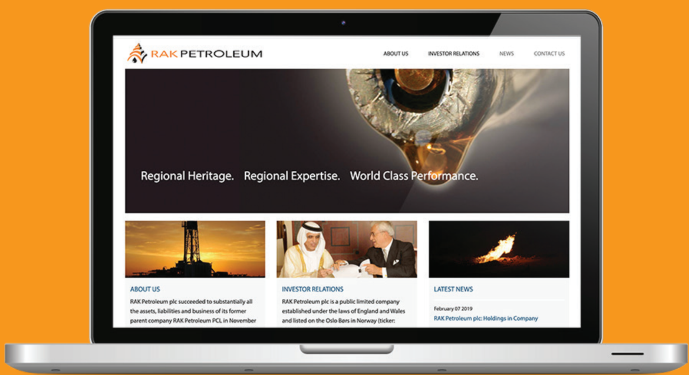
Half-Year Financial Report
RAK Petroleum plc

30 June 2020

RAK PETROLEUM



For further information on RAK Petroleum plc
please visit our website at www.rakpetroleum.uk

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Chairman's Interim Report

Dear Shareholders:

On behalf of the Board of Directors of RAK Petroleum plc ("RAK Petroleum", the "Company" or the "Parent"), I am pleased to present the Half-Year Financial Report for the period ended 30 June 2020.

The Company currently holds interests in two oil and gas companies (the "Investment Entities"): DNO ASA ("DNO") and Foxtrot International LDC ("Foxtrot International"). At 30 June 2020, the Company indirectly owned 44.94 percent of the total outstanding shares of DNO (including treasury shares) and indirectly owned 33.33 percent of Foxtrot International.

The Company and its wholly-owned subsidiaries have no direct production or expenditure in oil and gas assets. All production and expenditure in oil and gas assets is carried out through the Investment Entities.

DNO

DNO is a Norwegian exploration and production company listed on the Oslo Børs (or Oslo Stock Exchange) and focused on the Middle East and North Sea regions. It has interests in oil and gas blocks in various stages of exploration, development and production, both onshore and offshore. DNO's growth comes through smart exploration, cost effective and fast track development, efficient operating techniques and strategic acquisitions.

As noted in our 2019 Annual Report, the impact of the world-wide novel coronavirus ("Covid-19") pandemic has resulted in reduced activity, expenditure and production for DNO in the first half of 2020 as DNO has reacted swiftly and thoughtfully to protect its cash position and liquidity following the collapse in world oil prices in March 2020. The delay in receipt of entitlement payments from the Kurdistan Regional Government ("KRG") for November 2019 to February 2020 (USD 212 million) and override payments from November 2019 through June 2020 (USD 28 million) has also contributed to DNO's reduced activity levels in the Kurdistan Region of Iraq ("Kurdistan"). Discussions are ongoing with the KRG to reach agreement on acceptable terms and timing of these payments.

Despite these challenges, DNO achieved oil and gas output of 108,586 barrels of oil equivalent per day ("boepd") in the first half of 2020 (131,267 boepd 1H 2019) on a gross operated basis and maintains its position as the largest oil producer among the international oil companies in Kurdistan. On a Company Working Interest ("CWI") basis production in the first half of 2020 averaged 94,767 boepd (107,145 boepd in 1H 2019).

While DNO was one of the first oil companies to hit the brakes on spending, DNO is also one of the first oil companies to press down on the accelerator with recent stabilisation of oil prices, payment receipts and tax incentives.

In June 2020, DNO fast-tracked a Tawke license well intervention campaign, quickly adding an incremental 15,000 bopd month-on-month to raise average July 2020 production to 115,000 barrels of oil per day ("bopd"). Also in June 2020, DNO commissioned the Peshkabir-to-Tawke gas reinjection project (the first enhanced oil recovery project in Kurdistan) to unlock additional oil reserves at Tawke while significantly reducing gas flaring at the Peshkabir field.

In July 2020, DNO completed drilling of the Zartik-1 well, the third exploration well on the Baeshiqa license, targeting the Lower Jurassic and Upper Triassic (Kurra Chine A carbonates) formations on a separate structure around 15 kilometres southeast of the Baeshiqa-2 discovery well. Testing will commence in August 2020 and last approximately three months. Evaluation of the Baeshiqa-2 results to determine commerciality is ongoing.

In the North Sea, CWI production averaged 18,214 boepd in the first half of 2020, up from 17,815 boepd in the same period a year earlier. DNO has production across 13 fields, of which nine are in Norway and four in the United Kingdom ("UK"), with Norway and the UK now accounting for approximately 20 percent of DNO`s overall production.

Temporary Norwegian petroleum tax incentives announced on 19 June 2020 by the Norwegian Parliament are driving stepped-up investment plans in the Norwegian Continental Shelf ("NCS"). DNO is revisiting development options for the Brasse field, actively evaluating the Iris/Hades, Fogelberg and Trym South discoveries and considering plans to accelerate infill drilling at the Ula, Tambar and Brage producing fields. Appraisal of the Bergknapp discovery, Norway's largest so far this year, is scheduled for 2021. DNO will maintain an active exploration programme on the NCS, targeting four to six wells per year.

DNO's revenues of USD 277.7 million for the half-year 2020 (of which USD 188.4 million were from Kurdistan and USD 89.3 million from the North Sea) were down 41 percent from the same period a year earlier, driven by weak oil prices and lower cargo liftings of produced oil from the North Sea. The first half-year of 2020 saw a net comprehensive loss of USD 179.7 million, compared to comprehensive income of USD 153.7 million in the same period a year earlier. Operating loss in the first half of 2020 stood at USD 92.3 million (USD 137.3 million profit 1H 2019).

DNO exited the half-year with a cash balance of USD 426.8 million and net interest-bearing debt of USD 536.5 million. DNO's marketable securities were valued at USD 10.6 million at 30 June 2020.

For further detail on DNO's operations see its Half-Year 2020 Interim Results report and presentation on its website, www.dno.no.

Foxtrot International

The Company holds an indirect 33.33 percent net ownership of Foxtrot International, a privately held exploration and production company active in West Africa.

Foxtrot International operates Block CI-27 offshore Côte d'Ivoire containing the country's largest reserves of gas produced from four offshore fields tied back to two fixed platforms; sales averaged 162.7 million standard cubic feet per day ("mmscf/d") of gas in the first half of 2020, in addition to 1,739 bopd of oil and condensate.

On 24 February 2020, the CI-27 joint venture partnership and the government of Côte d'Ivoire signed amendments to their gas sales and purchase agreement and the Production Sharing Contract to extend the term of the agreements for 10 years until August 2034 and to increase the price of gas from the date of signature to USD 6.00 per million btu. In connection with these amendments the CI-27 joint venture partnership will spend approximately USD 100 million on new onshore processing facilities and pipelines to supply gas to two new power stations in the country and embark on a drilling programme to drill three new wells in 2021/2022 estimated to cost USD 215 million.

Cash flow from Foxtrot International is expected to be positive going forward with any future capital investments funded by operating revenue. Foxtrot International's business is much less affected by the volatility in world oil price than is DNO's, as the predominant portion of Foxtrot International's revenue derives from gas sales under a long-term contract price with an indexation formula that is only indirectly and partially tied to world oil prices.

Foxtrot International's half-year net profit was USD 19.9 million or USD 6.6 million to the Company's interest. After accounting for the Company's depletion of fair value uplift, the Company's profit from Foxtrot International in the first half of 2020 was USD 4.9 million (USD 9.3 million 1H 2019). In the first half of 2020, the Company received USD 9.0 million in cash distributions from Foxtrot International, USD 1.7 million of which were reinvested towards maintenance, operating and other expenditures. The book value of the Company's investment in Foxtrot International stood at USD 83.2 million at 30 June 2020.

Foxtrot International also operates one exploration license offshore Côte d'Ivoire, CI-12, in which it holds a 24 percent interest.

Consolidated and Company Results

As the consequence of the results of its Investment Entities, the Group recorded a consolidated net comprehensive loss of USD 74.3 million for the half-year to 30 June 2020 (net comprehensive income of USD 30.9 million for the full-year 2019).

The Company recorded a net comprehensive loss of USD 3.1 million for the half-year to 30 June 2020 (USD 73.2 million profit for the full-year 2019 as a result of dividend distributions within the wholly-owned subsidiaries of the Group).

At 30 June 2020, total cash and cash equivalents of the Company stood at USD 9.2 million and including its wholly-owned subsidiaries at USD 25.4 million. The Company's bank debt was USD 5.3 million, drawn from a lending arrangement with a leading bank in the United Arab Emirates. Net equity at 30 June 2020 stood at USD 754.7 million compared with USD 830.5 million at 31 December 2019.

The Company

The principal risks and uncertainties facing the Company remain largely unchanged from our 2019 Annual Report available on our website.

The fallout from the Covid-19 pandemic and the significant decline in oil price have had adverse effects on the Investment Entities' operations and financial results and consequently on the Group's financial results in 2020, but the extent and duration of these conditions over the longer term remain largely uncertain and dependent on future developments that cannot be accurately predicted at this time. Future oil price assumptions are key estimates in the Group's financial statements and a change in these assumptions may impact the recoverable amount of the Group's oil and gas assets, reserve and resource estimates, operational spend level, financial covenants and distribution of future dividends. Continuing low oil prices reduce the Group's revenues and increase the credit risk related to the Group's trade receivables. Correspondingly, there is also a risk of future impairments of the book value of the Group's assets.

The Company retains a small team of experienced operational, legal, commercial and financial professionals responsible for managing investments, screening new ventures, compliance with regulatory and listing requirements and shareholder relations.

In addition, the Company supports DNO and Foxtrot International through board positions and services agreements. I am privileged to serve as the Chairman of the Board of both Investment Entities.

On behalf of the Board of Directors, I wish to acknowledge executive management's and staff's diligence and continued commitment to the Company during these difficult times.

Finally, the members of the Board of Directors are grateful to our fellow RAK Petroleum shareholders for your continued support and confidence and invite you to visit our website (www.rakpetroleum.uk) for updates on our activities.

BIJAN MOSSAVAR-RAHMANI

Bijan Mossavar-Rahmani
Executive Chairman of the Board of Directors

17 August 2020

I. Statement of Directors’ Responsibilities

The Directors confirm that to the best of their knowledge:

a) the interim set of consolidated financial statements has been prepared in accordance with IAS 34 “Interim Financial Reporting”;

b) the half-year financial report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);

c) the half-year financial report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties’ transactions and changes therein).

For and on behalf of the Board of Directors

BIJAN MOSSAVAR-RAHMANI

Bijan Mossavar-Rahmani
Executive Chairman of the Board of Directors

17 August 2020

II. Interim Consolidated and Parent Company Financial Statements

At 30 June 2020

Interim Consolidated Statement of Comprehensive Income

USD million	*Notes*	***1H 2020***	*1H 2019*
Revenues	4	277.7	469.7
Cost of goods sold	5	(292.8)	(250.7)
Gross profit		**(15.1)**	**219.0**
Share of profit of a Joint Venture	10	4.9	9.3
Other operating income		0.2	(0.7)
General and administrative expenses		(7.6)	(33.8)
Impairment of oil and gas assets	8	(40.8)	-
Exploration costs expensed	6	(31.8)	(51.2)
Profit/(loss) from operating activities		**(90.2)**	**142.7**
Financial income		4.7	5.7
Financial expenses		(70.6)	(64.4)
Profit/(loss) before income tax		**(156.1)**	**84.1**
Income tax expenses	7	54.7	39.7
Net profit/(loss)		**(101.4)**	**123.8**
Other comprehensive income			
Currency translation differences		(66.2)	5.7
Other comprehensive income that may be reclassified to profit or loss in subsequent periods		**(66.2)**	**5.7**
Net fair value change from financial investments		-	21.2
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		-	**21.2**
Total comprehensive income, net of tax		**(167.6)**	**82.7**
Net profit/(loss) attributable to:			
Equity holders of the parent		(44.6)	54.5
Non-controlling interest		(56.8)	69.3
Net profit/(loss)		**(101.4)**	**123.8**
Comprehensive income attributable to:			
Equity holders of the parent		(74.3)	65.7
Non-controlling interest		(93.3)	84.9
Total comprehensive income, net of tax		**(167.6)**	**150.7**
Earnings per share attributable to the equity holders of the parent during the half-year			
Earnings per share, basic		(0.149)	0.175
Earnings per share, diluted		(0.149)	0.175

The attached Notes 1 to 17 form part of these Interim Consolidated and Parent Company Financial Statements.

Interim Consolidated Statement of Financial Position

USD million	Notes	30 June 2020	31 December 2019
Assets			
Non-current assets			
Deferred income tax assets	7	49.5	63.7
Intangible assets	8	833.1	903.6
Property, plant and equipment	8	1,185.2	1,349.5
Investment in Joint Venture	10	83.2	85.7
Financial investments	11	-	212.9
Tax receivables	7	10.8	-
Other non-current assets		-	-
Total non-current assets		**2,161.8**	**2,402.5**
Current assets			
Inventories	5	31.0	28.2
Trade and other receivables	12	418.8	479.0
Tax receivables	7	221.9	164.8
Cash and cash equivalents		452.2	515.7
Total current assets		**1,123.9**	**1,187.6**
Total assets		**3,285.7**	**3,590.1**
Equity and liabilities			
Equity			
Share capital	13	5.1	5.1
Share premium		0.7	0.7
General Reserve		734.8	775.9
Retained earnings		14.8	48.8
Attributable to equity holders of the parent		**754.7**	**830.5**
Attributable to non-controlling interest	9	524.8	634.3
Total equity		**1,279.5**	**1,464.8**
Non-current liabilities			
Interest-bearing liabilities	14	945.2	842.1
Deferred income tax liabilities	7	205.7	217.6
Lease liabilities	15	12.2	11.1
Provisions for other liabilities and charges	15	375.0	422.9
Total non-current liabilities		**1,538.1**	**1,493.7**
Current liabilities			
Current Interest-bearing liabilities	14	107.9	233.8
Trade and other payables		264.2	289.2
Income taxes payable	7	-	0.2
Current lease liabilities		2.8	3.3
Provisions for other liabilities and charges	15	93.2	105.1
Total current liabilities		**468.1**	**631.6**
Total liabilities		**2,006.2**	**2,125.3**
Total equity and liabilities		**3,285.6**	**3,590.1**

The Interim Consolidated and Parent Company Financial Statements in Section II were authorised for issue by the Board of Directors on 16 August 2020.

For and on behalf of the Board of Directors

BIJAN MOSSAVAR-RAHMANI

Bijan Mossavar-Rahmani
Executive Chairman of the Board of Directors

17 August 2020

The attached Notes 1 to 17 form part of these Interim Consolidated and Parent Company Financial Statements.

Interim Consolidated Statement of Cash Flows

USD million	Notes	1H 2020	1H 2019
OPERATING ACTIVITIES			
Profit/(loss) before income tax		(156.1)	84.1
Adjustments to add/(deduct) non-cash items:			
Exploration cost capitalised in previous years carried to cost	6	0.4	-
Depreciation of property, plant and equipment	5	199.6	145.8
Impairment loss on oil and gas assets	8	40.8	-
Share of profit/(loss) of a Joint Venture	10	(4.9)	(9.3)
Other		35.0	40.3
Changes in working capital and provisions:			
- Inventories	5	(2.8)	2.3
- Trade and other receivables	12	60.4	(62.2)
- Trade and other payables		(25.3)	(87.5)
- Provisions for other liabilities and charges	15	12.0	17.9
Cash generated from operations		**159.2**	**131.3**
Income taxes (paid)/received	7	1.6	-
Net interest paid		(44.5)	(31.6)
Payments for decommissioning		(23.9)	(31.6)
Net cash from/(used) in operating activities		**92.4**	**99.7**
INVESTING ACTIVITIES			
Purchases of intangible assets	8	(31.5)	(49.2)
Purchases of tangible assets	8	(97.9)	(146.4)
Acquisition of Faroe Petroleum plc net of cash acquired		-	(428.7)
Proceeds from licence transactions		-	29.6
Equity injection into Joint Venture	10	(1.7)	(3.0)
Dividends received from Joint Venture	10	9.0	14.9
Net cash from/(used) in investing activities		**(122.1)**	**(582.8)**
FINANCING ACTIVITIES			
Proceeds from borrowings	14	152.3	458.2
Repayment of borrowings	14	(167.5)	(101.3)
Paid dividend (non-controlling interest)		-	(14.3)
Payment of lease liabilities		(1.0)	(1.4)
Acquisition of non-controlling interest without change of control	9	(17.8)	-
Buyback of own shares	13	-	(30.0)
Net cash from/(used) in financing activities		**(34.0)**	**311.2**
Net increase/(decrease) in cash and cash equivalents		(63.6)	(171.8)
Cash and cash equivalents at beginning of the period		515.7	768.0
Cash and cash equivalents at end of the period		**452.1**	**596.2**
Of which restricted cash		**15.4**	**16.8**

The attached Notes 1 to 17 form part of these Interim Consolidated and Parent Company Financial Statements.

Interim Consolidated Statement of Changes in Equity

USD million	Share capital	Share premium	Treasury shares	Other reserves	Share-based payment reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 31 December 2019	5.1	0.7	(22.1)	813.5	-	-	(15.5)	48.8	830.5	634.3	1,464.8
Reallocation of equity*	-	-	-	-	-	-	(11.0)	11.0	-	-	-
Balance at 1 January 2020	5.1	0.7	(22.1)	813.5	-	-	(26.5)	59.8	835.5	698.4	1,533.9
Profit/(loss) for the period	-	-	-	-	-	-	-	(44.6)	(44.6)	(56.8)	(101.4)
Other comprehensive income for the period	-	-	-	-	-	-	(29.7)	-	(29.7)	(36.5)	(66.2)
Total comprehensive income for the period	-	-	-	-	-	-	**(29.7)**	**(44.6)**	**(74.3)**	**(93.3)**	**(167.6)**
Transactions with owners, recognised directly as equity											
Changes in ownership interests in subsidiaries that do not result in a loss of control:											
Acquisition of non-controlling interest without change of control	-	-	(0.3)	-	-	-	(0.2)	(1.0)	(1.5)	(16.3)	(17.8)
Balance at 30 June 2020	**5.1**	**0.7**	**(22.4)**	**813.5**	-	-	**(56.4)**	**14.2**	**754.7**	**524.8**	**1,279.3**

* Reallocation of equity is related to a change in presentation of other comprehensive income by DNO. Total equity is unchanged.

USD million	Share capital	Share premium	Treasury shares	Other reserves	Share-based payment reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2019	5.3	0.7	(20.8)	832.3	-	-	(13.7)	31.8	835.5	698.4	1,533.9
Profit/(loss) for the period	-	-	-	-	-	-	-	55.4	55.4	69.3	123.8
Other comprehensive income for the period	-	-	-	-	-	-	1.5	9.7	11.2	15.7	26.9
Total comprehensive income for the period	-	-	-	-	-	-	**1.5**	**64.2**	**65.7**	**84.9**	**150.7**
Transactions with owners, recognised directly as equity											
Payment of dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	(14.3)	(14.3)
Acquisition of own shares	(0.3)	-	-	(29.8)	-	-	-	-	(30.0)	-	(30.0)
Changes in ownership interests in subsidiaries that do not result in a loss of control:											
Acquisition of non-controlling interest without change of control	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2019	**5.3**	**0.7**	**(20.8)**	**802.5**	-	-	**(12.2)**	**96.0**	**871.2**	**768.2**	**1,640.2**

Interim Parent Company Statement of Financial Position

USD million	*Notes*	***30 June 2020***	*31 December 2019*
Assets			
Non-current assets			
Equipment		-	-
Investment in subsidiaries		670.1	670.1
		670.1	**670.1**
Current assets			
Other receivables	12	0.3	0.9
Cash and cash equivalents		9.2	21.7
		9.5	**22.6**
Total assets		**679.6**	**692.6**
Equity and liabilities			
Equity			
Share capital	13	5.1	5.1
Share premium		0.7	0.7
Other reserves		637.3	637.3
Accumulated losses		31.1	34.2
Total equity		**674.1**	**677.2**
Non-current liabilities			
Employees' end of service benefits		0.1	0.1
Interest-bearing liabilities	14	0.0	6.1
		0.1	**6.2**
Current liabilities			
Trade and other payables		0.2	0.6
Current interest-bearing liabilities	14	5.3	8.2
Intercompany debt owed by Company	14	-	0.5
		5.4	**9.2**
Total liabilities		**5.5**	**15.4**
Total equity and liabilities		**679.6**	**692.6**

Consistent with the presentation of the full-year Parent Company Financial Statements, the Company has elected not to present the Company profit and loss account. The loss for the Company for the half-year was USD 3.1 million (USD 73.2 million profit for the full year 2019).

The attached Notes 1 to 17 form part of these Interim Consolidated and Parent Company Financial Statements.

Interim Parent Company Statement of Cash Flow

USD million	*Notes*	***1H 2020***	*1H 2019*
Operating activities			
Profit/(loss) for the period		(3.1)	50.6
Adjustments for:			
Depreciation of equipment		0.0	0.0
Provision		(0.0)	(0.0)
Operating profit before working capital changes		(3.1)	(50.6)
Other receivables		0.5	0.0
Trade and other payables		(0.4)	0.0
Net cash flows from operating activities		(3.0)	(50.6)
Investing activities			
Proceeds lent to subsidiary	14	-	-
Proceeds repaid by subsidiary	14	-	-
Net cash flows from investing activities		-	-
Financing activities			
Proceeds obtained from subsidiary	14	-	(16.5)
Proceeds repaid to subsidiary	14	(0.5)	-
Proceeds from borrowings	14	-	-
Repayment of borrowings	14	(9.0)	(4.1)
Acquisition of own shares	13	-	(30.0)
Net cash flows from financing activities		(9.5)	(50.6)
Net increase/(decrease) in cash and cash equivalents		(12.5)	(0.0)
Cash and cash equivalents at 1 January		21.7	2.8
Cash and cash equivalents at end of period		**9.2**	**2.8**

Interim Parent Company Statement of Changes in Equity

USD million	*Share capital*	*Share premium*	*Other reserve*	*Accumulated losses*	*Total*
Balance at 1 January 2020	5.1	0.7	637.3	34.2	677.2
Profit/(loss) for the period	-	-	-	(3.1)	(3.1)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive profit/(loss) for the period	-	-	-	(3.1)	(3.1)
Acquisition of own shares	-	-	-	-	-
Balance at 30 June 2020	**5.1**	**0.7**	**637.3**	**31.1**	**674.1**

USD million	*Share capital*	*Share premium*	*Other reserve*	*Accumulated losses*	*Total*
Balance at 1 January 2019	5.3	0.7	667.1	(39.0)	634.0
Profit/(loss) for the period	-	-	-	50.6	50.6
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive profit/(loss) for the period	-	-	-	50.6	50.6
Acquisition of own shares	(0.3)	-	(29.8)	-	(30.0)
Balance at 30 June 2019	**5.1**	**0.7**	**637.3**	**11.6**	**654.6**

The attached Notes 1 to 17 form part of these Interim Consolidated and Parent Company Financial Statements.

Notes to the Interim Consolidated and Parent Company Financial Statements

At 30 June 2020

1. Corporate Information

RAK Petroleum plc ("RAK Petroleum" or the "Company") is incorporated as a public limited company organised and existing under the laws of England and Wales pursuant to the UK Companies Act. The Company was incorporated on 17 June 2013 and the Company's registration number is 08572925. The registered office of the Company is Elder House, St Georges Business Park, Brooklands Road, Weybridge, Surrey KT13 OTS, United Kingdom.

The Company is an energy investment company that currently owns two major assets:

- A block of 438,379,418 (unchanged from 2019) shares in DNO ASA ("DNO") representing 40.45 percent of the total DNO shares outstanding at 30 June 2020 (44.94 percent effective share net of DNO treasury shares held by DNO that are to be cancelled following approval of DNO's shareholders in February 2020 and the statutory notice periods, expected to be completed in third quarter 2020). DNO and its subsidiaries (the "DNO Group") are included in the Consolidated Financial Statements of the Group as a subsidiary for the half-year ended 30 June 2020, the year ended 31 December 2019 and the half-year ended 30 June 2019; and

- 100 percent ownership of Mondoil Enterprises, LLC ("Mondoil Enterprises"). Through this investment in Mondoil Enterprises, the Group holds a one-half stake in Mondoil Côte d'Ivoire LLC ("Mondoil Côte d'Ivoire") which in turn holds a two-thirds ownership in Foxtrot International LDC ("Foxtrot International"), a privately held oil and gas company active in Côte d'Ivoire. Mondoil Côte d'Ivoire is included in the consolidated accounts of the Group as a Joint Venture for the half-year ended 30 June 2020, the year ended 31 December 2019 and the half-year ended 30 June 2019.

On 7 November 2014, the Company listed its Class A Shares on the Oslo Børs.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Interim Consolidated and Parent Company Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The Interim Consolidated Financial Statements of the Group as well as the Parent Company Financial Statements of the Company for the six months ending 30 June 2020 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and IAS 34 Interim Financial Reporting as adopted by the European Union. These Interim Consolidated and Parent Company Financial Statements were not audited or reviewed.

These Interim Consolidated and Parent Company Financial Statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2019 were approved by the Board of Directors on 30 April 2020 and delivered to the Registrar of Companies. The report of the auditors of those accounts was unqualified, did not contain an emphasis matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The Interim Consolidated and Parent Company Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

2. Summary of Significant Accounting Policies (continued)

The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding.

The accounting policies adopted in the preparation of the Interim Consolidated and Parent Company Financial Statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019.

3. Segment Information

Executive management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation, investment decisions and performance assessment (the Executive Chairman of the Board of Directors acts as the Chief Operating Decision Maker). Segment performance is evaluated based on the profit or loss including share price and is measured consistently with the net profit or loss in the Consolidated Financial Statements.

Operating and reportable segments

For management purposes, the Group is organised into two operating segments that are also reportable segments:

- DNO (Subsidiary)
- Foxtrot International (Joint Venture with interest held through Mondoil Enterprises' 50 percent ownership of Mondoil Côte d'Ivoire)

"Others" are reconciling items including head-office general and administrative transactions and balances that do not constitute separate operating segments.

The following tables include revenue, net profit and segment assets for the periods ended 30 June 2020 and 2019.

USD million	*DNO*	*Mondoil Côte d'Ivoire*	*Others*	*Eliminations*	*Total*
Period ended 30 June 2020					
Comprehensive income information					
External sales	277.7	-	-	-	277.7
Cost of goods sold	(292.8)	-	-	-	(292.8)
Gross profit	(15.1)	-	-	-	(15.1)
Share of profit of a Joint Venture	-	4.9	-	-	4.9
Segment net profit/(loss) from operating activities	**(92.3)**	**4.9**	**(2.8)**	**-**	**(90.2)**
Net finance costs (incl. interest)	(65.4)	-	(0.4)	-	(65.8)
Tax income/(expense)	54.7	-	-	-	54.7
Segment net profit/(loss)	**(103.0)**	**4.9**	**(3.2)**	**-**	**(101.4)**
Segment assets	**2,964.5**	**83.2**	**248.6**	**(10.6)**	**3,285.7**

USD million	*DNO*	*Mondoil Côte d'Ivoire*	*Others*	*Eliminations*	*Total*
Period ended 30 June 2019					
Comprehensive income information					
External sales	469.7	-	-	-	469.7
Cost of goods sold	(250.7)	-	-	-	(250.7)
Gross profit	219.0	-	-	-	219.0
Share of profit of a Joint Venture	-	9.3	-	-	9.3
Segment net profit/(loss) from operating activities	**137.3**	**9.3**	**(3.9)**	**-**	**142.7**
Net finance costs (incl. interest)	(57.9)	-	(0.8)	-	(58.6)
Tax income/(expense)	39.7	-	-	-	39.7
Segment net profit/(loss)	**119.1**	**9.3**	**(4.6)**	**-**	**123.8**
Segment assets	**3,368.8**	**91.6**	**245.8**	**(25.7)**	**3,680.5**

4. Revenues

USD million	1H 2020	1H 2019
Oil sales	258.4	450.6
Gas sales	9.5	15.9
Natural gas liquids sales	7.2	1.6
Tariff income	2.5	1.7
Total revenues	**277.7**	**469.7**

5. Cost of Goods Sold/Inventory

USD million	1H 2020	1H 2019
Lifting costs	(98.2)	(94.6)
Tariff and transportation expenses	(18.4)	(11.9)
Production cost based on produced volumes	**(116.6)**	**(106.6)**
Movement in overlift/underlift	23.4	1.6
Production cost based on sold volumes	**(93.2)**	**(104.9)**
Depreciation, depletion and amortisation	(199.6)	(145.8)
Total cost of goods sold	**(292.8)**	**(250.7)**

Lifting costs consist of expenses related to the production of oil and gas, including operation and maintenance of installations, well intervention activities and insurances. Tariff and transportation expenses consist of charges incurred by the DNO Group for the use of infrastructure owned by other companies in the North Sea.

USD million	30 June 2020	31 December 2019
Spare parts and drilling equipment	31.0	28.2
Total inventory	**31.0**	**28.2**

Total inventory of USD 31.0 million as of 30 June 2020 is related to Kurdistan (USD 14.9 million) and the North Sea (USD 16.1 million). The provision for obsolete inventory in Kurdistan was USD 18.1 million at 30 June 2020 (unchanged from year-end 2019).

6. Exploration Expenses

USD million	1H 2020	1H 2019
Exploration expenses (G&G and field surveys)	(8.3)	(14.3)
Seismic costs	(0.9)	(10.3)
Exploration cost capitalised in previous years carried to cost	(0.4)	(3.3)
Exploration cost capitalised this year carried to cost	(10.6)	(13.0)
Other exploration cost expensed	(11.6)	(10.3)
Total exploration cost expensed	**(31.8)**	**(51.2)**

Total exploration expenses in the first half-year were mainly related to exploration activities in the North Sea.

7. Income Tax

USD million	***1H 2020***	*1H 2019*
Income tax income/(expense)		
Changes in deferred taxes	(32.1)	(31.9)
Income taxes receivable/(payable)	86.8	71.5
Total tax income/(expense)	**54.7**	**39.7**

USD million	***30 June 2020***	*31 December 2019*
Income tax receivable/(payable)		
Tax receivables (non-current)	10.8	55.4
Tax receivables (current)	221.9	62.2
Income tax payable	-	-
Total tax receivable/(payable)	**232.7**	**117.6**
Deferred tax asset/(liability)		
Deferred tax assets	49.5	44.3
Deferred tax liabilities	(205.7)	(204.0)
Net deferred tax asset/(liability)	**(156.2)**	**(159.7)**

On 19 June 2020, the Norwegian Parliament approved certain time limited changes to the taxation of oil and gas companies operating on the Norwegian Continental Shelf ("NCS") with effect from the financial year 2020. The changes comprise of immediate expensing of investments in the special tax basis, increased uplift from 20.8 percent over four years to 24.0 percent in the first year and cash refund of tax value of losses incurred in the financial years 2020 and 2021. The temporary changes will also apply to investments where the Plan for Development and Operation is submitted prior to 31 December 2022 and approved prior to 31 December 2023. The tax effects of these changes are recognised in the second quarter of 2020.

The tax income, tax receivables and recognised deferred tax assets/liabilities relate to activity on the NCS and the UK Continental Shelf ("UKCS"). Tax receivables, denominated in NOK or GBP and converted to USD at 30 June 2020 exchange rates, consist of exploration tax refund on the NCS for 2019 (USD 84.6 million), refund of tax value of incurred losses on the NCS for 2020 (USD 77.3 million), decommissioning tax refund on the UKCS (USD 19.4 million) and tax refund in relation to cessation of petroleum activity on the NCS of DNO North Sea (Norge) AS following the acquisition of Faroe Petroleum plc and consolidation of two DNO Norwegian operating entities into DNO Norge AS (USD 51.5 million). The tax refund of losses in 2020 is to be paid out in six instalments every two months with the first instalment in August 2020. The majority of the tax receivables classified as short term will be received in the second half of 2020.

Under the terms of the Production Sharing Contracts in Kurdistan, DNO's subsidiary, DNO Iraq AS, is not required to pay any corporate income taxes. The share of profit oil to which the government is entitled is deemed to include a portion representing the notional corporate income tax paid by the government on behalf of DNO. Current and deferred taxation arising from such notional corporate income tax is not calculated for Kurdistan as there is uncertainty related to the tax laws of the Kurdistan Regional Government and there is currently no well-established tax regime for international oil companies. This is an accounting presentational issue and there is no corporate income tax required to be paid.

Profits/(losses) by Norwegian companies from foreign upstream activities outside of Norway are not taxable/deductible in Norway in accordance with the General Tax Act, section 2-39. Under these rules only certain financial income and expenses are taxable in Norway.

8. Other Intangible Assets/Property Plant and Equipment ("PP&E")/Right-of-use ("RoU") Assets

USD million	1H 2020	1H 2019
Additions of other intangible assets	31.5	40.9
Additions of other intangible assets through business combinations	-	282.1
Other intangible assets reclassified to assets held for sale	-	(3.3)
Additions of PP&E	97.9	147.3
Additions of PP&E through business combinations	-	710.1
PP&E assets reclassified to assets held for sale	-	(157.0)
Additions of RoU assets	3.9	12.9
Additions of RoU assets through business combinations	-	2.0
Impairment of oil and gas assets	(40.8)	-

Additions of Other intangible assets are related to capitalised exploration costs, license interests and administrative software. Additions of PP&E are related to development assets, production assets including changes in estimates of asset retirement obligations, and other PP&E. Additions of RoU assets are related to lease contracts under IFRS 16 Leases (presented as part of the PP&E balance sheet item).

Impairments

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. An assessment of the recoverable amount is made when an impairment indicator exists. Goodwill is tested for impairment annually or more frequently when there are impairment indicators. Impairment is recognised when the carrying amount of an asset or cash generating unit ("CGU"), including associated goodwill, exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and the value-in-use.

During the first half of 2020, the Group performed a calculation of the estimated recoverable amounts for its oil and gas assets, applying updated oil and gas price assumptions. In line with the Group's methodology described in its annual report for 2019 and practice, the oil and gas price assumptions were updated based on the forward curve for 2020 and observable broker and analyst consensus for the next four years. From 2025, the oil and gas prices are based on DNO's long-term price assumption, which is kept unchanged from year-end 2019 (oil price assumption USD 66 per barrel, real terms). A total impairment charge of USD 40.8 million was recognised, triggered by the decrease in the near-term oil and gas price forecast and was entirely related to the North Sea; USD 19.3 million was related to impairment of technical goodwill (with no tax impact) on the Ula Area CGU; USD 8.4 million was related to impairment of technical goodwill (with no tax impact) on the Marulk field, triggered by updated cost profiles; USD 2.0 million was related to impairment of technical goodwill (with no tax impact) on the Vilje field, triggered by updated cost profiles; USD 2.8 million was related to impairment of technical goodwill (with no tax impact) and USD 1.4 million was related to impairment of PP&E on the Marulk field; USD 3.7 million was related to impairment of technical goodwill (with no tax impact) on the Ringhorne East field; and USD 5.1 million was related to impairment of PP&E on other CGU's.

During 2019, a total impairment charge of USD 162.0 million was recognised, of which USD 13.9 million related to impairment of technical goodwill (with no tax impact) on the Ringhorne East field, triggered by updated production profiles; USD 89.4 million was related to impairment of technical goodwill (with no tax impact) on the Brasse discovery, triggered by a reduction in reserves estimates; USD 32.6 million was related to an upward revision in the cost estimate for decommissioning the Schooner and Ketch fields; USD 4.5 million was related to impairment of technical goodwill (with no tax impact) on the Marulk field, triggered by updated cost profiles; USD 2.0 million was related to impairment of technical goodwill (with no tax impact) on the Vilje field, triggered by updated cost profiles; USD 12.8 million was related to impairment of the Erbil license following DNO's expectation that it would relinquish operatorship and participation in the Erbil license; and USD 6.8 million was related to other CGU's.

8. Other Intangible Assets/Property Plant and Equipment ("PP&E")/Right-of-use ("RoU") Assets (continued)

Impairments

USD million	30 June 2020		31 December 2019	
	Impairment (-)/ reversal (+)	Recoverable/ carrying amount	Impairment (-)/ reversal (+)	Recoverable/ carrying amount
Erbil license, Kurdistan	-	-	(12.8)	-
Brasse, North Sea	-	-	(89.4)	39.6
Ringhorne East, North Sea	(3.7)	33.9	(13.9)	41.7
Ula Area, North Sea	(19.3)	238.6	-	-
Vilje, North Sea	(8.4)	26.3	(2.0)	37.5
Marulk, North Sea	(4.3)	12.9	(4.5)	19.7
Schooner and Ketch, North Sea	-	-	(32.6)	-
Other CGU's, North Sea	(5.1)	-	(6.8)	4.6
Total	**(40.8)**	**311.7**	**(162.0)**	**143.1**

9. Material Partly Owned Subsidiary

The Group currently has the following investment in a Subsidiary which has a material non-controlling interest:

		Percent ownership interest		
Subsidiary name	Country of incorporation	30 June 2020	31 December 2019	Nature of Business
DNO ASA	Norway	**40.45 (44.94 net of DNO treasury shares)**	40.45 (44.37 net of DNO treasury shares)	Exploration and production company engaged in the acquisition, exploration, development and operation of oil and gas properties

The summarised financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations. Changes in the Company's effective net ownership of DNO are a result of purchases or sales by DNO of non-controlling interest shares in DNO which have the effect of increasing or decreasing the Company's effective net ownership.

Summarised statement of profit or loss

USD million	1H 2020	1H 2019
Revenue	277.7	469.7
Cost of goods sold	(292.8)	(250.7)
Other operating income	0.2	(0.7)
Administrative and other expenses	(4.8)	(29.9)
Impairment of oil and gas assets	(40.8)	-
Exploration costs expensed	(31.8)	(51.2)
Financial income and expense	(65.5)	(57.9)
Profit/(loss) before tax	(157.7)	79.4
Income tax expense	54.7	39.7
Profit/(loss) for the period as presented by DNO	(103.0)	119.1
Total comprehensive income for the period as presented by DNO	**179.7**	**153.7**

Summarised statement of financial position

USD million	30 June 2020	31 December 2019
Cash and cash equivalents	426.8	485.7
Other current assets (excl. cash)	671.6	671.5
Non-current assets	1,866.2	2,114.7
Current liabilities	(462.6)	(623.0)
Non-current financial liabilities	(1,150.9)	(1,053.6)
Other non-current liabilities	(387.1)	(433.9)
Equity at end of the period as presented by DNO	**963.8**	**1,161.3**

9. Material Partly Owned Subsidiary (continued)

Summarised cash flow information

USD million	1H 2020	1H 2019
Net cash from/(used) in operating activities	119.3	104.4
Net cash from/(used) in investing activities	(153.3)	(594.7)
Net cash from/(used) in financing activities	(24.9)	335.0
Net increase/(decrease) in cash and cash equivalents	(59.0)	(155.3)
Cash and cash equivalents at beginning of the period	485.7	729.1
Cash and cash equivalents at end of the period as presented by DNO	**426.8**	**573.8**

Goodwill and impairment assessment

Goodwill is the difference between the carrying value and the recorded net identifiable asset value of DNO at acquisition date. An impairment assessment is carried out at each year-end and at half-year if deemed justified. An impairment assessment carried out at 30 June 2020 concluded that no impairment was necessary.

10. Investment in a Joint Venture

General information

The Group's subsidiary Mondoil Enterprises has a 50 percent equity interest in Mondoil Côte d'Ivoire, registered in the United States and a Joint Venture in terms of IFRS 11 (required to be equity accounted by the Group).

Mondoil Côte d'Ivoire has a 66.67 percent equity interest in Foxtrot International. Due to different voting and contractual rights, Foxtrot International is an Associate for Mondoil Côte d'Ivoire (required to be equity accounted by Mondoil Côte d'Ivoire). Mondoil Côte d'Ivoire has one-third of Foxtrot International's total shareholder votes and can appoint one-third of Foxtrot International's Board of Directors, but Mondoil Côte d'Ivoire is entitled to two-thirds of Foxtrot International's profit and liquidation proceeds.

Foxtrot International is a Cayman Islands company engaged in oil and gas exploration and production in Côte d'Ivoire. It owns a direct 24 percent interest in Block CI-27 (joint operation). On 1 December 2014 Foxtrot International acquired a 27.27 percent stake in Energie de Côte d'Ivoire SA (ENERCI), which owns an additional 12 percent interest in Block CI-27. Accordingly Foxtrot International has a 27.27 percent interest in Block CI-27 and the Group has an indirect 9.09 percent stake in this block. Foxtrot International also holds a 24 percent stake offshore Côte d'Ivoire in Block CI-12.

Movement of investment carrying amount:

USD million	1H 2020	1H 2019
Opening balance 1 January	91.6	94.2
Group's share of adjusted profit – as accounted	4.9	9.3
Contributions via cash calls paid during the year	1.7	3.0
Dividends received during the year	(9.0)	(14.9)
Interest in Joint Venture at end of the period	**83.2**	**91.6**

The carrying amount at 30 June 2020 contains cumulative past impairments of USD 3.0 million.

11. Financial Investments

Financial investments are comprised of equity instruments and are recorded at fair value (market price, where available) at the end of the reporting period. Fair value changes are included in other comprehensive income.

USD million	1H 2020	1H 2019
Beginning of the period	-	212.9
Additions	-	(228.9)
Fair value changes through other comprehensive income	-	21.2
Disposal	-	-
Total financial investments end of the period	-	**5.2**

11. Financial Investments (continued)

On 11 January 2019, DNO obtained control of Faroe Petroleum plc (renamed DNO North Sea plc) and subsequently de-listed the company from the United Kingdom Alternative Investment Market ("AIM") on 14 February 2019. Change in fair value of the interest in Faroe Petroleum plc prior to control being obtained was recognised in other comprehensive income in the first quarter of 2019. Prior to obtaining control, the acquisition of Faroe Petroleum plc shares in the first quarter of 2019 were accounted for as an equity investment (shown as an addition in the above table).

DNO had a total of 2,641,465 shares in Oslo Børs-listed Panoro Energy ASA, representing 4.63 percent of the outstanding shares which were disposed of during the second half of 2019.

DNO has a total of 15,849,737 shares in RAK Petroleum plc. All shares have been acquired in open market transactions. The Company reclassifies these shares as treasury shares.

12. Trade and Other Short-term Receivables

USD million	***30 June 2020***	***31 December 2019***
Group		
Trade debtors	265.4	301.1
Underlift	51.4	37.6
Other short-term receivables	102.0	140.3
	418.8	**479.0**

USD million	***30 June 2020***	***31 December 2019***
Company		
Amounts due from DNO subsidiary	0.0	0.6
Amounts due from other subsidiaries	0.2	0.1
Other	0.1	0.1
	0.3	**0.8**

Trade debtors at 30 June 2020 relate mainly to outstanding entitlement invoices (total USD 235.0 million for the months November 2019 to February 2020 and June 2020 onwards) and override invoices (total of USD 28.0 million for the period November 2019 to June 2020) due to DNO for Tawke license exports in Kurdistan. Since the reporting date, DNO has received full payment for the June 2020 entitlement invoice (USD 22.8 million).

The underlift receivable of USD 51.4 million at 30 June 2020 relates to the underlift volumes in DNO's North Sea assets, valued at the lower of production cost including depreciation and market value at the balance sheet date, which will be realised at market value when the barrels are lifted. Other short-term receivables mainly relate to items of working capital in DNO's Kurdistan and North Sea assets and accrual for earned income not invoiced in the North Sea.

Amounts due from DNO are unsecured and have a 30-day credit term. Amounts due from subsidiaries are repayable on demand, expected to be settled in 2020, unsecured and interest free. No amounts are past due nor impaired.

13. Share Capital

The Company had the following shares issued at 30 June 2020:

	Par value	***30 June 2020 Number of shares***	*31 December 2019 Number of shares*
Class A Shares	GBP 0.01 (PY 1.00)	194,448,040	194,448,040
Restricted Class A Shares	GBP 0.001 (PY 1.00)	117,683,332	117,683,332
Total Class A		312,131,372	312,131,372
Class B Shares	GBP 0.0000001	117,683,332	117,683,332
Class C Shares	GBP 0.0000001	87,488,693	87,488,693
Preference shares	GBP 1.00	50,000	50,000

All shares are fully paid.

Transfers of Restricted Class A Shares are limited to certain permitted transferees set forth in the Company's Articles of Association – essentially, related parties or charities. Transfers to non-permitted transferees give rise to loss of the associated Class B Share voting rights. Because they have the same rights to participate in profits as Class A Shares, Restricted Class A Shares are not treated as a class separate from Class A Shares for accounting purposes.

13. Share Capital (continued)

Key rights attached to each class of shares are as follows:

	Restricted Class A share	Class A share	Class B share	Class C share	Preference share
Right to vote	one vote	one vote	two votes	none	none
Right to participate in profits	yes	yes	none	none	none

The preference shares are classified as equity.

14. Interest-bearing Liabilities

USD million	Ticker OSE	Currency	Amount	Interest	Maturity	Carrying amount 30 June 2020	Carrying amount 31 December 2019
Interest-bearing liabilities:							
Non-current							
Bond loan (ISIN NO0010823347)	DNO02	USD	400.0	8.75%	31/05/2023	400.0	400.0
Bond loan (ISIN NO0010852643)	DNO03	USD	400.0	8.375%	29/05/2024	400.0	400.0
Bond loan (ISIN NO0010811268)	FAPE01	USD	14.2	8.00%	28/04/2023	14.2	21.2
Borrowing issue costs		-	-			(18.1)	(23.0)
Reserve based lending facility		USD	350.0	See below	07/11/2026	149.1	37.8
Mashreq loan		AED	120.0	EIBOR + 4.0%	11/05/2021	-	6.1
Total non-current interest-bearing liabilities						**945.2**	**842.1**
Current							
Bond loan (ISIN NO0010740392)	DNO01	USD	400.0	8.75%	18/06/2020	-	140.0
Exploration financing facility		NOK	1,000.0	See below	See below	102.6	85.6
Mashreq loan		AED	120.0	EIBOR + 4.0%	11/11/2021	5.3	8.2
Total current interest-bearing liabilities						**107.9**	**233.8**
Total interest-bearing liabilities						**1,053.1**	**1,075.9**

Mashreq Loan

During 2016, the Group negotiated a loan facility with Mashreq Bank of USD 32.7 million at the three-month Emirates Interbank Offered Rate ("EIBOR") plus 4.0 percent. Quarterly repayments of principal began 15 months after the start date of the loan and end in 2021. Interest is paid on a quarterly basis. While borrowings are outstanding, the Group has agreed to: not dispose of or encumber its indirect interest in Mondoil Enterprises; maintain a pledge account holding shares in DNO with a value of at least twice the outstanding indebtedness; and maintain a cash balance of one quarter's payments in a debt service reserve account as restricted cash. The proceeds have been and may be used for general working capital purposes, which may include, among others, repayment of existing bank loans or meeting cash calls from Foxtrot International. The loan was obtained by a subsidiary of the Company and passed onwards to the Company at the same terms. The Mashreq Bank loan requirement that the Group maintain one quarterly instalment in a service account amounts to USD 2.0 million and is included in cash and cash equivalents in the balance sheet.

Bond Loans

Details regarding bonds issued by DNO or its subsidiaries can be found in the table above. Facility amount is shown net of bonds held by DNO or its subsidiaries. The financial covenants of the bonds issued by DNO require a minimum USD 40 million of liquidity and that the DNO Group maintains either an equity ratio of 30 percent or a total equity of USD 600 million.

14. Interest-bearing Liabilities (continued)

On 29 May 2019, DNO completed the placement of USD 400 million of a new, five-year senior unsecured bond issued at 100 percent of par with a coupon rate of 8.375 percent. In connection with the bond placement, DNO agreed to buy back USD 60 million in nominal value of DNO01 at 104.16 percent of par plus accrued interest. The DNO01 bond was redeemed at maturity on 18 June 2020.

During the second quarter of 2019, DNO acquired USD 17.6 million of FAPE01 bonds at a price range of 107.25 to 107.50 percent of par plus accrued interest and during the first quarter of 2020, DNO acquired USD 7.0 million of FAPE01 bonds at a price range of 106.88 to 107.13 percent of par plus accrued interest thus bringing the total FAPE01 bonds held by DNO or its subsidiary DNO North Sea plc to USD 38.8 million.

Exploration financing facility

The DNO Group has available a revolving exploration financing facility ("EFF") in an aggregate amount of NOK 1.0 billion with an accordion option of NOK 500 million. Utilisation requests need to be delivered for each proposed loan. The facility is secured against the DNO Group's Norwegian tax refund and is repaid when the refund is received, which is approximately 11 months after the end of the financial year. The interest rate equals the three-months Norwegian Interbank Offered Rate ("NIBOR") plus a margin of 1.7 percent. Utilisations can be made until 31 December 2022. Due to temporary changes to the taxation of oil and gas companies in Norway, the Group has chosen not to utilise the EFF in relation to exploration spend in 2020 and instead utilise the new scheme with refund of tax losses every two months, see Note 7. Draw downs on the EFF in relation to spend in 2020 of USD 22.4 million have been repaid during July 2020. The amount utilised at 30 June 2020 is disclosed in the table above.

Reserve-based lending facility

The DNO Group has a reserve-based lending ("RBL") facility in relation to its Norway and United Kingdom licenses with a total facility amount of USD 350 million which is available for both debt and issuance of letters of credit. In addition, there is an accordion option of USD 350 million. Interest charged on utilisations is based on the LIBOR, NIBOR or EURIBOR rates (depending on the currency of the drawdown) plus a margin ranging from 2.75 to 3.25 percent. The facility will amortise over the loan life with a final maturity date of 7 November 2026. At 30 June 2020, the facility drawdown is as disclosed in the table above. In addition, USD 86.1 million is utilised in respect of letters of credit.

Intercompany Loans

All intercompany loan receivables and liabilities are repayable on demand, unsecured and interest free other than the Mashreq Bank loan passed through from a subsidiary to the Company at identical terms and conditions.

Changes in liabilities arising from financing activities split on cash and non-cash changes

			Non-cash changes			
USD million	*Total at 31 December 2019*	*Cash flows*	*Amortisation*	*Currency*	*Acquisition*	***Total at 30 June 2020***
Group						
Bond loan	821.2	(7.0)	-	-	-	814.2
Bond loans (current)	140.0	(139.8)	(0.2)	-	-	-
Borrowing issue costs	(23.0)	-	4.9	-	-	(18.1)
Reserve-based lending facility	37.8	114.2	-	(2.9)	-	149.1
Exploration financing facility (current)	85.6	26.5	-	(9.5)	-	102.6
Mashreq loan	14.3	(9.0)	-	-	-	5.3
Total liabilities from financing activities	**616.6**	**356.8**	**6.9**	**1.0**	**117.7**	**1,053.1**
Company						
Mashreq loan	14.3	(9.0)	-	-	-	5.3
Intercompany debt	0.5	(0.5)	-	-	-	-
Total liabilities from financing activities	**39.5**	**(20.6)**	**-**	**-**	**-**	**5.3**

15. Provisions for Other Liabilities and Charges/Lease Liabilities

The Company currently has no provisions.

DNO reported the following provisions at 30 June 2020:

USD million	30 June 2020	31 December 2019
Non-current		
Asset retirement obligations	371.6	415.7
Other long-term provisions and charges	3.3	7.1
Lease liabilities	12.2	11.1
Total non-current provisions for other liabilities and charges	**387.1**	**433.9**
Current		
Asset retirement obligations	68.5	77.1
Other provisions and charges	24.6	27.9
Current lease liabilities	2.8	3.3
Total current provisions for other liabilities and charges	**96.0**	**108.4**
Total provisions for other liabilities and charges	**483.2**	**542.3**

Asset Retirement Obligations

The provisions for asset retirement obligations are based on the present value of the estimated future cost of decommissioning oil and gas assets in Kurdistan and the North Sea. The discount rates before tax applied to the future costs were between 3.5 percent and 3.7 percent.

Non-cancellable Lease Commitments

The identified lease liabilities have no significant impact on the DNO Group's financing, loan covenants or dividend policy. The DNO Group does not have any residual value guarantees. Extension options are included in the lease liability when, in management's judgment, it is reasonably certain that an extension will be exercised.

USD million	30 June 2020	31 December 2019
Within one year	3.9	4.4
Two to five years	10.4	13.0
After five years	1.2	-
Total undiscounted lease liabilities	**15.5**	**17.5**

The DNO Group's future minimum lease payments under non-cancellable operating leases are related to office rent including warehouse and equipment. The difference between the recognised lease liabilities in the financial position and the undiscounted lease liabilities is due to discounting and adjustment for short-term leases and low-value leases. The DNO Group's lease contracts related to drilling rigs in Kurdistan are cancellable and are therefore not included in the lease table above or recognised as lease liabilities. The estimated value of leases related to these cancellable contracts was nil at 30 June 2020 (USD 18 million at year-end 2019) following the DNO Group's deferral of discretionary drilling projects.

16. Related Party Disclosures

Transactions with related parties were carried out in the normal course of business on terms agreed between the parties.

The Group has no (ultimate) controlling company/party.

Related party transactions occur between DNO and the Company. DNO and the Company entered into a Service Agreement whereby DNO reimburses the Company for work carried out on behalf of DNO and travel expenses incurred on behalf of DNO. In the half-year to 30 June 2020, DNO paid DNO paid USD 0.25 million to the Company under the Service Agreement.

17. Events After the Reporting Period

The following events occurred after the reporting period:

- On 29 July 2020, the Norwegian Petroleum Directorate ("NPD") announced that the operator of the production license 644, OMV Norway AS, is in the process of concluding the drilling of appraisal well 6505/11-12 S on the Hades discovery. DNO holds a 20 percent interest in the license. According to the NPD announcement, the operator's preliminary updated estimate of the size of the discovery is between 13 and 44 million barrels of oil equivalent ("MMboe") compared with earlier estimates of between 19 and 145 MMboe. The licensees will evaluate the updated resources in the Hades discovery along with resources in the Iris discovery which was drilled in October 2019. Upon completion of this evaluation, DNO will assess the accounting impact on the current net book value of the combined Iris and Hades discoveries which stood at USD 57 million at 30 June 2020.

- On 28 July 2020, DNO received USD 30.2 million for the June crude oil deliveries to the export market from the Tawke license in Kurdistan. The funds will be shared by DNO and partner Genel Energy plc pro-rata to the companies' interests in the license.

We’re not just hands on.
We’re hands in.