**

At the ordinary General Meeting on 22 June 2004, the Board of Directors was authorised to acquire up to 5 million treasury shares (own shares). In the judgment of the Board, treasury

shares can be used to purchase other oil companies and/or other oil licences and can also be used to fulfil the company's option programme within the specified framework described above, or in connection with corporate acquisitions etc.

The Board would like its authorisation to acquire treasury shares to be maintained.

When utilising this authorisation the Board will take into consideration the requirements of the Public Limited Companies Act for sound equity, see section 3-4 of the Public Limited Companies Act.

**Proposed resolution:**

“The General Meeting authorises the Board of Directors to acquire treasury shares (own shares) pursuant to section 9-4 of Public Limited Companies Act on the following conditions:

- 1) The authorisation is valid for a period of 18 months calculated from the date of the General Meeting resolution and supersedes the authorisation granted by the General Meeting on 22 June 2004.
- 2) The authorisation may be used *in toto* to acquire treasury shares the face value of which totals NOK 20,000,000, i.e. a total of 5,000,000 shares, with a face value of NOK 4 each.
- 3) The highest and lowest prices that may be paid are NOK 200 and NOK 5, respectively.
- 4) The Board is free with regard to the manner of acquisition and any subsequent sale of the shares. The Board may deviate from the shareholders' pre-emption right when selling the shares, cf. section 10-5 of the Public Limited Companies Act.
- 5) The Board may utilise this authorisation after an offer has been made to the shareholders pursuant to chapter 4 of the Securities Trading Act and before the offer period expires and the result is clear, cf. section 4-17, second paragraph, of the Securities Trading Act.”

**10. Distribution to shareholders**

After defining and implementing its new strategy, DNO is a strengthened company in terms of both operations and finances. On the basis of an assessment of DNO's favourable financial position and of the company's unrestricted equity, the Board proposes to pay out an ordinary dividend to shareholders for the financial year 2004.

Unrestricted equity as of 31 December 2004 before provision for dividend amounts to NOK 249 million. Based on the proposed distribution of NOK 0.50 per share plus treasury shares at ratio of 1:20, NOK 74.4 million has been allocated in the accounts for 2004. This implies a distribution of NOK 28 million in dividend plus approximately 2.8 million shares.

If the actual market price on the distribution date results in the total distribution to shareholders exceeding unrestricted equity, the number of distributed shares shall be reduced to the extent necessary.

**Proposed resolution:**

“The following distribution to shareholders is proposed:

1.

NOK 0.50 per share, and

2.

1 share in DNO ASA for each 20 shares, though such that the number of distributed shares may be reduced so that the total distribution to shareholders does not exceed unrestricted equity stated in the most recent confirmed balance sheet. In the event of an uneven number, the difference shall be compensated by a cash payment calculated on the basis of the market price on the day after the General Meeting. If there is a share split the day after the General Meeting, cf. agenda item 11, the compensation will be done at the price per share multiplied by the split number.

The distribution to shareholders shall be undertaken prior to any implementation of a share split, cf. agenda item 11.

The last day for trades including dividend and dividend shares is 22 June 2005.

Payment will be made as soon as possible after the Annual General Meeting.

The DNO share shall be listed ex dividend as of stock exchange close on 22 June 2005 “

**11. Split of the company’s shares**

To increase the liquidity of the DNO share the Board of Directors proposes that the share be split so that 1 old share yields 4 new shares with a face value of NOK 1.

**Proposed resolution:**

“The General Meeting authorises the Board to implement a share split so that 1 old share yields 4 new shares with a face value of NOK 1. The split shall be on the basis of the number of shares prior to the resolution to split the shares.

The last day for trades including split shares is 22 June 2005.

The Board is given the authorisation to amend Article 4 of the Articles of Association accordingly.

Resolutions made by the General Meeting shall be understood such that the number of shares is to refer to the number of shares before the split in accordance with the present resolution.”

Name and address of shareholder

**NOTICE OF ANNUAL GENERAL MEETING**

**The Annual General Meeting of DNO ASA will take place at Vika Atrium konferansesenter, Munkedamsveien 45, 0250 Oslo, on 22 June 2005 at 13:00.**

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**ATTENDANCE SLIP – DNO ASA – annual general meeting**

The attendance slip must be submitted to Nordea Bank Norge ASA by 16:00 p.m. on Friday 17 June 2005  
Address: Nordea Bank Norge ASA, Issuer Services, P. O. Box 1166 Sentrum, N- 0107 Oslo.  
Telefax ++ 47 22 48 63 49.

The undersigned will attend DNO ASA's  
annual general meeting on **22 June 2005**

**Ref.no/Shareholder's full**

and vote for my/our shares

Number of shares on **1 June 2005**

vote for shares according to the enclosed proxy(ies)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of shareholder

When signed according to proxy, please enclose  
documentation in the form of certificate of registration  
or proxy.

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**PROXY FORM – DNO ASA – annual general meeting**

If you are unable to attend the annual general meeting, this proxy form may be used by your proxy.

The proxy form must be submitted to Nordea Bank Norge ASA by 16:00 on Friday 17 June 2005  
Address: Nordea Bank Norge ASA, Issuer Services, P.O. Box 1166 Sentrum, N- 0107 Oslo.  
Telefax ++ 47 22 48 63 49.

The undersigned shareholder in DNO ASA  
hereby appoints:

**Ref.no/Shareholder's full  
name and address**

Berge G. Larsen, Chairman of the Board

Helge Eide, Managing Director, or

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as proxy to attend and vote on my/our behalf at  
DNO ASA's annual general meeting on  
**22 June 2005**

Number of shares/votes on **1 June 2005**:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of shareholder

When signed according to proxy, please enclose  
documentation in the form of certificate of registration  
or proxy.

## Enclosure 1

### Options for the Board of Directors and senior executives as of 22 June 2005

#### 1. Options granted

	<b>Number of options</b>	<b>Strike price</b>
Trygve Bruvik, Board Member	112.500	17,77
Roar Tessem, Managing Director, Det Norske Oljeselskap AS	100.000	18,97
<b>Total options</b>	212.500	

#### 2. New authorisation

	<b>Number of options</b>	<b>Strike price</b>
Anders Farestveit, Vice-Chairman	100.000	
Helge Eide, Board Member	100.000	
Trygve Bruvik, Board Member	100.000	
<b>Total options</b>	300.000	

The strike price of the options granted shall be adjusted krone for krone for distributed dividend, including dividend shares settled at the closing price on the day of distribution of the dividend shares. If the company decides to change shareholders' equity or the number of shares through split, share issue, merger, demerger, capital reduction, or otherwise, the options shall be adjusted in order to maintain their monetary value.

The strike price for options awarded under the new authorisation in point 2. above is set equal to the closing price on June 22 2005.