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**FOR IMMEDIATE RELEASE**

8 January 2019

**INCREASED AND FINAL CASH OFFER**

**FOR**

**FAROE PETROLEUM PLC**

**BY**

**DNO ASA**

- **Increased and final cash offer at a price of 160 pence for each Faroe Share, valuing Faroe's existing issued and to be issued share capital at approximately £641.7 million.**
- **Closing date extended to 1.00 p.m. (London time) 23 January 2019 (subject to the reservation set out in this announcement) and is now final.**
- **Shareholders who have previously accepted either of the Prior Offers need take no further action.**
- **Eligible shareholders outside the US interested in selling Faroe Shares should contact Pareto Securities AS on +47 2287 8750 or email [sellfpm@paretosec.com](mailto:sellfpm@paretosec.com).**

Oslo, 8 January 2019 - DNO ASA ("DNO"), the Norwegian oil and gas operator, today announces an increased and final cash offer of 160 pence for each share of Faroe Petroleum plc ("Faroe"). The final closing date for this Final Offer is 1.00 p.m. (London time) on 23 January 2019.

All Faroe Shareholders are urged either to accept the Final Offer or sell their Faroe Shares to DNO in accordance with the instructions set out below.

On 12 December 2018, DNO published an offer document (the "First Offer Document") containing the full terms and conditions of its cash offer for the

entire issued and to be issued share capital of Faroe not already owned by DNO at 152 pence per share (the "Original Offer"). On 3 January 2019, DNO announced that it had acquired more than 30 percent of the Faroe Shares and, as such, the Original Offer became mandatory pursuant to Rule 9 of the Code (together with the Original Offer, the "Prior Offers").

DNO now announces the terms of an increased and final cash offer for the entire issued and to be issued share capital of Faroe at a price of 160 pence in cash for each Faroe Share (the "Final Offer") (other than the 114,288,128 Faroe Shares already held by DNO).

Under the terms of the Final Offer, Faroe Shareholders will be entitled to receive:

**160 pence in cash for each Faroe Share.**

The consideration under the Final Offer implies a value of approximately £641.7 million for the fully diluted share capital of Faroe, including shares already held by DNO.

Of the Final Offer value of approximately £454 million (\$580 million), approximately £53 million (\$67 million) is payable to Faroe directors, management and employees in respect of various options, matching share schemes (on the basis of full vesting) and ordinary shares held by directors. The balance of approximately £402 million (\$513 million) is payable to the remaining Faroe Shareholders (other than shares held by DNO and the Faroe Employee Benefit Trust).

The Final Offer price represents a premium of 52.4 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 27.2 percent to Faroe's share price of 125.8 pence at the close of business on 23 November 2018, the last business day before the announcement of the Original Offer.

Since its 26 November 2018 announcement, DNO has maintained that its original 152 pence per share Offer price was full and fair, even generous, especially in the light of weaknesses in the equity and commodity markets and recent newsflow from Faroe itself. DNO has studied the various defence documents published by the Faroe board and found nothing to change this opinion.

Even Faroe's hastily revised and released report "Independent Expert's Report on the Oil and Gas Assets of Faroe Petroleum plc" left important questions unanswered, as DNO highlighted in its 2 January 2019 announcement, such as, still bullish oil price assumptions, exclusion of the much heralded Equinor swap, no accounting for corporate costs when converting the asset valuation to a company valuation, and optimistic interpretation of value from the highly uncertain categories of contingent resources and "near term prospects", among others.

We remain concerned about Faroe's ability to deliver its longed for "transformational growth" in light of continuing risks surrounding the Brasse development, recent exploration disappointments in the Brasse East and Rungne wells in the Brasse area and also the Cassidy prospect, and note with disappointment the disclosure by the Norwegian Petroleum Directorate ("NPD") on 7 January 2019 of a substantial downgrade of the reserves in the Oda field.

Having thought long and hard about the situation, DNO has decided to increase its Offer price and close out the Offer, and focus now on putting

Faroe on a firm operations and commercial footing.

We are pleased that starting with our first acquisition of shares, shareholders holding 43.8 percent of Faroe's shares have voted with their feet by selling shares to DNO or with their hands by accepting our Offer.

Although DNO would prefer to achieve its 50 percent acceptance level and acquire additional shares, DNO is nonetheless comfortable with the possibility of its Offer lapsing, leaving DNO with less than a majority shareholding in Faroe. In the latter case, DNO has already stated that it will intensify its efforts to ensure that Faroe is managed for the benefit of all shareholders.

**Bijan Mossavar-Rahmani, DNO's Executive Chairman, commented:**

*"DNO does not overpay for assets. But we have listened to the market and believe it is in the interests of all parties, save perhaps for a handful of Faroe directors, to close off this process by increasing our Offer price to an even more generous level and announcing a final closing date. Among other considerations, we are mindful that this process may have been unsettling for Faroe employees and their families, and particularly so during the holiday season. As for the Faroe directors who persist with their "Do Nothing" stance, we expect to issue a request for an extraordinary general meeting of shareholders to make appropriate changes to the board in an overdue effort to introduce proper corporate governance and instil a culture of value creation for all shareholders. We fully intend to protect our already sizeable investment in Faroe and set the company on a strong growth track following a series of serious commercial setbacks."*

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 will (except with the consent of the Panel) reduce the consideration payable under the terms of the Final Offer at such date by an amount equal to such dividend and/or distribution and/or return of capital.

Subject to the reservation set out below, and in accordance with the Code, DNO will not be permitted to increase the Final Offer.

DNO reserves the right to set aside its no increase statement following a competitive situation arising, including if there is a public announcement of the existence of a third-party offeror or potential offeror (whether publicly identified or not) for Faroe.

Should DNO wish to set aside its no increase statement as a result of the above circumstance having arisen, DNO will make an announcement to that effect within four Business Days of such circumstance arising and send a notice to Faroe Shareholders and persons with information rights at the earliest opportunity.

#### **DNO seeking to acquire Faroe Shares**

Eligible Faroe Shareholders who are institutional investors outside the US interested in selling their Faroe Shares to DNO should contact Pareto Securities AS on +47 2287 8750 or email [sellfpm@paretosec.com](mailto:sellfpm@paretosec.com). Retail investors should contact their broker.

Due to regulatory requirements, DNO is unable to purchase Faroe Shares from shareholders incorporated or located in the US, or where the Faroe Shares would be sold from the US. Any purchases will be made to the extent permitted by, and in compliance with, the exemptive relief granted by the SEC

from Rule 14e-5 under the US Exchange Act and in compliance with the Code.

All Faroe Shareholders are urged to proceed to accept the Final Offer in accordance with the instructions set out below (unless they have previously sold their Faroe Shares to DNO).

### **Final Closing Date for the Final Offer**

The Final Offer is being extended and will remain open for acceptance until 1.00 p.m. (London time) on 23 January 2019 (the "Final Closing Date"). Subject to the reservation set out below, and in accordance with the Code, DNO will not be permitted to extend the Final Closing Date unless the Final Offer is wholly unconditional at such time.

DNO reserves the right to set aside its no extension statement following a competitive situation arising, including if there is a public announcement of the existence of a third-party offeror or potential offeror (whether publicly identified or not) for Faroe.

Should DNO wish to set aside its no extension statement as a result of the above circumstance having arisen, DNO will make an announcement to that effect within four Business Days of such circumstance arising and send a notice to Faroe Shareholders and persons with information rights at the earliest opportunity.

### **Financing of the Final Offer**

The consideration payable by DNO under the terms of the Final Offer will be funded from cash resources available to the DNO Group.

Lambert Energy Advisory Ltd is satisfied that resources available to DNO are sufficient to satisfy in full the cash consideration payable to Faroe Shareholders under the terms of the Final Offer.

### **Publication of Final Offer Document and Final Form of Acceptance**

The revised offer document and form of acceptance relating to the Final Offer (the "Final Offer Document" and "Final Form of Acceptance", respectively) will be posted to Faroe Shareholders (and, for information only, the Final Offer Document will be posted or made available to participants in the Faroe Share Schemes and persons with information rights) as soon as practicable, subject to certain restrictions relating to persons resident in Restricted Jurisdictions.

Faroe Shareholders are urged to read the Final Offer Document and, in respect of Faroe Shares held in certificated form, the accompanying Final Form of Acceptance carefully when they are sent to them because they will contain important information.

Further copies of the Final Offer Document and the Final Form of Acceptance may be obtained 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. (London time) Monday to Friday (excluding English and Welsh public holidays).

### **How to accept the Final Offer**

**The deadline for acceptances of the Final Offer is 1.00 p.m. (London time) on 23 January 2019.** Faroe Shareholders who have not yet accepted either of the Prior Offers and who wish to accept the Final Offer are urged to

do so as soon as possible and, in any event, by no later than 1.00 p.m. (London time) on 23 January 2019.

Faroe Shareholders wishing to accept the Final Offer in respect of certificated Faroe Shares, should complete either the first form of acceptance which accompanied the First Offer Document (the "First Form of Acceptance") or, once received, the Final Form of Acceptance, as soon as possible and, in any event, so as to be received by Equiniti Limited by no later than 1.00 p.m. (London Time) on 23 January 2019.

Faroe Shareholders wishing to accept the Final Offer in respect of uncertificated shares should do so electronically through CREST so that the TTE instruction settles no later than 1.00 p.m. (London time) on 23 January 2019. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

**Pursuant to the terms of the First Offer Document, Faroe Shareholders who have previously validly accepted either of the Prior Offers will automatically be deemed to have accepted the terms of the Final Offer by virtue of their prior acceptances and therefore need not take any further action.**

If you have any questions about the Final Offer or are in any doubt as to how to complete the First Form of Acceptance or the Final Form of Acceptance or the making of an Electronic Acceptance (as the case may be), please contact 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. (London time) Monday to Friday (excluding English and Welsh public holidays).

#### **Reasons for the Final Offer**

The justification for acquiring Faroe remains unchanged and is as set out in paragraph 3 of the letter from DNO in Part I of the First Offer Document.

#### **Condition to the Final Offer**

The Final Offer is made subject only to the same condition (the "Condition") as was set out in DNO's announcement dated 3 January 2019 (the "Mandatory Offer Announcement"), but amended as follows:

*Valid acceptances being received (and not, where permitted, withdrawn) by not later than 1.00 p.m. (London time) on the Final Closing Date of the Final 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 acquired or agreed to be acquired (whether pursuant to the Final Offer or otherwise), will result in DNO and any person acting in concert with it holding Faroe Shares carrying 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 Final 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*

*2006 as having been acquired or contracted to be acquired by DNO whether by virtue of acceptances of the Final Offer or otherwise.*

### **Level of acceptances and interests in relevant securities**

As at 3.00 p.m. (London time) on 7 January 2019 (being the latest practicable date prior to the date of this announcement), DNO had received valid acceptances of the Offer in respect of a total of 48,986,966 Faroe Shares representing approximately 13.1 percent of the issued share capital of Faroe which DNO may count towards satisfaction of the Condition. So far as DNO is aware, no acceptances have been received from persons acting in concert with DNO.

As at the close of business in London on 7 January 2019 (being the latest practicable date prior to the date of this announcement), DNO held 114,288,128 Faroe Shares, representing 30.6 percent of Faroe's issued share capital.

Save as disclosed above, as at the close of business in London on 7 January 2019 (being the latest practicable date prior to the date of this announcement), neither DNO nor, so far as DNO is aware, any person acting in concert with DNO had:

- any interest in, or right to subscribe in respect of, or any short position in relation to Faroe relevant securities, including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of Faroe relevant securities; or
- borrowed or lent any Faroe relevant securities (including any financial collateral arrangements), save for any borrowed shares which have been either on-lent or sold.

Furthermore, no dealing arrangement (of the kind referred to in Note 11 of the definition of "acting in concert" in the Code) exists between DNO (or, so far as DNO is aware, any person acting in concert with it) and Faroe in relation to Faroe Shares. For these purposes, a dealing arrangement includes any indemnity or option arrangement, any agreement or understanding, formal or informal, of whatever nature, relating to Faroe Shares which may be an inducement to deal or refrain from dealing in such securities.

Accordingly, the total number of Faroe Shares which DNO may count towards the satisfaction of the Condition is 163,275,094 Faroe Shares (representing approximately 43.8 percent of the issued share capital of Faroe).

The references to the issued share capital of Faroe above are based on a figure of 372,889,693 Faroe Shares in issue on 26 November 2018.

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

Subject to the Final Offer becoming or being declared unconditional in all respects and DNO acquiring or agreeing to acquire (taken together with the Faroe Shares already held by it) 75 percent of the voting rights attached to Faroe Shares, it intends to procure the making of an application by Faroe 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 Final Offer at that time.

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

If DNO receives acceptances under the Final Offer in respect of, or otherwise acquires, 90 percent or more of the Faroe Shares to which the Final 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 Final Offer has not been accepted.

### **Faroe Share Schemes**

The Final Offer extends to any Faroe Shares which are issued or unconditionally allotted (including to satisfy the exercise of options and vesting of awards granted and awards made under the Faroe Share Schemes) whilst the Final Offer remains open for acceptance (or prior to such earlier time and/or date as DNO may, subject to the Code, determine).

Full details on the effect of the Final Offer on outstanding options and awards granted and awards made pursuant to the Faroe Share Schemes and on the choices available to Faroe Share Scheme participants will be set out in separate letters to be sent by DNO to such participants in due course.

### **Overseas Shareholders**

The availability of the Final Offer or the distribution of this announcement to Faroe Shareholders who are not resident in the UK or the US 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 Final Offer Document once this has been dispatched.

### **Documents published on a website**

This announcement, the Final Offer Document and the Final Form of Acceptance will be made available on DNO's website at [https://www.dno.no/en/investor-relations/offer\\_announcement\\_26November](https://www.dno.no/en/investor-relations/offer_announcement_26November).

### **General**

The acquisition by DNO of the entire issued and to be issued share capital of Faroe to be implemented by means of the Final Offer as described in this announcement and to be set out in the Final Offer Document and Final Form of Acceptance will, save as set out in this announcement, be subject to the Condition set out above and the further terms and conditions as set out in the First Offer Document and the First Form of Acceptance. Accordingly, this announcement should be read in conjunction with the full text of the First Offer Document and, in respect of Faroe Shares held in certificated form, the First Form of Acceptance, copies of which are available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on DNO's website at [https://www.dno.no/en/investor-relations/offer\\_announcement\\_26November](https://www.dno.no/en/investor-relations/offer_announcement_26November).

Appendix I sets out the sources and basis of certain information used in this announcement.

Lambert Energy Advisory Ltd and Pareto Securities AS have each given and not withdrawn their consent to the publication of this announcement with the inclusion herein of the references to their names in the form and context in which they appear.

**Enquiries:**

**DNO ASA**

Media: [media@dno.no](mailto:media@dno.no)

Investors: [ir@dno.no](mailto:ir@dno.no)

Tel: +47 911 57 197

**Brunswick**

Patrick Handley

Charles Pretzlik

William Medvei

Tel: +44 20 7404 5959

**Lambert Energy Advisory Limited**

Philip Lambert

David Anderson

Tel: +44 20 7491 4473

**Pareto Securities AS**

Petter Sagfossen

Tel: +47 22 87 87 48

***Further information***

*Defined terms used but not defined in this announcement have the meanings given in the First Offer Document, as amended and supplemented by the Mandatory Offer Announcement unless the context requires otherwise.*

*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 Final 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 Final Offer will be made solely by means of the Final Offer Document and (in respect of Faroe Shares held in certificated form) the Final Form of Acceptance accompanying the Final Offer Document, which will, together, contain the full terms and conditions of the Final Offer including details of how it may be accepted. Any decision in respect of, or other response to, the Final Offer should be made only on the basis of the information contained in*



*the Final Offer Document and the Final Form of Acceptance (read in conjunction with the First Offer Document and First Form of Acceptance).*

*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 Final 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 Final Offer or any other matters referred to in the Final Offer Document, this announcement or otherwise.*

*Pareto Securities AS is acting exclusively for DNO and no-one else in connection with the Final 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 Final Offer or any other matters referred to in the Final Offer Document, this announcement or otherwise.*

### **Overseas jurisdictions**

*The availability of the Final Offer to Faroe Shareholders who are not resident in and citizens of the UK or the US 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 US should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to Overseas Shareholders are contained in the Final Offer Document.*

*The release, publication or distribution of this announcement in or into jurisdictions other than the UK or the US may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK or the US 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 Final 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 Final Offer is not being 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 Final 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 Final 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 US. The financial information included in the Final Offer Document has been prepared in accordance with IFRS 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 US.*

*The Final Offer will be made in the US pursuant to an exemption from US tender offer rules provided by Rule 14d-II under the US Exchange Act and otherwise in accordance with the requirements of the Code. Accordingly, the Final 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 Final 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 Final 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 Final 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/her independent professional advisor immediately regarding the tax consequences of acceptance of the Final 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 US, and some or all of their officers and directors may be residents of countries other than the US. 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, 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 US, other than pursuant to the Final Offer, before or during the period in which the Final 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 Final 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 Final Offer on DNO and Faroe, the expected timing and scope of the Final 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", "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 Final 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 p.m. (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 p.m. (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 p.m. (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 is and will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on DNO's website [https://www.dno.no/en/investor-relations/offer\\_announcement\\_26November](https://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.*

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#### **About DNO**

*DNO is a Norwegian oil and gas operator focused 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, the UK and Yemen.*

## **APPENDIX I**

### **BASES OF CALCULATIONS AND SOURCES OF INFORMATION**

In this announcement, unless otherwise stated, or the context otherwise requires, the following bases and sources have been used:

1. The value attributed to the fully diluted share capital of Faroe is based upon the 372,889,693 Faroe Shares in issue on 26 November 2018 plus 28,148,753 Faroe Shares under award under the Faroe Share Schemes (which assumes full vesting of all outstanding share awards). The issued share capital includes 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 Share Schemes will be reduced accordingly. DNO holds 114,288,128 Faroe Shares. The number of Faroe Shares under option or award reflects information provided by Faroe to DNO dated 3 December 2018. On the basis of the information provided, all options are nil-cost options and matching shares.
2. The market prices of the Faroe Shares are the closing middle market quotations as derived from the Daily Official List.

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