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RNS Number : 4488I

DNO ASA

26 November 2018

## OFFER FOR FAROE PETROLEUM PLC

*THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION*

*Not for release, publication or distribution, in whole or in part, in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction*

26 November 2018

**CASH OFFER****FOR****FAROE PETROLEUM PLC ("FAROE")****By****DNO ASA ("DNO")****Summary**

- The Board of Directors of DNO ASA is pleased to announce the terms of an offer to be made by DNO for the whole of the issued and to be issued share capital of Faroe Petroleum plc (other than the 105,247,866 Faroe Shares already held by DNO, representing 28.22 percent of Faroe's issued share capital).
- The Offer will be 152 pence in cash for each Faroe Share, valuing Faroe's existing issued and to be issued share capital at approximately £607.9 million.
- Of the Offer value of approximately £443.8 million on a fully diluted basis, £402.6 million is attributable to the current issued share capital of Faroe (other than those Faroe Shares already held by DNO and the Faroe Employment Benefit Trust) and the balance £41.2 million is attributable to DNO's understanding of the number of outstanding share options and awards granted by Faroe to its directors, management and employees, representing approximately 7 percent dilution of Faroe's current issued share capital.

- The Offer Price represents a premium of 44.8 percent to Faroe's share price of 105 pence at the close of business on 3 April 2018, the last business day before DNO announced its first acquisition of shares in Faroe, and a premium of 20.8 percent to Faroe's share price of 125.8 pence at the close of business on 23 November 2018, the last business day before this announcement.
- Commenting on the Offer, Bijan Mossavar-Rahmani, Executive Chairman of DNO, said:

*"We are pleased now to engage directly with the Faroe shareholders with a proposed all-cash voluntary offer of 152 pence per share which represents a premium of 44.8 percent to the closing price of 105 pence on the day before DNO announced its first acquisition of Faroe shares last April, and a premium of 20.8 percent to the closing price of 125.8 pence last Friday. In the period between our first acquisition, triggering significant bid speculation, and this offer, the price of Brent crude has dropped 13 percent and oil and equity markets have entered a period of great uncertainty.*

*For those shareholders who wish to exit, DNO is therefore offering a considerable premium.*

*For those who wish to remain, there is no assurance of Faroe achieving its full value potential in a volatile commodity and financial markets environment as a relatively small scale, financially constrained UK-AIM listed company whose share price performance has remained stubbornly disappointing, with the very notable exception of short-term spikes following the sale of a particular large block of shares by one investor to another (most recently to DNO) and the attendant speculation about an impending takeover premium with each such transaction.*

*We firmly believe that Faroe's assets, the substantial part of which are Norwegian, are better placed in the bosom of DNO, Norway's oldest independent oil and gas company, currently operating gross production of 125,000 barrels per day which compares with the 7,500 barrels of oil equivalent a day of gross production operated by Faroe. DNO's proven and probable reserves were nearly four times those of Faroe's as reported at 31 December 2017.*

*Whether the offer achieves DNO's minimum acquisition target or the acquisition of all of Faroe's shares, we attach great importance to retaining the skills, knowledge and expertise of Faroe's operational management and employees. We intend to retain Faroe's Aberdeen head office and each of the other offices."*

**This summary should be read in conjunction with, and is subject to, the full text of the attached announcement (including its Appendices). The Offer will be subject to the Conditions and certain further terms set out in**

Appendix 1 and to the full terms and conditions to be set out in the Offer Document. Appendix 2 contains the sources and bases of certain information contained in this summary and the following announcement. Appendix 3 contains the definitions of certain terms used in this summary and the following announcement.

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#### **Further information**

*This announcement is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Offer or otherwise, nor shall there be any sale, issuance or transfer of securities of Faroe in any jurisdiction in contravention of applicable law. The Offer will be made solely by means of the Offer Document and (in respect of Faroe Shares held in certificated form) the acceptance forms accompanying the Offer Document, which will, together, contain the full terms and conditions of the Offer including details of how it may be accepted.*

*Please be aware that addresses, electronic addresses and certain other information provided by Faroe Shareholders, persons with information rights and other relevant persons for the receipt of communications from Faroe may be provided to DNO during the offer period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11 of the Code.*

*Lambert Energy Advisory Limited, which is authorised and regulated in the UK by the FCA, is acting exclusively for DNO and no-one else in connection with the Offer and will*

*not be responsible to anyone other than DNO for providing the protections afforded to clients of Lambert Energy Advisory Limited nor for providing advice in relation to the Offer or any other matters referred to in this announcement.*

*Pareto Securities AS is acting exclusively for DNO and no-one else in connection with the Offer and will not be responsible to anyone other than DNO for providing the protections afforded to clients of Pareto Securities AS nor for providing advice in relation to the Offer or any other matters referred to in this announcement.*

### **Overseas jurisdictions**

*The availability of the Offer to Faroe Shareholders who are not resident in and citizens of the UK or the United States may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the UK or the United States should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to Overseas Shareholders will be contained in the Offer Document.*

*The release, publication or distribution of this announcement in or into jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK or the United States should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person. This announcement has been prepared for the purposes of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside of England.*

*The Offer will not be made, directly or indirectly, in, into or from any jurisdiction where to do so would violate the laws in that jurisdiction. Accordingly, copies of this announcement and formal documentation relating to the Offer will not be and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any jurisdiction where to do so would violate the laws of that jurisdiction.*

### **Notice to US Faroe Shareholders**

*The Offer is being made for the securities of an English company and is subject to UK disclosure requirements, which are different from those of the United States. The financial information included in this announcement has been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with*

generally accepted accounting principles in the United States.

*The Offer will be made in the United States pursuant to the applicable US tender offer rules and otherwise in accordance with the requirements of the Code. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, that are different from those applicable under US domestic tender offer procedures and law. If the Offer is instead implemented by means of a scheme of arrangement as provided for under English law it will not be subject to the tender offer rules of the US Exchange Act. Accordingly, the Offer would be subject to disclosure requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of US tender offer rules.*

*The receipt of cash pursuant to the Offer by a US Faroe Shareholder will likely be a taxable transaction for US federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Faroe Shares is urged to consult his or her independent professional advisor immediately regarding the tax consequences of acceptance of the Offer.*

*It may be difficult for US Faroe Shareholders to enforce their rights and any claim arising out of the US federal securities laws, since DNO is located in a country other than the United States, and some or all of their officers and directors may be residents of countries other than the United States. US Faroe Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.*

*In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, DNO or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Faroe Shares outside the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website, [www.londonstockexchange.com](http://www.londonstockexchange.com).*

#### **Forward Looking statements**

*This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Offer, and other information published by DNO contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections*

of the management of DNO about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this announcement include statements relating to the expected effects of the Offer on DNO and Faroe, the expected timing and scope of the Offer and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although DNO believes that the expectations reflected in such forward-looking statements are reasonable, DNO can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include the satisfaction of the Conditions, as well as additional factors, for example, oil and gas operations, particularly those relating to development stage assets which are subject to varying inputs that may impact timing, including, inter alia, permitting; environmental regulation; changes to regulators and regulation; third party manufacturers and service providers; the weather and asset partner and operator actions. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. DNO, its associates, directors, officers and advisers provide no representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with its legal or regulatory obligations DNO is under no obligation, and DNO expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

#### **No profit forecasts or quantified benefits statement**

No statement in this announcement is intended as a profit forecast, profit estimate or qualified benefits statement and no statement in this announcement should be interpreted to mean that earnings per Faroe Share or DNO share for the current or future financial years would necessarily match or exceed the respective historical published earning per Faroe Share or DNO share or to mean that the enlarged group's earnings in the first 12 months following the Offer, or in any subsequent period, would necessarily match

or be greater than those of Faroe or DNO for the relevant preceding financial period or any other period.

### **Dealing disclosure requirements**

Under Rule 8.3(a) of the Code, any person who is interested in 1 percent or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10<sup>th</sup> business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10<sup>th</sup> business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 percent or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and

*Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

#### **Publication on website and hard copies**

*A copy of this announcement and the documents required to be published by Rule 26 of the Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on DNO's website at [www.dno.no/en/investor-relations/offer\\_announcement\\_26November\\_](http://www.dno.no/en/investor-relations/offer_announcement_26November_). For the avoidance of doubt, the contents of such website are not incorporated into and do not form part of this announcement.*

*You may request a hard copy of this announcement by contacting Equiniti Limited on 0333 207 6399 or +44 121 415 0973 (if calling from outside the UK). Lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the +44 121 415 0973 from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that Equiniti Limited cannot provide advice on the merits of the Offer nor give financial, tax, investment or legal advice. Alternatively, you may request a hard copy of this announcement by submitting a request in writing to Equiniti Limited at Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. If you have received this announcement in electronic form, copies of this announcement and any document or information incorporated by reference into this document will not be provided unless such a request is made.*

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26 November 2018

**CASH OFFER****FOR****FAROE PETROLEUM PLC****BY****DNO ASA****1. Introduction**

The Board of Directors of DNO ASA is pleased to announce the terms of an offer to be made by DNO for the whole of the issued and to be issued share capital of Faroe Petroleum plc (other than the 105,247,866 Faroe Shares already held by DNO, representing 28.22 percent of Faroe's current issued share capital).

**2. The Offer**

The Offer, which will be subject to the Conditions and further terms set out in Appendix 1 to this announcement and to be set out in the Offer Document, will be made on the following basis:

**for each Faroe share            152 pence in  
cash**

The Offer values Faroe's existing issued and to be issued share capital at approximately £607.9 million.

Of the Offer value of approximately £443.8 million on a fully diluted basis, £402.6 million is attributable to the current issued share capital of Faroe (other than those Faroe Shares already held by DNO and the Faroe Employment Benefit Trust) and the balance £41.2 million is attributable to DNO's understanding of the number of outstanding share options and awards granted by Faroe to its directors, management and employees, representing approximately 7 percent dilution of Faroe's current issued share capital.

The Offer Price represents a premium of 44.8 percent to Faroe's share price of 105 pence at the close of business on 3 April 2018, the last business day before DNO announced its first acquisition of shares in Faroe, and a premium of 20.8 percent to Faroe's share price of 125.8 pence at the close of business on 23 November 2018, the last business day before this announcement.

If, after the date of this announcement, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the

Faroe Shares, DNO reserves the right to reduce the consideration payable under the terms of the Offer at such date by an amount equal to such dividend and/or distribution and/or return of capital.

### 3. Background to and reasons for the Offer

DNO is Norway's oldest oil and gas exploration and production company with a strong Norwegian heritage and shareholder base. For the past ten years, DNO has successfully focussed on growing its international presence, anchored by the DNO-operated flagship Tawke and Peshkibir oilfields in the Kurdistan region of Iraq. DNO now ranks among the leading European listed independent oil and gas companies in reserves and production, with year end 2017 proven and probable (2P) reserves of 384.1 million barrels of oil equivalent (MMboe) on a company working interest (CWI) basis, plus 98.9 MMboe of CWI contingent (2C) resources. DNO's total operated production currently stands at around 125,000 barrels per day (gross).

DNO is in the early phases of re-establishing its North Sea presence. After the acquisition of Origo Exploration Holding AS in 2017, DNO has rapidly built up its portfolio through new licence rounds and farm-ins (currently holding participating interests in 21 licences offshore Norway) and has commenced an ambitious exploration drilling campaign on its portfolio, targeting five wells per year. DNO's organic growth ambitions in Norway are complemented by its shareholding in Faroe.

DNO acquired 28.7 percent of the shares in Faroe in April 2018. At the time, DNO expressed support for Faroe's management's North Sea strategy, as it has supported other upstream companies in which it has held or continues to hold strategic investments, including RAK Petroleum plc, Rocksource ASA, Det norske oljeselskap ASA and Panoro ASA, among others. These investments, when sizeable, have included board representation, as is common, even often expected, in the industry.

DNO, by far the largest shareholder in Faroe, was deeply disappointed when its reasonable request last summer for board representation and constructive engagement with Faroe was summarily rebuffed. Moreover, there was a dilution of DNO's shareholding to 28.2 percent through the vesting of share awards in favour of Faroe directors and others. Based on DNO's assessment of publicly disclosed information, share awards and options representing an additional 7 percent or so dilution appear yet to be vested or exercised, which will further significantly dilute existing shareholders' interests in favour of Faroe directors and others.

DNO has both publicly and privately raised its concerns about the corporate governance culture and shareholder value strategies at Faroe, but to no apparent avail in terms of substantive and timely actions. Against this backdrop, DNO has now decided proactively to address these concerns and protect its sizeable investment in Faroe by

offering to acquire all the outstanding shares in Faroe that DNO does not already own.

Specifically, DNO wishes to safeguard its investment against three key concerns:

- The continued unwillingness by Faroe directors to consider proposing board representation to its largest shareholder, DNO, much as the Faroe directors have refused to consider granting board representation to other large shareholders in the recent past.
- Without such representation and active shareholder "say on pay" at the board level, no protection against continued shareholder dilution via what appear to be very generous option schemes which benefit Faroe directors and others.
- No assurance of Faroe achieving its full value potential in a volatile commodity and financial markets environment as a relatively small scale, financially constrained UK-AIM listed company whose share price performance has remained stubbornly disappointing, with the very notable exception of short-term spikes following the sale of a particular large block of shares by one investor to another (most recently to DNO) and the attendant speculation about an impending takeover premium with each such transaction.

DNO has set its acceptance condition at owning a shareholding of one share plus 57.5 percent of Faroe's issued share capital, representing more than 50 percent of Faroe's fully diluted share capital. Some shareholders may elect to remain. For those shareholders who wish to exit, DNO is offering a considerable premium. The all-cash Offer of 152 pence per share represents a premium of 44.8 percent to Faroe's share price of 105 pence, the last share price unaffected by bid speculation at the close of business on 3 April 2018 (which was the last trading day before DNO announced its first acquisition of shares in Faroe) and a premium of 20.8 percent to Faroe's share price of 125.8 pence at the close of business on 23 November 2018, the last business day before this announcement.

DNO's Offer values the entire issued share capital of Faroe at £566.8 million. As far as DNO and its advisors can determine from publicly disclosed information, a further sizeable figure of approximately £41.2 million is required to make an equivalent offer in respect of the options issued to Faroe's directors and others. Hence the offer values Faroe's existing issued and to be issued share capital at approximately £607.9 million.

#### **4. Information relating to DNO**

DNO is a Norwegian oil and gas operator focussed on the Middle East and North Sea. Founded in 1971 and listed on the Oslo Stock Exchange, DNO holds stakes in onshore and offshore licences at various stages of exploration,

development and production in the Kurdistan region of Iraq, Norway, Oman, the UK and Yemen.

DNO is currently operating gross production of 125,000 barrels per day. As at 31 December 2017, DNO had 2P reserves of 384.1 MMboe and 2C resources of 98.9 MMboe (both figures on a CWI basis).

#### **5. Information relating to Faroe**

Faroe is an independent oil and gas company admitted to trading on AIM since 2003 and focussed on exploration, appraisal and production activities in Norway and the UK. As at 31 December 2017, Faroe has stated 2P reserves of 97.7 MMboe and 2C resources of 78.6 MMboe; 2017 daily production averaged 14,300 barrels per day.

#### **6. Management, employees and locations**

DNO attaches great importance to retaining the skills, knowledge and expertise of Faroe's operational management and employees.

If the transaction completes, DNO foresees changes to representation on the board in order to strengthen corporate governance. In addition, due to Norwegian regulations, DNO expects that it may be required to combine its interest in its Norwegian operating subsidiary with Faroe's Norwegian operating subsidiary. In any such combination, Faroe and DNO shareholders' interests will be protected as the transaction will be carried out on an arms-length valuation basis and employees' interests will be protected by applicable labour law.

If the Offer results in DNO acquiring all of the Faroe shares, or otherwise leads to a subsequent de-listing, there will be limited overlap of the DNO and Faroe businesses. Faroe has its head office in Aberdeen and also has offices in London, Great Yarmouth and Stavanger. DNO foresees limited rationalisation, mainly targeted at corporate and support functions, notably PLC-related functions, which may result in associated headcount reductions but DNO intends to retain Faroe's head office in Aberdeen and each of its other offices. DNO has not yet developed specific proposals as to how any potential reductions in headcount would be implemented as it has not yet had access to detailed information from management on the Faroe business, but it will draw up detailed plans within three months of completion. Any individual potentially impacted will be treated in accordance with applicable law and in a manner consistent with prudent practices.

Owing to the nature of its business, Faroe does not have a research and development function.

DNO does not intend to make any material change in the conditions of employment or the balance of skills and functions of the employees and management of Faroe.

Any oil and gas exploration and production company will, from time to time in the ordinary course of its business,

relinquish, trade or high-grade participating interests in licences. Save in such circumstances, DNO has no intention to redeploy the fixed assets of Faroe.

The Offer is not expected to have any impact on DNO's existing business.

#### **7. Existing rights and pensions**

The existing individual and statutory employment rights of Faroe employees, including in relation to the existing pensions obligations under Faroe's defined contribution pension scheme in respect of which DNO will ensure that the level of employer contribution into defined contribution schemes is not reduced, will be safeguarded in accordance with applicable law.

According to Faroes's Annual Report and Accounts for the year ended 31 December 2017, there is no defined benefit pension scheme in the company.

#### **8. Financing of the Offer**

The cash consideration payable by DNO under the terms of the Offer will be funded from existing cash resources.

Lambert Energy Advisory Limited confirms that it is satisfied that resources are available to DNO to satisfy in full the cash consideration payable under the terms of the Offer.

#### **9. Faroe Share Schemes**

Participants in the Faroe Share Schemes will be contacted regarding the effect of the Offer on their rights and appropriate proposals will be made to such participants in due course. Details of these proposals will be set out in the Offer Document.

#### **10. Disclosure of interests in Faroe relevant securities**

As at close of business on 23 November 2018 (being the latest practicable date prior to the date of this announcement), save as disclosed below, neither DNO, nor any of the directors of DNO or any member of the DNO Group, nor, so far as the directors of DNO are aware, any person acting in concert with DNO for the purposes of the Offer had any interest in, right to subscribe for, or had borrowed or lent any Faroe Shares or securities convertible or exchangeable into Faroe Shares, nor did any such person have any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery, or any dealing arrangement of the kind referred to in Note 11 of the definition of acting in concert in the Code, in relation to Faroe Shares or in relation to any securities convertible or exchangeable into Faroe Shares.

As at close of business on 23 November 2018 (being the latest practicable date prior to the date of this announcement) DNO had a beneficial interest in 105,247,866 Faroe Shares, representing 28.22 percent of Faroe's issued share capital.

In the interests of secrecy prior to this announcement, DNO has not made any enquiries in respect of the matters referred to in this paragraph of certain parties who may be deemed by the Panel to be acting in concert with DNO for the purposes of the Offer. Enquiries of such parties will be made as soon as practicable following the date of this announcement and any disclosure in respect of such parties will be included in the Offer Document.

#### **11. Cancellation of admission to trading on AIM and compulsory acquisition**

If the Offer becomes or is declared unconditional in all respects, and DNO acquires or agrees to acquire (taken together with the Faroe Shares already held by it) 75 percent of the voting rights attached to the Faroe Shares, DNO intends to procure that Faroe will make an application to the London Stock Exchange for the cancellation of the admission to trading of the Faroe Shares on AIM.

It is anticipated that the application for cancellation of admission to trading of the Faroe Shares on AIM will take effect no earlier than the date that is 20 business days after DNO has acquired or agreed to acquire 75 percent of the voting rights attaching to the Faroe Shares. The cancellation of admission to trading of the Faroe Shares on AIM would significantly reduce the liquidity and marketability of any Faroe Shares not assented to the Offer at that time.

If DNO receives acceptances under the Offer in respect of, or otherwise acquires, 90 percent or more of the Faroe Shares to which the Offer relates, DNO will exercise its rights pursuant to the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily the remaining Faroe Shares in respect of which the Offer has not been accepted.

It is also intended that, following the cancellation of the admission to trading of the Faroe Shares on AIM, Faroe will be re-registered as a private company under the relevant provisions of the Companies Act.

#### **12. Overseas Shareholders**

The availability of the Offer or the distribution of this announcement to Faroe Shareholders who are not resident in the UK or the United States may be affected by the laws of the relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. Faroe Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

This announcement does not constitute an offer for sale for any securities or an offer or an invitation to purchase any securities. Faroe Shareholders are advised to read carefully the Offer Document once this has been dispatched.

### 13. Documents published on a website

This announcement will, by no later than 12 noon (London time) on 27 November 2018, be published on DNO's website at [www.dno.no/en/investor-relations/offer\\_announcement\\_26November](http://www.dno.no/en/investor-relations/offer_announcement_26November) until the end of the Offer.

### 14. General

The Offer Document will be posted to Faroe Shareholders as soon as practicable.

The Offer will be subject to the Conditions and certain further terms set out in Appendix 1 and the further terms and conditions set out in the Offer Document when issued.

DNO reserves the right to elect, with the consent of the Panel, to implement the Offer by way of a scheme of arrangement under Part 26 of the Companies Act. In such event, the scheme of arrangement will be implemented on substantially the same terms, so far as applicable, as those which would apply to the Offer, subject to appropriate amendments (including to statutory voting requirements) to reflect the change in method of implementing the Offer.

The bases and sources of certain financial information contained in this announcement are set out in Appendix 2. Certain terms used in this announcement are defined in Appendix 3.

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### **Further information**

*This announcement is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Offer or otherwise, nor shall there be any sale, issuance or transfer of securities of Faroe in any jurisdiction in contravention of applicable law. The Offer will be made solely by means of the Offer Document and (in respect of Faroe Shares held in certificated form) the acceptance forms accompanying the Offer Document, which will, together, contain the full terms and conditions of the Offer including details of how it may be accepted.*

*Please be aware that addresses, electronic addresses and certain other information provided by Faroe Shareholders, persons with information rights and other relevant persons for the receipt of communications from Faroe may be provided to DNO during the offer period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11 of the Code.*

*Lambert Energy Advisory Limited, which is authorised and regulated in the UK by the FCA, is acting exclusively for DNO and no-one else in connection with the Offer and will not be responsible to anyone other than DNO for providing the protections afforded to clients of Lambert Energy Advisory Limited nor for providing advice in relation to the Offer or any other matters referred to in this announcement.*

*Pareto Securities AS is acting exclusively for DNO and no-one else in connection with the Offer and will not be responsible to anyone other than DNO for providing the protections afforded to clients of Pareto Securities AS nor for providing advice in relation to the Offer or any other matters referred to in this announcement.*

### **Overseas jurisdictions**

*The availability of the Offer to Faroe Shareholders who are not resident in and citizens of the UK or the United States may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the UK or the United States should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to Overseas Shareholders will be contained in the Offer Document.*

*The release, publication or distribution of this announcement in or into jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK or*

*the United States should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person. This announcement has been prepared for the purposes of complying with English Law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside of England.*

*The Offer will not be made, directly or indirectly, in, into or from any jurisdiction where to do so would violate the laws in that jurisdiction. Accordingly, copies of this announcement and formal documentation relating to the Offer will not be and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any jurisdiction where to do so would violate the laws of that jurisdiction.*

#### **Notice to US Faroe Shareholders**

*The Offer is being made for the securities of a UK company and is subject to UK disclosure requirements, which are different from those of the United States. The financial information included in this announcement has been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.*

*The Offer will be made in the United States pursuant to the applicable US tender offer rules and otherwise in accordance with the requirements of the Code. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, that are different from those applicable under US domestic tender offer procedures and law. If the Offer is instead implemented by means of a scheme of arrangement as provided for under English Law it will not be subject to the tender offer rules of the US Exchange Act. Accordingly, the Offer would be subject to disclosure requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of US tender offer rules.*

*The receipt of cash pursuant to the Offer by a US Faroe Shareholder will likely be a taxable transaction for US federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Faroe Shares is urged to consult his or her independent professional advisor immediately regarding the tax consequences of acceptance of the Offer.*

*It may be difficult for US Faroe Shareholders to enforce their rights and any claim arising out of the US federal securities laws, since DNO is located in a country other*

than the United States, and some or all of their officers and directors may be residents of countries other than the United States. US Faroe Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, DNO or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Faroe Shares outside the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website, [www.londonstockexchange.com](http://www.londonstockexchange.com).

### **Forward Looking statements**

This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Offer, and other information published by DNO contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of DNO about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this announcement include statements relating to the expected effects of the Offer on DNO and Faroe, the expected timing and scope of the Offer and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although DNO believes that the expectations reflected in such forward-looking statements are reasonable, DNO can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include the satisfaction of the Condition, as well as additional factors, for example, oil and gas operations, particularly those relating to development stage assets which are

subject to varying inputs that may impact timing, including inter alia permitting; environmental regulation; changes to regulators and regulation; third party manufacturers and service providers; the weather and asset partner and operator actions. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. DNO, its associates, directors, officers and advisers provide no representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with its legal or regulatory obligations DNO is under no obligation, and DNO expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### **No profit forecasts or quantified benefits statement**

No statement in this announcement is intended as a profit forecast, profit estimate or qualified benefits statement and no statement in this announcement should be interpreted to mean that earnings per Faroe Share or DNO share for the current or future financial years would necessarily match or exceed the respective historical published earning per Faroe Share or DNO share or to mean that the enlarged group's earnings in the first 12 months following the Offer, or in any subsequent period, would necessarily match or be greater than those of Faroe or DNO for the relevant preceding financial period or any other period.

### **Dealing disclosure requirements**

Under Rule 8.3(a) of the Code, any person who is interested in 1 percent or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10<sup>th</sup> business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10<sup>th</sup> business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 percent or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

#### **Publication on website and hard copies**

*A copy of this announcement and the documents required to be published by Rule 26 of the Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on DNO's website at - [www.dno.no/en/investor-relations/offer\\_announcement\\_26November\\_](http://www.dno.no/en/investor-relations/offer_announcement_26November_). For the avoidance of doubt, the contents of such website are not incorporated into and do not form part of this announcement.*

*You may request a hard copy of this announcement by contacting Equiniti Limited on 0333 207 6399 or +44 121 415 0973 (if calling from outside the UK). Lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the +44 121 415 0973 from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that Equiniti Limited cannot*

*provide advice on the merits of the Offer nor give financial, tax, investment or legal advice. Alternatively, you may request a hard copy of this announcement by submitting a request in writing to Equiniti Limited at Corporate Actions, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. If you have received this announcement in electronic form, copies of this announcement and any document or information incorporated by reference into this document will not be provided unless such a request is made.*

**APPENDIX 1**  
**CONDITIONS AND CERTAIN FURTHER TERMS**  
**OF THE OFFER**

**A. CONDITIONS OF THE OFFER**

The Offer will be subject to the following conditions (the "Conditions"):

- (a) valid acceptances being received (and not, where permitted, withdrawn) by not later than 1.00 p.m. (London time) on the first closing date of the Offer (or such later time(s) and/or date(s) as DNO may, subject to the rules of the Code, decide) in respect of such number of Faroe Shares as, together with any Faroe Shares that DNO (and/or its nominee(s)) has acquired or agreed to acquire (whether pursuant to the Offer or otherwise), is equal to one Faroe Share more than 57.5 percent of the voting rights then normally exercisable at a general meeting of Faroe, or such lesser number of Faroe Shares as DNO may decide, provided that this condition will not be satisfied unless DNO and/or any of its wholly-owned subsidiaries and/or its or such wholly-owned subsidiaries' nominees shall have acquired or agreed to acquire (whether pursuant to the Offer or otherwise) Faroe Shares carrying in aggregate more than 50 percent of the voting rights then normally exercisable at a general meeting of Faroe including for this purpose (to the extent, if any, required by the Panel) any voting rights attaching to Faroe Shares that are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription rights or conversion rights or otherwise. For the purpose of this condition:
- (i) Faroe Shares which have been unconditionally allotted but not issued shall be deemed to carry the voting rights which they will carry upon issue; and
- (ii) valid acceptances shall be deemed to have been received in respect of Faroe Shares which are treated for the purposes of the Companies Act as having been acquired or contracted to be acquired by DNO whether by virtue of acceptances of the Offer or otherwise; and
- (b) since 31 December 2017 and except as disclosed in Faroe's Annual Report and Accounts for the year then ended or as otherwise publicly announced by Faroe prior to 23 November 2018 (by the delivery of an announcement to a Regulatory Information Service), no member of the Faroe Group having allotted or issued or agreed to allot or issue, or authorised the allotment or issue of, additional shares of any

class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities, other than as between Faroe and wholly-owned subsidiaries of Faroe and other than any shares allotted or issued upon the exercise of options or the vesting of awards granted prior to 23 November 2018 under any of the Faroe Share Schemes.

**B. WAIVER AND INVOCATION OF THE CONDITIONS**

DNO reserves the right to waive Condition A(b), in whole or in part. Condition A(a) cannot be waived.

Condition A(b) must be fulfilled, be determined by DNO to be or remain satisfied or (if capable of waiver) be waived by midnight on the 21<sup>st</sup> day after the later of the first closing date of the Offer and the date on which Condition A(a) is fulfilled (or such later date as DNO may, with the consent of the Panel, decide), failing which the Offer will lapse.

DNO shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled Condition A(b) by a date earlier than the latest date specified above for the fulfilment of that Condition, notwithstanding that the other Condition may at such earlier date have been waived or fulfilled and that there is, at such earlier date, no circumstances indicating that Condition A(b) may not be capable of fulfilment.

If the Panel requires DNO to make an offer or offers for Faroe Shares under the provisions of Rule 9 of the Code, DNO may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.

**C. CERTAIN FURTHER TERMS OF THE OFFER**

If the Offer lapses, it will cease to be capable of further acceptance. Faroe Shareholders who have accepted the Offer and DNO shall then cease to be bound by acceptances delivered on or before the date on which the Offer lapses.

Faroe Shares will be acquired by DNO fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and other third party rights of any nature whatsoever and together with all rights attaching to them as at the date of this announcement or subsequently attaching or accruing to them, including the right to receive and retain, in full, all dividends and other distributions (if any) declared, made, paid or payable, or any other return of capital made, on or after the date of this announcement.

If, on or after the date of this announcement, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the Faroe Shares, DNO reserves the right to reduce the consideration payable under the terms of the Offer for the Faroe Shares by an amount equal to the amount of such dividend and/or distribution and/or return of capital, in

which case any reference in this announcement or in the Offer Document to the consideration payable under the terms of the Offer will be deemed to be a reference to the consideration as so reduced. To the extent that any such dividend and/or distribution and/or other return of capital is declared, made or paid or is payable and it is: (i) transferred pursuant to the Offer on a basis which entitles DNO to receive the dividend or distribution and to retain it; or (ii) cancelled, the consideration payable under the terms of the Offer will not be subject to change in accordance with this paragraph. Any exercise by DNO of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Offer.

The Offer will be subject, inter alia, to the Conditions and certain further terms which are set out in this Appendix 1 and those terms which will be set out in the Offer Document and such further terms as may be required to comply with the AIM Rules and the provisions of the Code.

The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements. Further information in relation to Overseas Shareholders will be contained in the Offer Document.

This announcement and any rights and liabilities arising hereunder, the Offer and any proxies will be governed by English law and be subject to the jurisdiction of the courts of England and Wales. The Offer will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the FCA.

**APPENDIX 2****BASES AND SOURCES**

- (a) The value attributed to the fully diluted share capital of Faroe is based upon the 372,889,693 Faroe Shares in issue on 5 September 2018 plus an assumed number of 27,073,590 Faroe Shares under award under the Faroe Incentive Plan and the matching share component of the Faroe Co-Investment Plan. Of the issued share capital, there are 2,757,088 Faroe Shares which were acquired by Faroe's Employee Benefit Trust on 29 May 2018. If all of these Faroe Shares are used to satisfy share options and awards, the number of Faroe Shares to be issued under the Faroe Incentive Plan and the matching component of the Faroe Co-Investment Plan will be reduced by such number and the value attributed to the fully diluted share capital of Faroe will be reduced accordingly. DNO holds 105,247,866 Faroe Shares.
- (b) The assumed number of Faroe Shares under option or award has been determined by reference to the number of outstanding share options and awards as at 31 December 2017, as disclosed in Faroe's Annual Report and Accounts for the year ended 31 December 2017, and the additional grants, vestings and lapses publicly announced in the period between 1 January 2018 and 23 November 2018 (by the delivery of an announcement to a Regulatory Information Service) by Faroe to shareholders.
- (c) For the purposes of the financial comparisons contained in this announcement, no account has been taken of any liability to taxation or the treatment of fractions under the Offer.
- (d) Unless otherwise stated, any financial information on DNO is extracted (without material adjustment) from DNO's Annual Report and Accounts for the year ended 31 December 2017, and from the announcement of DNO's unaudited third quarter interim results for the nine months ended 30 September 2018.
- (e) Unless otherwise stated, any financial information on Faroe is extracted (without material adjustment) from Faroe's Annual Report and Accounts for the year ended 31 December 2017 and from the announcement of Faroe's interim results for the six months ended 30 June 2018.
- (f) The market prices of the Faroe Shares are the closing middle market quotations as derived from the Daily Official List.

**APPENDIX 3****DEFINITIONS**

The following definitions apply throughout this announcement unless the context requires otherwise.

"£", "pence" or "p"	"Sterling", the lawful currency of the UK
"AIM"	the market of that name operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for companies published by the London Stock Exchange
"associate"	has the meaning given in Section 988 of the Companies Act
"Code"	the City Code on Takeovers and Mergers
"Companies Act"	the Companies Act 2006, as amended from time to time
"Conditions"	the conditions of the Offer set out in Appendix 1
"Daily Official List"	the daily official list of the London Stock Exchange
"Dealing Disclosure"	an announcement pursuant to Rule 8 of the Code containing details of dealings in relevant securities of a party to an offer
"DNO"	DNO ASA
"DNO Group"	DNO and its subsidiaries and subsidiary undertakings
"Employee Benefit Trust"	the Faroe Employee Benefit Trust
"Faroe"	Faroe Petroleum plc
"Faroe Group"	Faroe and its subsidiary undertakings
"Faroe Shareholders"	the registered holders of Faroe Shares from time to time

"Faroe Share Schemes"	the Faroe Incentive Plan, the Faroe Co-Investment Plan, the Faroe Share Incentive Plan and the Faroe Restricted Stock Plan
"Faroe Shares"	includes: <ul style="list-style-type: none"> <li>(i) the existing unconditionally allotted or issued and fully paid ordinary shares of 10 pence each in the capital of Faroe; and</li> <li>(ii) any further ordinary shares of 10 pence each in the capital of Faroe which are unconditionally allotted or issued and fully paid before the date on which the Offer closes or before such earlier date as DNO (subject to the Code) may determine not being earlier than the date on which the Offer becomes or is declared unconditional as to acceptances, but excludes any shares held as treasury shares on such date as DNO may determine before the date on which the Offer closes (which may be a different date to the date referred to in (ii))</li> </ul>
"FCA"	the Financial Conduct Authority
"London Stock Exchange"	London Stock Exchange plc
"Offer"	the cash offer to be made by or on behalf of DNO to acquire the Faroe Shares on the terms and subject to the conditions set out in the Offer Document, including where the context so requires, any subsequent revision, variation, extension or renewal of such offer
"Offer Document"	the offer document to be sent to (among others) Faroe Shareholders

containing and setting out, among other things, the full terms and conditions of the Offer

"Offer Price"	152 pence per Faroe Share
"Opening Position Disclosure"	an announcement pursuant to Rule 8 of the Code containing details of the positions of a party to an offer
"Oslo Stock Exchange"	the Oslo Børs
"Overseas Shareholders"	Faroe Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the UK and the United States
"Panel"	the Panel on Takeovers and Mergers
"Registrar of Companies"	the Registrar of Companies in England and Wales
"Regulatory Information Service"	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements
"Restricted Jurisdiction"	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to Faroe Shareholders in that jurisdiction
"treasury shares"	any Faroe Shares held by Faroe as treasury shares
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"United States of America", "United States" or "US"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia

"US Exchange Act" the United States Securities Exchange Act of 1934 as amended, and the rules and regulations promulgated thereunder

For the purposes of this announcement, "subsidiary", "subsidiary undertaking", "undertaking", and "associated undertaking" have the meanings given by the Companies Act.

References to an enactment include references to that enactment as amended, replaced, consolidated or re-enacted by or under any other enactment before or after the date of this announcement. All references to time in this announcement are to London time unless otherwise stated.

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