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FOR IMMEDIATE RELEASE

11 January 2019

**DNO NOW OWNS OR HAS ACCEPTANCES FOR 76.49
PERCENT OF FAROE**

Oslo, 11 January 2019 - DNO ASA ("DNO"), the Norwegian oil and gas operator, announces that it has acquired a further 13,656,751 Faroe Shares, in aggregate representing approximately 3.66 percent of the ordinary share capital of Faroe Petroleum plc ("Faroe") in issue on the date of this announcement for 160 pence per Faroe Share (the "Additional Purchases").

Once the Additional Purchases have settled, DNO will own or have acceptances for a total of 285,216,885 Faroe Shares, representing approximately 76.49 percent of the ordinary share capital of Faroe.

Once certain share purchases made by DNO which were announced on 9 January 2019 are settled, DNO expects that it will be able to declare its final cash offer for the entire issued and to be issued share capital of Faroe not already owned by DNO at 160 pence per share (the "Final Offer") unconditional in all respects.

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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 Final Offer Document 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-11 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.

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 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th 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, 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. 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) or by submitting a request in writing to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Lines are open from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and 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 Final Offer nor give financial, tax, investment or legal advice. If you have received this announcement in electronic form, copies of this announcement and any document or information incorporated by reference into this announcement will not be provided unless such a request is made.

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.

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