

A Long-Term Partnership with Turkmenistan

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Corporate Overview



Company Profile

- **Dragon Oil is an international oil and gas exploration and production company**
- **The Group has 100% ownership of a 25 year Product Sharing Agreement (PSA) in the Cheleken Contract Area offshore Turkmenistan, in the Caspian Sea**
- **Shares are traded under a dual primary listing on the Irish and London Stock Exchanges**
- **Market cap: US\$4.4 billion (based on share price on 10th April 2008)**
- **Total assets: US\$0.9 billion**
- **Shareholder Structure**

ENOC	52%
Julius Baer	11%
JP Morgan AM	5%
AXA S.A.	3%



History

- **Joint Venture formed in 1993 between Larmag Energy Assets (LEA) and Turkmenneft**
- **Dragon Oil acquired 60% of LEA in 1996, followed by the remaining 40% in 1997**
- **Emirates National Oil Company (ENOC) acquired 46% of Dragon Oil from Satellite Overseas Limited in November 1998**
- **As a result of a mandatory offer for the remaining shares, ENOC became a 69% shareholder of Dragon in January 1999**
- **The PSA for the Cheleken Contract Area was signed with the Turkmenistan Government in November 1999 (effective May 2000), replacing the Joint Venture Agreement**



A Successful Partnership



A Long-Term Relationship

Dragon Oil has worked closely over the years with the authorities in Turkmenistan and has received their full support

- Over 83% of Dragon Oil's total manpower originates from Turkmenistan
- We use local universities and colleges to source candidates, offering a long-term career opportunity
- The crude oil production is shared with the Government of Turkmenistan under the terms of the PSA
- Tax on income US\$40 million in 2006 and US\$85 Million in 2007
- We have strictly adhered to the PSA terms resulting in a spirit of full cooperation with the Turkmeni authorities
- We believe our projects and activities have helped improve West Turkmenistan both economically and socially

NPF: A Significant Milestone

- Commissioning of the new 50,000 barrels of oil per day Processing Facility marked a significant milestone for Dragon Oil and Turkmenistan
- The phase 1 culmination of this project has further strengthened the partnership between the Government of Turkmenistan, the local community and Dragon Oil
- The official opening ceremony and celebrations were presided by His Excellency the President of Turkmenistan, the Local Elders and the Chairman and CEO of Dragon Oil

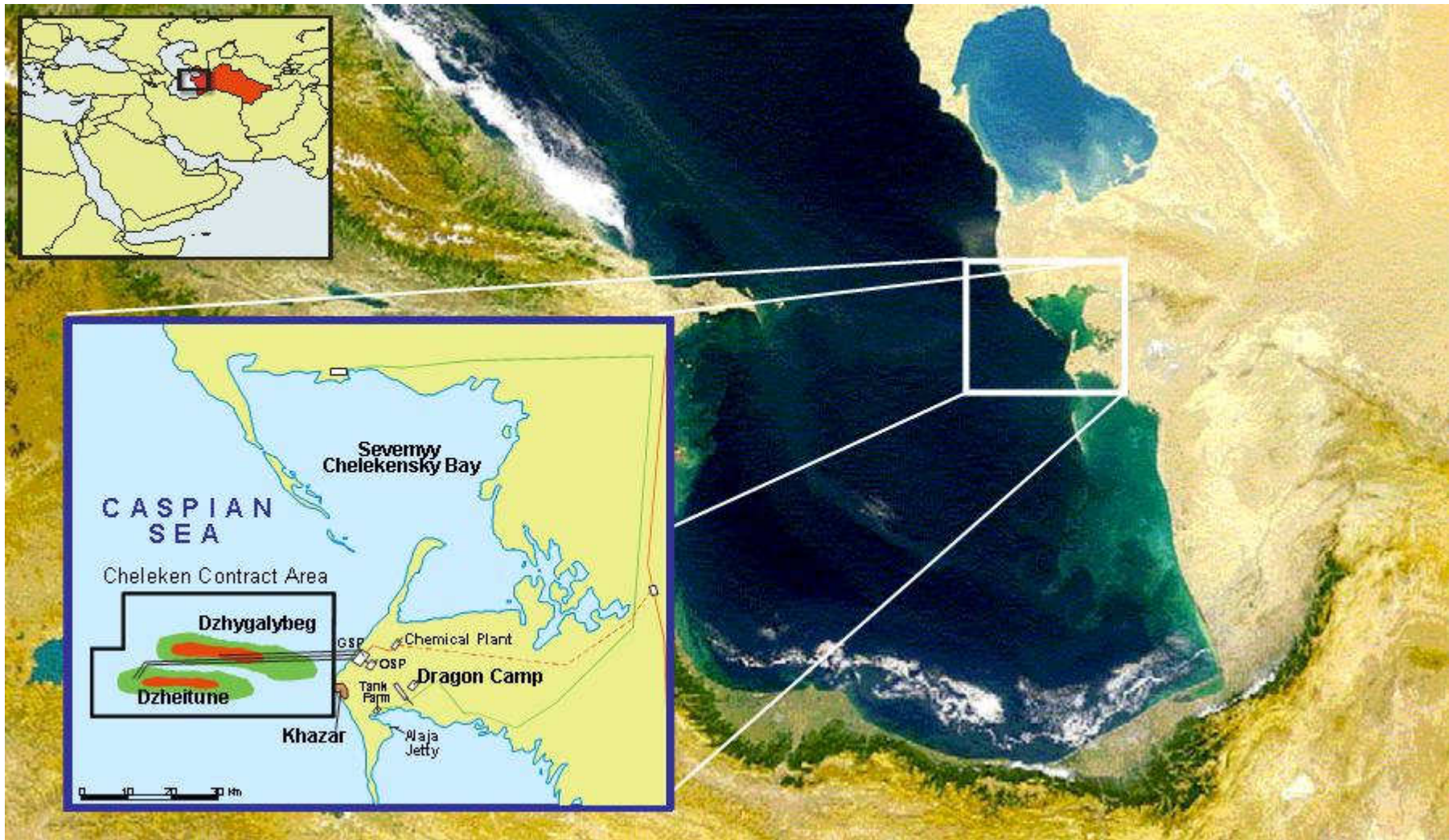




Cheleken Contract Area

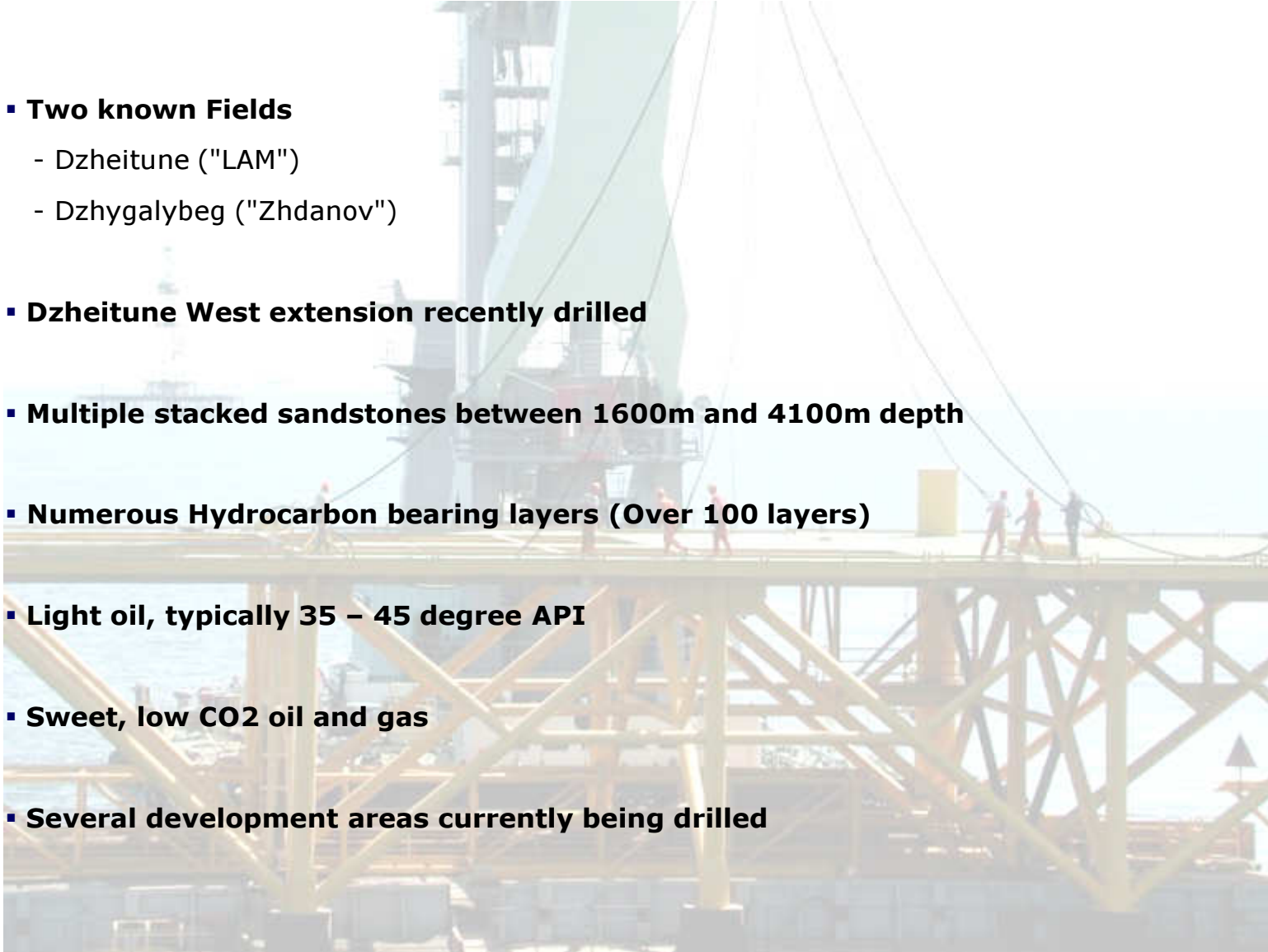


Location: Eastern Caspian Sea



Field Summary

- **Two known Fields**
 - Dzheitune ("LAM")
 - Dzhygalybeg ("Zhdanov")
- **Dzheitune West extension recently drilled**
- **Multiple stacked sandstones between 1600m and 4100m depth**
- **Numerous Hydrocarbon bearing layers (Over 100 layers)**
- **Light oil, typically 35 – 45 degree API**
- **Sweet, low CO2 oil and gas**
- **Several development areas currently being drilled**





Reserve Profile

- **2P reserves as at 31st December 2007: 651 million barrels of oil* (Dragon Oil entitlement 324 million bbls)**

- **Contingent gas resources: 3.4 trillion cubic feet**

- **2 fields Dzheitune (LAM) and Dzhygalybeg (Zhdanov)**
 - Total area 950 km²
 - 8 – 42 meters water depth

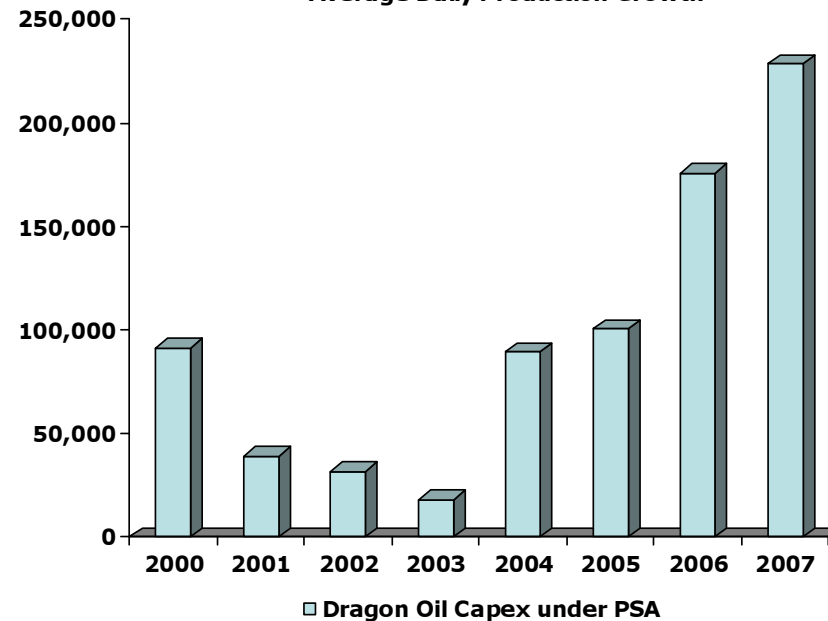
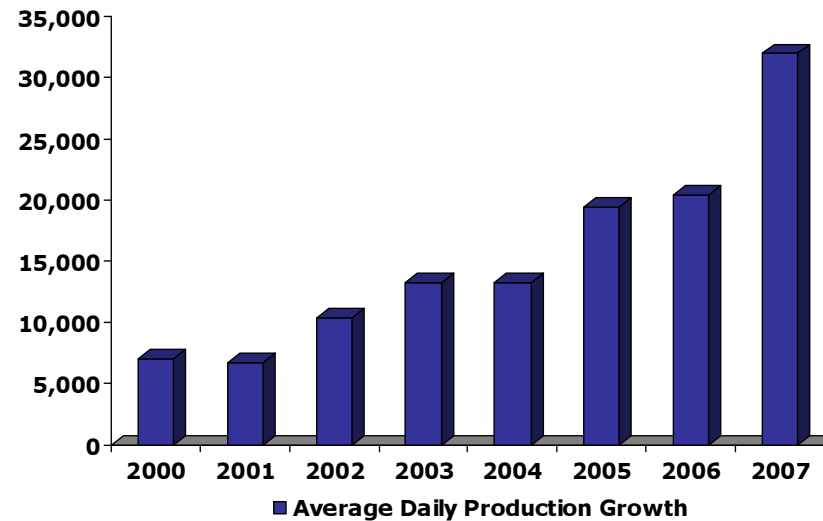
- **Well depths ranging between 3,000m to 5,000m**

***Based on reserves certification report conducted by Gaffney Cline on 30th June 2007**



Production Growth

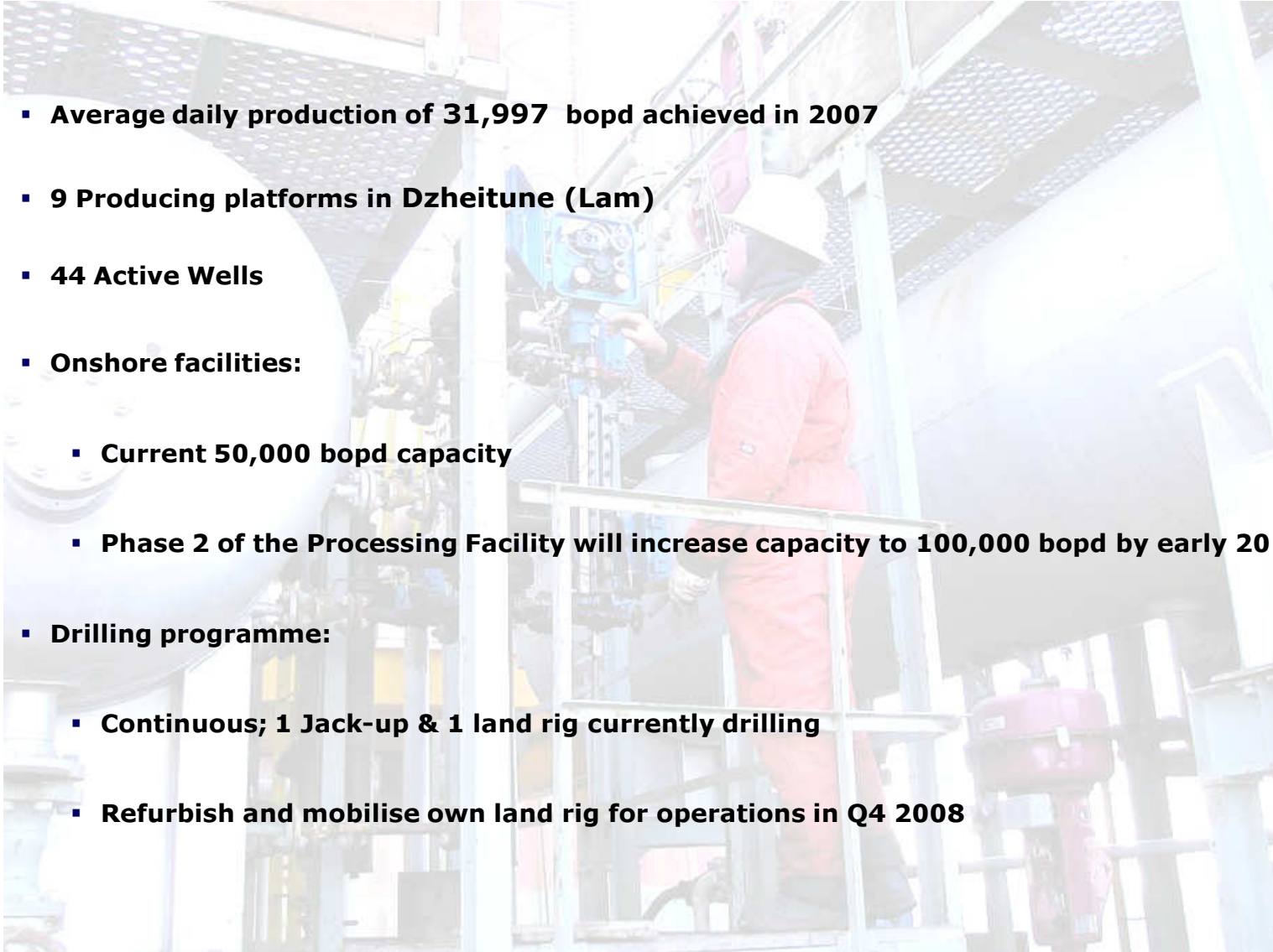
- **Dragon Oil has increased production levels from the Cheleken Contract Area since the beginning of the PSA**
- **The ongoing infrastructure investment programme has enabled Dragon Oil to both manage and raise production levels**
- **Dragon Oil is committed to growing its average daily rate of production by 25% until 2009**
- **Dragon Oil plans to invest up to US\$400m in infrastructure until the end of 2009 excluding drilling costs**





Ongoing Drilling Programme

- **Average daily production of 31,997 bopd achieved in 2007**
- **9 Producing platforms in Dzheitune (Lam)**
- **44 Active Wells**
- **Onshore facilities:**
 - **Current 50,000 bopd capacity**
 - **Phase 2 of the Processing Facility will increase capacity to 100,000 bopd by early 2010**
- **Drilling programme:**
 - **Continuous; 1 Jack-up & 1 land rig currently drilling**
 - **Refurbish and mobilise own land rig for operations in Q4 2008**



Marketing Activities

- **Dragon Oil's marketing policy is to:**
 - Maximise net-backs
 - Minimise inventories
 - Assure multiple outlets
- **Oil is exported to:**
 - Neka (Northern Iran) approximately 80%
 - Baku (Azerbaijan) approximately 20%
- **Additional option to export to Makhachkala, Russian Federation**
- **Transportation arrangements are in place to enable flexibility of marketing routes**
- **Oil is delivered to Neka under a swap agreement and sold at Kharg Island**
- **Reviewing potential of Baku-Tbilisi-Ceyhan pipeline from Azerbaijan to Turkey**
- **Completed Phase 1 upgrade of export facilities**





Gas Commercialisation

- Commercialisation of the gas resources is a priority and a major growth project for Dragon Oil
- A proposal has been submitted to the Government of Turkmenistan for commercialisation of the gas in the Cheleken Contract Area
- Subject to final approval Dragon Oil plans to proceed with Front End Engineering Design (FEED) and tendering of the onshore gas processing infrastructure in 2008
- New 30" trunkline tender already in progress



Health, Safety & Environment

“HSE”



HSE Management System

➔ **Official HSE standards and regulations combine the Turkmenistan Golden Rules HSE Guidelines and our own Dragon Oil HSE Standards & Policies**

Key principles include: -

- Policies, Procedures, Standards on Health, Environment, Safety & Security elements
- Responsibility & Accountability
- Risk Management System
- Process Control
- Contractors HSE Management
- HSE Reviews, Inspections & Audits
- Training and Competence of personnel
- Incidents & Accidents Reporting & Investigation Procedure
- HSE Performance Measurement
- Emergency Response
- Community Interaction and Assistance
- Security of Assets, Personnel and Information



Building on a Strong Foundation



Strategy and Outlook

- **Accelerate field development in the Cheleken Contract Area and continuously increase production**
- **Ensure three rigs are in operation by end of 2008**
- **Improved technology**
 - Drilling operations: oil based mud, more efficient jack-up rigs and improved well design
 - Reservoir characterisation: static and dynamic geological models incorporating 3D seismic program results
- **Increase the number of appraisal wells**
- **Facilities upgrade and improvement of infrastructure**
 - New platforms
 - New Trunk line
 - Increased onshore oil processing capacity
 - Upgrade export infrastructure
- **Commercialise the gas resources in the Cheleken Contract Area**
- **Expand our operations in Turkmenistan to include new blocks subject to approval by the Turkmeni authorities**



Conclusion

In conclusion, Dragon Oil has been operating satisfactorily over a decade in Turkmenistan. We have enjoyed working there and thanks to the guidance and support of the Turkmeni Authorities we have achieved continuous improved results. At the present time this is our only producing asset and we have focused and shall continue to focus on Turkmenistan to serve the mutual interest of both sides. We believe that Turkmenistan's new policies are steering it in the right direction to improve its economy, attract new and major foreign investment and develop its hydrocarbon resources even faster. We are highly optimistic of Turkmenistan's future and can foresee an economic boom. We shall do our best to contribute to that and to play a constructive role in bring prosperity to the Turkmeni nation.



Dragon Oil

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