

Report on payments to governments for the year 2019

Introduction and basis for preparation

This report sets out details of the payments made to governments by RAK Petroleum plc and its subsidiary undertakings ('RAK Petroleum') for the year ended 31 December 2019 as required under the Disclosure and Transparency Rules of the UK Financial Conduct Authority (the 'DTRs') and in accordance with our interpretation of the draft Industry Guidance issued for the UK's Report on Payments to Governments Regulations 2014, as amended in December 2015 ('the Regulations'). The DTRs require companies in the UK and operating in the extractives sector to publically disclose payments made to governments in the countries where they undertake exploration, prospection, development and extraction of oil and natural gas deposits or other materials.

Whilst RAK Petroleum makes no payments directly to any government and holds no direct interest in any extractives sector, DNO ASA, of which RAK Petroleum owns 44.94 percent of the outstanding shares, holds licenses in several countries. The figures reported below relate solely to payments made by DNO ASA and its wholly-owned subsidiaries to the governments in countries where they operate.

This report is available to download at www.rakpetroleum.uk

All payments made in relation to licences in the Kurdistan Region of Iraq ('KRI') have been made to the Ministry of Natural Resources of the Kurdistan Regional Government ('KRG'). All other payments have been made to the national governments of the relevant country where the licence is based.

USD million License and Country	Royalty	Corporate Tax	Special Tax	Contractual Bonuses	Area Fee	Total
Tawke (DNO Iraq AS)	(231.70)		(916.40)	(0.90)	(0.10)	(1,149.10)
Erbil (DNO Iraq AS)				(0.80)		(0.80)
Baeshiqa (DNO Iraq AS)				(0.40)		(0.40)
Total Kurdistan	(231.70)	-	(916.40)	(2.10)	(0.10)	(1,150.30)
DNO North Sea (Norge) AS		9.60	20.40		(1.60)	28.40
DNO Norge AS		7.90	19.00		(0.60)	26.30
Total Norway	-	17.50	39.40	-	(2.20)	54.70
DNO North Sea (U.K.) Limited					-	-
DNO North Sea (ROGB) Limited					(0.10)	(0.10)
DNO Exploration UK Limited					(0.10)	(0.10)
Total United Kingdom	-	-	-	-	(0.20)	(0.20)
Total Group	(231.70)	17.50	(877.00)	(2.10)	(2.50)	(1,095.80)

- Royalty is a fee paid to the Government before distribution of cost oil and profit oil under production sharing contracts.
- Special Tax for Kurdistan constitutes government take (of profit oil, gas, condensate and LPG) under the production sharing contracts. This government take is often referred to as production entitlement. Under the lifting arrangements implemented by the KRG, the KRG takes title to crude at the wellhead and then transports it to Ceyhan in Turkey by pipeline. The crude is then sold by the KRG into the international market. All proceeds of sale are received directly by or on behalf of the KRG, out of which the KRG then makes payment for the contractors share of cost oil and profit oil in accordance with the PSC to DNO as operator who in turn distributes amongst the license partners. For the purposes of reporting requirements, the KRG share of the production entitlement is included in this report as a Special Tax.
- Corporate Tax and Special tax in Norway relates to a refund of exploration costs.
- Contractual bonuses include environment funds, training funds and rental fees.
- All figures shown in this report are net to DNO. Positive figures are a tax refund. Negative figures are tax paid.