

THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the Offer or the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial advisers authorised under the Financial Services and Markets Act 2000 if you are resident in the UK or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all your Faroe Shares, please send this Document and the accompanying documentation as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, these documents should not be forwarded, distributed or transmitted in, into or from any jurisdiction where to do so would violate the laws of that jurisdiction. If you have sold or otherwise transferred only part of your holding of Faroe Shares, you should retain these documents and contact the bank, stockbroker or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this Document and/or the accompanying documents (in whole or in part) in jurisdictions other than the UK or the US may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the UK or the US should inform themselves about, and observe, any applicable legal or regulatory requirements. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Offer is not being made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any such jurisdiction.

All Cash Offer

by

DNO ASA



for

Faroe Petroleum plc



This document should be read as a whole and in conjunction with the Form of Acceptance (if you hold Faroe Shares in certificated form).

The procedure for acceptance of the Offer is set out on pages 14 to 17 of this Document and, in respect of certificated Faroe Shares, in the Form of Acceptance. To accept the Offer in respect of certificated Faroe Shares, you must complete and return the Form of Acceptance as soon as possible and, in any event, so as to be received by Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by no later than 1.00 p.m. (London time) on 2 January 2019. Acceptances in respect of uncertificated Faroe Shares should be made electronically through CREST so that the TTE instruction settles no later than 1.00 p.m. (London time) on 2 January 2019. If you are a CREST sponsored member, you should refer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear.

Lambert Energy Advisory Ltd, which is authorised and regulated by the FCA in the UK, is acting 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 its clients, or for giving advice in connection with the Offer or any matter referred to herein.

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 its clients or for providing advice in relation to the Offer or any other matters referred to herein.

IMPORTANT NOTICES

OVERSEAS JURISDICTIONS

The availability of the 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.

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 Offer disclaim any responsibility or liability for the violation of such restrictions by any person. This document 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 Document had been prepared in accordance with the laws of jurisdictions outside of England.

The 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 Document and any other 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 US. The financial information included in this 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 Offer will be made in the US pursuant to an exemption from the 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 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/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 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 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.

FORWARD-LOOKING STATEMENTS

This document (including information incorporated by reference in this Document), 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 Document 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.

IMPORTANT NOTICES

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 Document 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 Document is intended as a profit forecast, profit estimate or qualified benefits statement and no statement in this Document 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.

ROUNDING

Certain figures included in this Document have been subjected to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

ELECTRONIC COMMUNICATIONS

Please be aware that addresses, electronic addresses and certain other information provided by Faroe Shareholders, persons with information rights and other 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 to the Code.

PUBLICATION ON WEBSITE AND AVAILABILITY OF HARD COPIES

A copy of this Document 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, save as expressly referred to in this Document, the contents of the websites referred to in this Document are not incorporated into and do not form part of this Document

You may request a hard copy of this Document and all information incorporated into this Document by reference to another source 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 Offer nor give financial, tax, investment or legal advice. If you have received this Document in electronic form, copies of this document and any Document or information incorporated by reference into this Document will not be provided unless such a request is made.

IMPORTANT NOTICES

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.

The date of publication of this Document is 12 December 2018.

TO ACCEPT THE OFFER:

1. **If you do not hold your Faroe Shares in CREST, complete the Form of Acceptance in accordance with paragraph 14(b) of the letter from DNO (see page 15). Return the completed, signed and (where applicable) witnessed Form of Acceptance (along with any appropriate documents of title) using the first class reply-paid envelope provided as soon as possible and, in any event, so as to be received by 1.00 p.m. (London time) on 2 January 2019.**
2. **If you hold your Faroe Shares in CREST, you should follow the procedures set out in paragraph 14(g) - 14(j) of the letter from DNO (see pages 16 to 17).**

If you have any questions relating to this Document, or the completion and return of the Form of Acceptance, please telephone Equiniti Limited between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding English and Welsh public holidays) on 0333 207 6399 or +44 121 415 0973 (if calling from outside the UK). 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 Offer nor give financial, tax, investment or legal advice.

THE FIRST CLOSING DATE OF THE OFFER IS 1.00 P.M. LONDON TIME ON 2 JANUARY 2019.

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PART I LETTER FROM DNO

DNO ASA

(Incorporated and registered in Norway with registered number 921 526 121)

Directors:

Bijan Mossavar-Rahmani (*Executive Chairman*)
 Lars Arne Takla (*Deputy Chairman*)
 Elin Karfjell (*Director*)
 Gunnar Hirsti (*Director*)
 Shelley Watson (*Director*)

Registered Office:
 Dokkveien 1,
 0250 Oslo, Norway

12 December 2018

To Faroe Shareholders and for information only, to participants in the Faroe Share Schemes and persons with information rights

Dear Shareholder,

CASH OFFER FOR FAROE BY DNO

1. INTRODUCTION

On 26 November 2018, the DNO Board announced a cash offer to be made by DNO to acquire the whole of the issued and to be issued share capital of Faroe (other than the 105,247,866 Faroe Shares already held by DNO, representing 28.22 percent of Faroe's issued share capital).

This document and, if you hold certificated Faroe Shares, the Form of Acceptance, together contain the formal Offer (including its terms and conditions).

Please read carefully paragraph 14 below which sets out the procedures for acceptance of the Offer. Your attention is drawn, in particular, to the conditions and further terms of the Offer set out in Appendix I to this Document and, if you hold certificated Faroe Shares, in the Form of Acceptance.

2. THE OFFER

We are offering to acquire, on the terms and the conditions set out in this Document and, in respect of certificated Faroe Shares, the Form of Acceptance, all of the Faroe Shares (other than those Faroe Shares already held by DNO) 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 £609.6 million.

Of the Offer value of £445.4 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 Employee Benefit Trust) and the balance £42.8 million is attributable to the number of outstanding share options and awards granted by Faroe to its directors, management and employees through the Faroe Share Schemes, as notified by Faroe to DNO, representing approximately 7.55 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 the announcement of the Offer.

The Offer extends to all Faroe Shares unconditionally allotted or issued and fully paid on the date of the Offer and any Faroe Shares which are unconditionally allotted or issued and fully paid (including pursuant to the vesting and/or exercise of options and awards under the Faroe Share Schemes) before the date on which the Offer closes or such earlier date as DNO may, subject to the Code, decide, not being earlier than the date on which the Offer becomes unconditional as to acceptances (excluding any treasury shares except to the extent these cease to be held as treasury shares before such date as DNO may determine).

The Offer is subject to two Conditions, set out in full in Appendix I to this Document, being:

- (i) valid acceptances being received in respect of Faroe Shares which, together with any Faroe Shares already held or acquired by DNO, will result in DNO holding Faroe Shares carrying, in aggregate, more than 57.5 percent of the voting rights carried by the Faroe Shares 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 shall have acquired or agreed to acquire Faroe Shares carrying in aggregate more than 50 percent of the voting rights then normally exercisable at a general meeting of Faroe; and
- (ii) since 31 December 2017 and except as disclosed in Faroe's Annual Report 2017 for the year then ended or as otherwise publicly announced by Faroe prior to 23 November 2018, no member of the Faroe Group having allotted or issued or

PART I LETTER FROM DNO

agreed to allot or issue additional shares, 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 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.

Further details of the terms of the Offer are set out in Parts B and C of Appendix I to this Document.

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.

3. BACKGROUND TO AND REASONS FOR THE OFFER

On 18 June 2003, in a Dow Jones interview just before Faroe's IPO, CEO Graham Stewart is reported to have described Faroe's end game as becoming an attractive buyout play for one of the major oil companies, such as BP, or Royal Dutch/Shell Group, or one of the smaller U.S. independent companies. "It may be three years, seven years, maybe longer, maybe shorter, but we have to be attractive (to buyers). Otherwise, where's our exit?", he asked. Fifteen years on, DNO is offering that exit.

DNO's all-cash Offer of 152 pence per share provides Faroe shareholders with a rare opportunity to exit their relatively illiquid AIM-listed positions at an attractive price in a volatile and uncertain market for oil and equities. This full and fair Offer amply rewards the Faroe directors and provides the rest of the experienced team with an exciting growth-focussed future with Norway's oldest oil and gas company.

- DNO is making an offer valued on a fully diluted basis at approximately £445 million (\$559 million). Approximately £50 million (\$63 million) of the £445 million offer value 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 £395 million (\$496 million) is payable to the remaining Faroe shareholders (other than shares held by DNO and the Faroe Employee Benefit Trust). DNO's Offer values the fully diluted share capital of Faroe, including shares already held by DNO, at approximately £610 million (\$764 million).**
- DNO is paying a significant premium of 44.8 percent for Faroe on the basis of the unaffected share price on 3 April 2018, ahead of speculation about a possible DNO takeover. Before DNO's purchase of its 28.7 percent stake (since diluted to 28.2 percent through the exercise of share options and awards), Faroe shares had traded in the range of 43 pence to 114 pence since December 2014.**
- Faroe has failed to deliver consistent shareholder returns over the last 15 years in part as a consequence of dilutive share issues, dilutive options schemes and recent growth-dilutive asset transfers. The total equity raised from public markets of £362 million compares to an unaffected market capitalization of £385 million on the issued share capital as of 3 April 2018.**
- The swap deal with Equinor is further evidence of Faroe's inability to capitalise fully on its assets. DNO is concerned about the implications for Faroe's future growth – and its attractiveness – of a material transaction in which Faroe jettisoned a crown jewel asset for mature production and did so without shareholder consultations.**
- DNO has concerns about Faroe's capacity to deliver its "flagship" Brasse development project in Norway on time and on budget.**
- DNO's Offer is in line with prevailing market sentiment, as evidenced by the share price performance in the past two weeks and sell-downs by long-term investors, notwithstanding the predictable campaign by Faroe directors and advisors to tease out an even higher premium.**
- DNO has set its Acceptance Condition at a shareholding of one share more than 57.5 percent of Faroe's issued share capital, representing more than 50 percent of Faroe's fully diluted share capital.**
- DNO notes that if its Offer lapses, it cannot make a new offer for another 12 months (subject to the exceptions in the Code) and there can be no assurances as to DNO's long-term ambitions. What it can make assurances about is that DNO will redouble efforts to achieve board representation for the owners of Faroe to ensure improvement of corporate governance practices, to ensure greater shareholder "say on pay", to ensure greater scrutiny and proper oversight of further dilutive actions, including generous options awards to directors, and to ensure implementation of a culture of shareholder value creation.**

1. Value of DNO's Offer.

DNO's all-cash Offer of 152 pence per share provides Faroe directors and shareholders with a rare opportunity to exit their relatively illiquid AIM-listed positions at an attractive price in a volatile and uncertain market for oil and equities. This full and fair Offer amply rewards the Faroe directors and provides the rest of the experienced team with an exciting growth-focussed future with Norway's oldest oil and gas company.

The Offer (whose terms and conditions are more fully set out in the Offer Document and Form of Acceptance) is valued on a fully diluted basis at approximately £445 million (\$559 million). Approximately £50 million (\$63 million) of the £445 million offer

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value is the sum due under the offer 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 £395 million (\$496 million) is due under the offer to the remaining Faroe shareholders (other than shares held by DNO and the Faroe Employee Benefit Trust).

DNO's Offer values the fully diluted share capital of Faroe, including shares already held by DNO, at approximately £610 million (\$764 million).

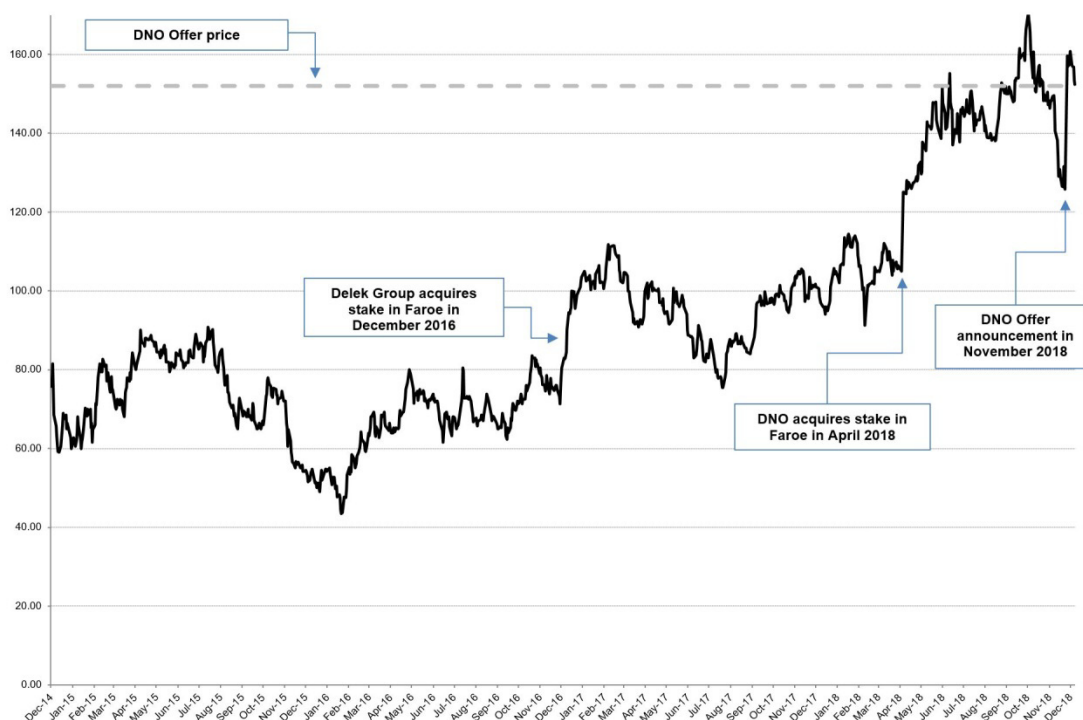
2. *DNO is paying a significant premium of 44.8 percent for Faroe on the basis of unaffected share price on 3 April 2018.*

At 152 pence per share, DNO is paying a 44.8 percent premium for the Faroe Shares, based on the price of 105 pence per share on 3 April 2018, which was the price unaffected by bid speculation as it was the day before DNO announced its first acquisition of Faroe Shares. This is in line with the average pre-bid speculation premium achieved in UK E&P public market takeovers in the ten years leading up to 20 November 2018 of approximately 40 percent (as referred to in Faroe's announcement of 26 November 2018). Reference to any other data point after 4 April 2018 constitutes share prices with a significant takeover premium built into it – an affected comparison.

3. *Faroe has failed to deliver consistent shareholder returns over the past 15 years.*

Since its listing on AIM at 103.5 pence per share in June 2003, Faroe has significantly increased its share capital but has failed to deliver returns to shareholders, which is the quid pro quo for the dilutive impact of these capital raises. Based on data available readily, Faroe has completed seven equity placements since its IPO. 85 percent of the current issued shares are attributable to these placements, which raised total new cash equity of £347 million which, when combined with the original IPO equity raise of £15 million, totals £362 million. The total equity raised since the IPO from public markets of £362 million compares to an unaffected market capitalization of £385 million on the issued share capital as of 3 April 2018. A £23 million gain on £362 million over the 15 years between Faroe's IPO and the unaffected market capitalisation on 3 April 2018 is meagre indeed, and represents a negative return once adjusted for inflation. Since listing, no dividends have been paid and no capital otherwise returned to shareholders. Meanwhile, back at the ranch, the Faroe directors have been awarded a high number of share options at nil cost.

Faroe share price since December 2014
pence per share



PART I LETTER FROM DNO

There is no assurance of Faroe achieving a higher market value than reflected in the DNO Offer in a volatile commodity and financial markets environment as a relatively small scale 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.

4. The recent swap deal with Equinor is further evidence of Faroe's inability to capitalise fully on its assets.

DNO is concerned about the implications for Faroe's future growth – and its attractiveness – of a material transaction in which Faroe jettisoned a crown jewel asset for mature production and did so without shareholder consultations.

The swap has seen Faroe exit one of its lowest risk development projects and its portfolio value is now dominated by mature declining production and two growth projects (Brasse and Iris-Hades) with uncertain time-lines to final investment decision.

It is also an unexpected departure from Faroe's long-stated pursuit of "hub-focussed" strategies to strengthen competitive positioning. As recently as June 2018, Faroe touted in a company presentation that the Njord hub was an "attractive project with excellent upside". These Njord hub assets have now been exchanged with Equinor for a scattered portfolio of fields elsewhere. Equinor's press release confirmed their view that "the prolific Njord area ... continues to have considerable upside potential."

5. DNO has concerns about Faroe's capacity to deliver its "flagship" Brasse development project in Norway on time and on budget.

Faroe's most important remaining development project is now the Norway Brasse field development, where the company holds a 50 percent interest as operator. DNO is concerned about Faroe's capacity to develop its first operated offshore development project on time and on budget. Schedules are already slipping. In March 2017, Faroe anticipated first oil from Brasse in 2019/2020; by October 2018, this had shifted to 2021/2022.

Additionally, start-up will likely depend on reaching agreements with a third-party host platform (either Brage or Oseberg Central) and according to publicly available maps from the Norwegian Petroleum Directorate (NPD), a unitisation agreement between the Brasse licence and the adjacent PL185. These could lead to further delays.

6. DNO's Offer is in line with prevailing market sentiment.

Notwithstanding the predictable campaign by Faroe and its advisors to tease out an even higher premium, the share price performance and the sell-downs by some long-time investors in the two-week period following the offer announcement suggest that DNO's Offer has been in line with prevailing market sentiment.

In the ten trading days between 26 November 2018 and 7 December 2018, according to Bloomberg data, 26.7 million Faroe shares traded at a volume weighted average price of 156.4 pence. During 2018, prior to the Offer announcement date, the average daily traded volume was approximately 0.8 million shares or approximately 0.2 percent of shares outstanding. On 10 December 2018 (being the latest practicable date prior to publication of this Document) the share closed at 152.4 pence, effectively reflecting DNO's Offer price.

7. DNO has set its Acceptance Condition at owning a shareholding of one share more than 57.5 percent of Faroe's issued share capital.

DNO has set its acceptance condition at owning a shareholding of one share more than 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 has offered a considerable premium.

If the transaction completes, 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 combination 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. DNO foresees limited rationalisation, mainly targeted at corporate and support 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 attaches great importance to retaining the skills, knowledge and expertise of Faroe's operational management and employees and 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 individual potentially impacted will be treated in accordance with applicable law and in a manner consistent with prudent practices.

8. DNO notes that if its Offer lapses, it cannot make a new offer for another 12 months (subject to the exceptions in the Code) and there can be no assurances as to DNO's long-term ambitions.

What DNO can make assurances about is that it will act to protect its already sizeable investment in Faroe.

PART I LETTER FROM DNO

If this Offer lapses, DNO will redouble its efforts to obtain board representation for the owners of Faroe, notwithstanding the continued refusal by Faroe directors to consider board representation for its largest shareholders.

DNO had expressed support for Faroe management until it learned of, and then both publicly and privately raised its concerns about, the corporate governance culture and shareholder value strategies of Faroe. But to no avail. Without such representation and active shareholder “say on pay” at the board level, there is no protection against continued shareholder dilution through what appear to be very generous option schemes which benefit the directors, among others.

Such representation also would advance a culture of shareholder value creation by putting in place greater scrutiny and proper oversight of further dilutive actions through equity raises and asset transfers.

4. INFORMATION RELATING TO DNO

4.1 Business description

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 participating interests 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.

4.2 Current trading and prospects

On 1 November 2018, DNO released its unaudited third quarter trading statement for the nine months ended 30 September 2018. The following has been extracted without material adjustment from the unaudited third quarter results:

- Revenues of \$460.5 million for the nine months ended 30 September 2018 are up from \$231.3 million in the first nine months of 2017 on the back of solid production, regular export payments and higher oil prices.
- Net profit of \$124 million for the nine months ended 30 September 2018 compared to \$464.5 million in the first nine months of 2017, which included the accounting recognition of the receivables settlement agreement with the KRG in the third quarter of 2017 (see paragraph 9.1(b) of Appendix III).
- DNO is currently operating gross production of 125,000 bopd. 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).

Certain financial information relating to DNO is incorporated by reference into this Document as set out in Appendix II.

4.3 Financial effects of the Offer

DNO believes that on completion, assuming full acceptance of the Offer, there will be no material impact on DNO's consolidated earnings, but the Offer will result in DNO's consolidated balance sheet being increased by an amount equal to the fair value of the net assets acquired in Faroe accounted for in accordance with IFRS 3 (step acquisition). In addition, DNO's consolidated assets would also be decreased to reflect the cash used to fund the Offer. DNO's consolidated earnings after completion of the Offer will be affected by Faroe's earnings and the effects of treatment of items recognised as part of the purchase price allocation in accordance with IFRS 3. Details of the financing of the Offer are set out in paragraph 6 of this letter.

5. INFORMATION RELATING TO FAROE

5.1 Business description

Faroe is an independent oil and gas company admitted to trading on AIM since 2003 and focused 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 14,349 boepd.

5.2 Current trading and prospects

On 18 September 2018, Faroe released its notice of interim results, an extract of which is set out below together with extracts from Faroe's Annual Report 2017 and other operational updates and presentations by Faroe in November and December 2018 without material adjustment:

- Average H1 2018 production of 12,402 boepd from existing portfolio (H1 2017: 14,800 boepd) and full year 2018 production guidance of approximately 12,000 boepd.
- Adjusted revenue £102.2 million (H1 2017: £95.5 million) - reflecting higher commodity prices, partially offset by lower production during period. Statutory revenue of £67.8 million (H1 2017: £80.1 million) - excludes produced but not lifted hydrocarbons (underlift) of £37.3 million (H1 2017: £15.6 million).

PART I LETTER FROM DNO

- Operating profit of £82.5 million (H1 2017: loss £0.3 million) and profit after tax of £42.5 million (H1 2017: loss £2.9 million) - reflecting higher EBITDAX and £24.5 million post-tax gain on Fenja part-divestment.
- Net Faroe Group capital expenditure for 2018 is estimated at approximately £225 million pre-tax.
- Rungne well, operated by Faroe, announced as a technical discovery on 14 November 2018 – but no hydrocarbons encountered in the main Oseberg target. The preliminary gas and condensate recoverable volume range for the discovery in the Ness formation is likely to be in the range of 2.7-17.0 MMboe and therefore unlikely to be commercial in isolation.
- Agar appraisal well announced on 15 November 2018 has recoverable resources estimated between 3.8 and 12.5 MMboe net to Faroe.
- Plantain announced as a discovery although no resource estimates were disclosed.
- Spud of Brasse East well was announced on 21 November 2018 and the Cassidy well on 5 December 2018.
- Trym is scheduled to temporarily shut in production from the second half of 2019 according to Faroe's Annual Report 2017.
- Production from Schooner and Ketch ceased on 15 August 2018 following the planned closure of the Conoco-operated Theddlethorpe onshore host facility.
- An agreement with Equinor to swap its interests in the Njord, Hyme redevelopment and Bauge development assets in return for interests in four production assets on the Norwegian Continental Shelf: Alve, Marulk, Ringhorne East and Vilje on a cashless basis. The transaction has an effective date of 1 January 2019 and is subject only to consent from the Norwegian authorities.

Certain financial information relating to Faroe is incorporated by reference into this Document as set out in Appendix II.

6. FINANCING OF THE OFFER

The consideration payable by DNO under the terms of the 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 Offer.

7. INTENTIONS OF DNO FOR THE 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 Faroe 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.

PART I LETTER FROM DNO

DNO has not had any discussions with Faroe's management regarding ongoing incentivisation arrangements following completion of the Offer.

8. 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 Faroe's Annual Report 2017, there is no defined benefit pension scheme in Faroe.

9. FAROE SHARE SCHEMES

The 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 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 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.

10. TIME PRO-RATING

According to information provided by Faroe and their financial advisors to DNO, DNO believes that the outstanding options and awards over 28,148,753 Faroe Shares have been granted under the Faroe Incentive Plan, the Faroe Co-Investment Plan and the Faroe Legacy Co-Investment Plan.

Under applicable plan rules, the Faroe remuneration committee has discretion to apply time pro-rating reductions to options and awards under each of these plans following a change of control to reflect the fact that options and awards are vesting early. DNO believes it is appropriate that the Faroe remuneration committee should exercise its discretion to pro-rate options and awards and ensure that any applicable performance conditions for awards are complied with.

DNO has prepared estimates to understand the likely impact of time pro-rating, taking into account the data provided by Faroe and their financial advisors on the date of grant and scheduled vesting date for outstanding options and awards under the Faroe Incentive Plan, the Faroe Co-Investment Plan and the Faroe Legacy Co-Investment Plan. On the assumption that options and awards vest and/or become exercisable on 2 January 2019, and any performance conditions applicable to the awards are satisfied in full, options and awards under these three plans can be expected to vest or become exercisable in respect of all 28,148,753 Faroe Shares referred to above if a time pro-rating reduction is not applied. Were time pro-rating to be applied to options and awards in these circumstances, and on the assumption that relevant performance periods began on the date of grant of the relevant option or award, DNO estimates that options and awards would vest or become exercisable over 18,216,688 Faroe Shares (which includes outstanding awards over 4,788,745 Faroe Shares that DNO believes are currently, or will have become, exercisable by 2 January 2019 and will not therefore be subject to time pro-rating).

On the assumption that participants are not required to make any payment in respect of the vesting or exercise of outstanding options and awards and that all performance targets are satisfied in full, DNO has estimated that the additional value to participants if awards were not time pro-rated would be approximately £15.1 million at the Offer price of 152 pence for each Faroe Share.

11. DISCLOSURE OF INTERESTS IN FAROE RELEVANT SECURITIES

As at close of business on 10 December 2018 (being the latest practicable date prior to the date of this Document), 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 10 December 2018 (being the latest practicable date prior to the date of this Document), DNO had a beneficial interest in 105,247,866 Faroe Shares, representing 28.22 percent of Faroe's issued share capital.

PART I LETTER FROM DNO

12. UK TAXATION

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acceptance of the Offer. They are based on current UK law and what is understood to be the current practice of HMRC as at the date of this Document, both of which may change, possibly with retroactive effect. They apply only to Faroe Shareholders who are resident and, in the case of individuals domiciled, for tax purposes in (and only in) the UK, who hold their Faroe Shares as an investment (other than in an individual savings account or pension arrangement) and who are the absolute beneficial owner of both the Faroe Shares and any dividends paid on them. The tax position of certain categories of Faroe Shareholders who are subject to special rules (such as persons who hold or acquired their Faroe Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) or who benefit from special reliefs or exemptions is not considered.

The statements summarise the current position and are intended as a general guide only. Faroe Shareholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own professional advisers.

12.1 UK taxation of chargeable gains

A Faroe Shareholder's liability to UK tax on chargeable gains in respect of a sale of Faroe Shares pursuant to the Offer will depend on that shareholder's individual circumstances.

For a Faroe Shareholder who is resident for tax purposes in the UK, the receipt of cash pursuant to the Offer will constitute consideration for a disposal, or part disposal, of that shareholder's Faroe Shares. Depending upon the Faroe Shareholder's circumstances, and subject to any available exemption or relief, that disposal may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

There are various reliefs which could apply to reduce or eliminate a chargeable gain, including the annual exempt amount for individuals and the indexation allowance for Faroe Shareholders within the charge to UK corporation tax.

12.2 UK Stamp Duty and SDRT

No UK Stamp Duty or SDRT should be payable by Faroe Shareholders as a result of accepting the Offer.

13. OVERSEAS SHAREHOLDERS

The attention of Overseas Shareholders (and any person, including without limitation, any custodian, nominee or trustee who may have an obligation to forward any document in connection with the Offer outside the UK) is drawn to paragraph 7 of Part C and to paragraph (c) of Part D of Appendix I to this Document (for holders of Faroe Shares in certificated form) and to paragraph (b), (c) and (d) of Part E of Appendix I to this Document (for holders of Faroe Shares in uncertificated form) and, in respect of certificated Faroe Shares, to the relevant provisions of the Form of Acceptance.

In addition, the release, publication or distribution of this Document and/or any other documentation in relation to the Offer in or into or from jurisdictions other than the UK or the US may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the UK or the US should inform themselves about, and observe, any applicable legal or regulatory requirements.

The Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction. Accordingly, copies of this Document will not be and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

14. PROCEDURE FOR ACCEPTANCE OF THE OFFER

This section should be read in conjunction with Appendix I and, in respect of certificated Faroe Shares, the notes on the Form of Acceptance.

Holders of Faroe Shares in certificated form (i.e. not in CREST) may only accept the Offer in respect of such shares by completing and returning the Form of Acceptance in accordance with the procedure set out in paragraphs 14(a) to 14(f) below. Holders of Faroe Shares held in certificated form, but under different designations, should complete a separate Form of Acceptance for each designation. Additional Forms of Acceptance are available from the Receiving Agent at the address set out below.

PART I LETTER FROM DNO

Holders of Faroe Shares in uncertificated form (i.e. in CREST) may only accept the Offer in respect of such shares by TTE instruction in accordance with the procedure set out in paragraphs 14(g) to (j) below. If those Faroe Shares are held under different member account IDs, you should send a separate TTE instruction for each member account ID.

If you are in any doubt as to the procedure for acceptance, please telephone Equiniti Limited between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding English and Welsh public holidays) on 0333 207 6399 from within the UK or +44 121 415 0973 if calling from outside the UK. 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 Offer nor give financial, tax, investment or legal advice. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

OFFEREE SHARES HELD IN CERTIFICATED FORM (I.E. NOT IN CREST)

(a) To accept the Offer

To accept the Offer in respect of Faroe Shares held in certificated form, you must complete the Form of Acceptance in accordance with the instructions set out below and on the Form of Acceptance. The instructions printed on the Form of Acceptance are deemed to form part of the terms of the Offer. You should complete a separate Form of Acceptance for Faroe Shares held in certificated form but under different designations.

Additional Forms of Acceptance are available from the Receiving Agent at the address set out above. The instructions for completing a Form of Acceptance below apply, where relevant, to each separate Form of Acceptance to be completed by you.

(b) Completing the Form of Acceptance

To accept the Offer in respect of your Faroe Shares, you must complete box 2 and box 3 on the Form of Acceptance. Moreover, if the details in box 1 are incorrect you must place a cross in box 6A and add the correct details in box 6 on the Form of Acceptance. In all cases you must sign box 4A or 4B on the Form of Acceptance. If you are an individual, the signature shall be made in the presence of a witness, who should also sign in accordance with the instructions printed on it. Any Faroe Shareholder which is a company should execute the Form of Acceptance in accordance with the instructions printed on it. **If you do not insert a number in box 3, or insert a number greater than your registered holding of Faroe Shares, or box 3 contains the word "ALL" or any other work or marking, your acceptance will be deemed to be in respect of all Faroe Shares held by you in certificated form.**

(c) To accept the Offer in respect of less than all of your Faroe Shares held in certificated form

To accept the Offer in respect of less than all your Faroe Shares held in certificated form, you must insert in box 3 of the Form of Acceptance such lesser number of Faroe Shares in respect of which you wish to accept the Offer in accordance with the instructions printed on it. You should then follow the procedure set out in paragraph 14(b) above in respect of such lesser number of Faroe Shares

(d) Return of Form of Acceptance

To accept the Offer, the completed, signed and (where applicable) witnessed Form of Acceptance must be returned, together with your share certificate(s) and/or other document(s) of title for your Faroe Shares, to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by post or (if between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding English and Welsh public holidays)) by hand as soon as possible and in any event so **as to be received by no later than 1.00 p.m. (London time) on 2 January 2019**. A first reply paid envelope is provided for your convenience and may be used by Faroe Shareholders for returning a Form of Acceptance from within the UK. No acknowledgement of receipt of documents will be given.

Any Form of Acceptance received in an envelope post-marked in a Restricted Jurisdiction or otherwise appearing to DNO or its agents to have been sent from a Restricted Jurisdiction may be rejected as an invalid acceptance of the Offer. For further information on Overseas Shareholders, see paragraph 13 above.

(e) Share certificates not readily available or lost

If your share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, the Form of Acceptance should still be completed, signed, (where applicable) witnessed and returned as stated above so as to arrive by no later than 1.00 p.m. (London time) on 2 January 2019. You should send any share certificate(s) and/or other document(s) of title that you have available, accompanied by a letter stating that the remaining documents will follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other document(s) of title. You should submit the relevant share certificate(s) and/or other document(s) of title as soon as possible. No acknowledgement of receipt of document(s) will be given.

PART I LETTER FROM DNO

In the case of loss, you should write as soon as possible to Faroe's registrars, Link Asset Services, for a letter of indemnity for lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned to the Receiving Agent as set out in paragraph 14(d) above.

(f) Validity of acceptances

Without prejudice to Part C and Part D of Appendix I to this Document, subject to the provisions of the Code, DNO reserves the right to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash under the Offer will be made until after the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to DNO have been received.

OFFEREE SHARES HELD IN UNCERTIFICATED FORM (I.E. IN CREST)

(g) General

If your Faroe Shares are in uncertificated form, to accept the Offer you should take (or procure the taking of) the action set out below to transfer the Faroe Shares in respect of which you wish to accept the Offer to the appropriate escrow balance(s), specifying the Receiving Agent (in its capacity as a CREST participant under the Escrow Agent's participant ID referred to below) as the Escrow Agent, as soon as possible **and in any event so that the TTE instruction settles not later than 1.00 p.m. (London time) on 2 January 2019. Note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) you should therefore ensure you time the input of any TTE instructions accordingly.**

The input and settlement of a TTE instruction in accordance with this paragraph 14(g) will (subject to satisfying the requirements set out in Part C and Part E of Appendix I) constitute an acceptance of the Offer in respect of the number of Faroe Shares so transferred to escrow.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Only your CREST sponsor will be able to send the TTE instruction(s) to Euroclear in relation to your Faroe Shares.

After settlement of a TTE instruction, you will not be able to access the Faroe Shares concerned in CREST for any transaction or charging purposes. If the Offer becomes or is declared unconditional in all respects, the Escrow Agent will transfer the Faroe Shares concerned to itself in accordance with paragraph (f) of Part E of Appendix I to this Document.

You are recommended to refer to the CREST manual published by Euroclear for further information on the CREST procedures outlined below.

You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your Faroe Shares to settle prior to 1.00 p.m. (London time) on 2 January 2019. In this connection you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

(h) To accept the Offer

To accept the Offer in respect of Faroe Shares held in uncertificated form, you should send (or if you are a CREST sponsored member, procure that your CREST sponsor sends) to Euroclear a TTE instruction in relation to such shares. A TTE instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain the following details:

- (i) the ISIN number for the Faroe Shares (this is GB0033032904);
- (ii) the number of Faroe Shares (in uncertificated form) in respect of which you wish to accept the Offer (i.e. the number of Faroe Shares to be transferred to escrow);
- (iii) your member account ID;
- (iv) your participant ID;
- (v) the participant ID of the Escrow Agent (this is 2RA71);
- (vi) the member account ID of the Escrow Agent for the Offer (this is DNOFAR01);
- (vii) the intended settlement date. This should be as soon as possible and in any event not later than 1.00 p.m. (London time) on 2 January 2019;
- (viii) the corporate action numbers of the Offer. This is allocated by Euroclear and will be available on screen from Euroclear;

PART I LETTER FROM DNO

- (ix) input with a standard delivery instruction priority of 80; and
- (x) the contact name and telephone number in the shared note field.

(i) Validity of acceptances

A Form of Acceptance which is received in respect of Faroe Shares held in uncertificated form will not constitute a valid acceptance and will be disregarded. Holders of Faroe Shares in uncertificated form who wish to accept the Offer should note that a TTE instruction will only be a valid acceptance of the Offer as at the relevant closing date if it has settled on or before 1.00 p.m. (London time) on that date.

(j) Overseas shareholders

The attention of Faroe Shareholders holding Faroe Shares in uncertificated form and who are citizens or residents of jurisdictions outside the UK is drawn to paragraph 7 of Part C and paragraphs (b), (c) and (d) of Part E of Appendix I.

General

DNO will make an appropriate announcement if any of the details contained in this paragraph 14 alter for any reason.

Normal CREST procedures (including timings) apply in relation to any Faroe Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of Faroe Shares or otherwise). Holders of Faroe Shares who are proposing so to convert any such shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. (London time) on 2 January 2019.

If you are in any doubt as to the procedure for acceptance, please telephone Equiniti Limited, between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding English and Welsh public holidays) on 0333 207 6399 from within the UK or +44 121 415 0973 if calling from outside the UK. 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 Offer nor give financial, tax, investment or legal advice. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

15. SETTLEMENT

Subject to the Offer becoming or being declared unconditional in all respects (except as provided in paragraph 7 of Part C of Appendix I to this Document in the case of certain Overseas Shareholders) settlement of the consideration to which any Faroe Shareholder is entitled under the Offer will be effected (i) in the case of acceptances received, complete in all respects, by the date on which the Offer becomes or is declared unconditional in **all** respects, within 14 days of such date; or (ii) in the case of acceptances of the Offer received, complete in all respects, after the date on which the Offer becomes or is declared unconditional in all respects but while it remains open for acceptance, within 14 days of such receipt, in the following manner:

(a) Faroe Shares in certificated form (i.e. not in CREST)

Where an acceptance relates to Faroe Shares in certificated form, settlement of any cash due will be despatched by first class post (or by such other method as may be approved by the Panel) to accepting Faroe Shareholders or their appointed agents (but not into a Restricted Jurisdiction). All such cash payments will be made in pounds sterling by cheque drawn on a branch of a UK clearing bank.

(b) Faroe Shares in uncertificated form (i.e. in CREST)

Where an acceptance relates to Faroe Shares in uncertificated form, the cash consideration to which the accepting Faroe Shareholder is entitled will be paid by means of a CREST payment in favour of the accepting Faroe Shareholder's payment bank in respect of the cash consideration due, in accordance with CREST payment arrangements. DNO reserves the right to settle all or any part of the consideration referred to in this paragraph 15(b) for all or any accepting Faroe Shareholder(s), in the manner referred to in paragraph 15(a), if, for any reason, it wishes to do so.

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(c) General

If the Offer does not become or is not declared unconditional in all respects:

- (i) in the case of Faroe Shares held in certificated form, the relevant Form of Acceptance, share certificate(s) and/or other document(s) of title will be returned by post (or by such other method as may be approved by the Panel) within 14 days of the Offer lapsing to the person or agent whose name and address (outside a Restricted Jurisdiction) is set out in box 1 or, if appropriate, box 6 on the Form of Acceptance or, if none is set out, to the first-named holder at his/her registered address (provided that no such documents will be sent to an address in a Restricted Jurisdiction); and
- (ii) in the case of Faroe Shares held in uncertificated form, the Escrow Agent will, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days of the lapsing of the Offer), give TFE instructions to Euroclear to transfer all Faroe Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Faroe Shareholders concerned.

All remittances, communications, notices, certificates and documents of title sent by, to or from Faroe Shareholders or their appointed agents will be sent at their own risk.

16. DELISTING 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 would be re-registered as a private company under the relevant provisions of the Companies Act.

17. FURTHER INFORMATION

The terms and conditions of the Offer are set out in full in Appendix I to this Document. Your attention is drawn to the further information in the Appendices, which form part of this Document, and, if your Faroe Shares are in certificated form, to the Form of Acceptance which should be read in conjunction with this Document.

A copy of this Document (and all information incorporated into this Document by reference to another source) and the Form of Acceptance are and will be available, subject to certain restrictions relating to Overseas Shareholders in Restricted Jurisdictions, for inspection on DNO's website at https://www.dno.no/en/investor-relations/offer_announcement_26November.

18. DIVIDENDS

If, after 26 November 2018, any dividend and/or other distribution and/or other return of capital is declared, paid or made or becomes payable in respect of Faroe Shares, DNO reserves the right to reduce the consideration payable under the terms of the Offer at such date by an amount up to the amount of such dividend and/or distribution and/or return of capital. If any such dividend and/or distribution and/or return of capital occurs, any reference in this Document to the consideration payable under the Offer will be deemed to be a reference to the consideration as so reduced.

19. ACTION TO BE TAKEN

To accept the Offer in respect of certificated Faroe Shares you must complete the Form of Acceptance in accordance with the instructions printed on it and return it together with your share certificate(s) or other document(s) of title to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA by post or by hand

PART I LETTER FROM DNO

(between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding English and Welsh public holidays)), as soon as possible, but in any event so as to arrive by no later than 1.00 p.m. (London time) on 2 January 2019. Acceptances in respect of uncertificated Faroe Shares should be made electronically through CREST so that the TTE instruction settles not later than 1.00 p.m. (London time) on 2 January 2019.

Sincerely,

Bijan Mossavar-Rahmani
Executive Chairman
for and on behalf of DNO

APPENDIX I CONDITIONS AND FURTHER TERMS OF THE OFFER

PART A CONDITIONS OF THE OFFER

The Offer will be subject to the following 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 2006 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 2017 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.

PART B WAIVER AND INVOCATION OF THE CONDITIONS

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

Condition (b) in Part A of Appendix I must be fulfilled, be determined by DNO to be or remain satisfied or (if capable of waiver) be waived by midnight on the 21st day after the later of the First Closing Date of the Offer and the date on which Condition (a) in Part A of Appendix I 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 (b) in Part A of Appendix I 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 (b) in Part A of Appendix I 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.

PART C FURTHER TERMS OF THE OFFER

The following further terms and conditions apply to the Offer, unless the contrary is expressed or the context requires otherwise.

Unless the context requires otherwise, any reference in Part C or Part D or Part E of this Appendix I and in the Form of Acceptance:

- (i) to the "Offer" includes any revision, variation, renewal or extension of the Offer;
- (ii) to the "acceptance condition" means the condition set out in paragraph (a) of Part A of this Appendix I;
- (iii) to the "Offer becoming unconditional" means the acceptance condition becoming or being declared satisfied whether or not any other condition of the Offer remains to be fulfilled and references to the Offer having become or not become unconditional shall be construed accordingly;
- (iv) to "acceptances of the Offer" includes deemed acceptances of the Offer; and
- (v) to the "Offer Period" means, in relation the Offer, the period commencing on 26 November 2018, until the latest of:
 - (A) 1.00 p.m (London time) on 2 January 2019(the First Closing Date);
 - (B) the time and date when the Offer lapses; and
 - (C) the time and date when the Offer becomes unconditional.

1. ACCEPTANCE PERIOD

- (a) The Offer will initially be open for acceptance until 1.00 p.m. (London time) on 2 January 2019. DNO reserves the right (but will not be obliged, other than as may be required by the Code) at any time and from time to time to extend the Offer after such time and, in such event, it will make an announcement of such extension in the manner described in paragraph 2 of this Part C and give oral or written notice of such extension to the Receiving Agent. Although no revision is envisaged, if the Offer is revised it will remain open for acceptance for a period of at least 14 days (or such other period as the Panel may permit) from the date on which the revised offer document is published. Except with the Panel's consent, no revision of the Offer may be published after 27 January 2019 or, if later, the date falling 14 days before the last date the Offer can become unconditional.
- (b) The Offer, whether revised or not, shall not (except with the Panel's consent) be capable of becoming unconditional after midnight (London time) on 10 February 2019 (or any earlier time and/or date beyond which DNO has stated that the Offer will not be extended unless DNO has, where permitted, withdrawn that statement or extended the Offer beyond the stated earlier date), nor of being kept open for acceptance after that time and date unless it has previously become unconditional, provided that DNO reserves the right, with the Panel's consent, to extend the Offer to a later time(s) and/or date(s). Except with the Panel's consent, DNO may not, for the purpose of determining whether the acceptance condition has been satisfied, take into account acceptances received or purchases of Faroe Shares made after 1.00 p.m. (London time) on 10 February 2019 (or any earlier time and/or date beyond which DNO has stated that the Offer will not be extended unless where permitted, it has withdrawn that statement or extended the Offer beyond the stated earlier date) or, if the Offer is so extended, any such later time(s) and/or date(s) as may be agreed with the Panel. If the latest time at which the Offer may become unconditional is extended beyond midnight (London time) on 10 February 2019, acceptances received and purchases of Faroe Shares made in respect of which relevant documents are received by the Receiving Agent after 1.00 p.m. (London time) on 10 February 2019 may (except where the Code permits otherwise) only be taken into account with the Panel's agreement.
- (c) If the Offer becomes unconditional, it will remain open for acceptance for not less than 14 days from the date on which it would otherwise have expired. If the Offer has become unconditional and it is stated by or on behalf of DNO that the Offer will remain open until further notice, then not less than 14 days' notice in writing will be given, before closing the Offer, to those Faroe Shareholders who have not accepted the Offer.
- (d) If a competitive situation arises and is continuing on 10 February 2019, DNO will enable holders of Faroe Shares in uncertificated form who have not already validly accepted the Offer but who have previously accepted the competing offer to accept the Offer by special form of acceptance to take effect on 10 February 2019 (or such other date as agreed with the Panel). It shall be a condition of such special form of acceptance being a valid acceptance of the Offer that (i) it is received by the Receiving Agent on or before 10 February 2019 (or such other date as agreed with the Panel); (ii) the relevant Faroe Shareholder shall have applied to withdraw his/her acceptance of the competing offer but that the Faroe Shares to which such withdrawal relates shall not have been released from escrow before 10 February 2019 (or such other date as agreed with the Panel) by the escrow agent to the competing offer; and (iii) the Faroe Shares to which the special form of acceptance relates are not transferred to escrow in accordance with the procedure for acceptance set out in this Document on or before 10 February 2019 (or such other date as agreed with the Panel), but an undertaking is given that they will be so transferred as soon as possible thereafter. Faroe Shareholders wishing to use such forms of acceptance should apply to the Receiving Agent between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday on 0333 207 6399 from within the UK or +44 121 415 0973 if calling from outside the UK. Notwithstanding the right to use such special form

PART C FURTHER TERMS OF THE OFFER

of acceptance, holders of Faroe Shares in uncertificated form may not use a Form of Acceptance (or any other purported acceptance form) for the purposes of accepting the Offer in respect of such shares.

- (e) If a competitive situation arises or further develops after DNO has made a “no extension” statement and/or a “no increase” statement in relation to the Offer, DNO may, if it specifically reserved the right to do so at the time such statement was made, or otherwise with the Panel’s consent, choose not to be bound by and withdraw that statement and extend or revise the Offer (as appropriate) provided that it complies with the requirements of the Code and, in particular, that:
- (i) it announces such withdrawal and that it is free to extend or revise the Offer (as appropriate) as soon as possible (and in any event within four Business Days of the firm announcement of the competing offer or other competitive situation) and Faroe Shareholders are informed in writing at the earliest practicable opportunity or, in the case of Faroe Shareholders with registered addresses outside the UK or whom DNO or the Financial Advisers know to be a nominee, trustee or custodian holding Faroe Shares for such persons, by announcement in the UK at the earliest practicable opportunity; and
 - (ii) any Faroe Shareholders who accepted the Offer after the date of the “no extension” or “no increase” statement are given a right of withdrawal in accordance with paragraph 3(i) of this Part C.
- (f) DNO may, if it has reserved the right to do so, choose not to be bound by a “no increase” or a “no extension” statement if it would otherwise prevent the publication of an increased or improved offer (either as to the value or nature of the consideration offered or otherwise) which is recommended for acceptance by the Faroe Board or in other circumstances permitted by the Panel.
- (g) DNO may, if it has reserved the right to do so and Faroe makes an announcement of the kind referred to in Rule 31.9 of the Code after 20 January 2019, choose not to be bound by a “no increase” or a “no extension” statement and revise or extend the Offer with the consent of the Panel, provided that DNO complies with the requirements of the Code and in particular that notice to this effect is given as soon as possible (and in any event within four Business Days of the date of Faroe’s announcement) and shareholders are informed in writing at the earliest opportunity.
- (h) For the purpose of determining at any particular time whether the acceptance condition has been satisfied, DNO shall be entitled to take account only of those Faroe Shares carrying voting rights which have been unconditionally allotted or issued before that time and written notice of allotment or issue of which, containing all the relevant details, has been received before that time by the Receiving Agent from Faroe or its agents at the address specified in paragraph 3(b) of this Part C. E-mail or facsimile or other electronic transmission will not constitute written notice for these purposes.

2. ANNOUNCEMENTS

- (a) Without prejudice to paragraph 3(b) of this Part C, by 8.00 a.m. (London time) on the Business Day (the “relevant day”) following the day on which the Offer is due to expire or becomes unconditional or is revised or extended, as the case may be (or such later time(s) or date(s) as the Panel may agree), DNO will make an appropriate announcement. The announcement will state (unless otherwise permitted by the Panel):
- (i) the number of Faroe Shares for which acceptances of the Offer have been received (showing the extent, if any, to which such acceptances have been received from persons acting in concert with DNO or in respect of Faroe Shares which were subject to an irrevocable commitment or a letter of intent procured by DNO or any of its concert parties);
 - (ii) details of any relevant securities of Faroe in which DNO or any person acting in concert with it has an interest or in respect of which it has a right to subscribe, in each case specifying the nature of the interests or rights concerned. Similar details of any short positions (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 purchase or take delivery, will also be stated;
 - (iii) details of any relevant securities of Faroe in respect of which DNO or any of its concert parties has an outstanding irrevocable commitment or letter of intent; and
 - (iv) details of any relevant securities of Faroe which DNO or any person acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold,

and will in each case specify the percentage of each class of relevant securities of Faroe represented by each of these figures. Any such announcement shall include a prominent statement of the total number of Faroe Shares which DNO may count towards the satisfaction of the acceptance condition and the percentage of Faroe Shares represented by this figure.

PART C FURTHER TERMS OF THE OFFER

- (b) Any decision to extend the time and/or date by which the acceptance condition has to be fulfilled may be made at any time up to, and will be announced not later than, 8.00 a.m. (London time) on the relevant day or such later time(s) and/or date(s) as the Panel may agree. The announcement will state the next expiry date unless the Offer is then unconditional, in which case a statement may instead be made that the Offer will remain open until further notice.
- (c) In computing the number of Faroe Shares represented by acceptances and/or purchases, there may be included or excluded for announcement purposes acceptances and purchases which are not complete in all respects or which are subject to verification save that those which could not be counted towards fulfilment of the acceptance condition under Notes 4, 5 and 6 and Note 8 on Rule 10 of the Code shall not (unless agreed by the Panel) be included.
- (d) In this Appendix I, references to the making of an announcement or the giving of notice by or on behalf of DNO include the release of an announcement to the press and/or the transmission by whatever means of an announcement to a Regulatory Information Service. An announcement made otherwise than to a Regulatory Information Service shall be notified simultaneously to a Regulatory Information Service (unless otherwise agreed by the Panel).
- (e) A copy of any announcement made by DNO in accordance with this paragraph 2 of this Part C will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, for inspection on DNO's website at https://www.dno.no/en/investor-relations/offer_announcement_26November promptly and in any event by no later than 12 noon (London time) on the Business Day following the announcement.
- (f) Without limiting the manner in which DNO may choose to make any public statement and subject to DNO's obligations under applicable law and rules and paragraph 2(e) above, DNO will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to a Regulatory Information Service.

3. RIGHTS OF WITHDRAWAL

- (a) Except as provided by this paragraph 3 of Part C or as may otherwise be agreed in writing between DNO and any particular Faroe Shareholder in accordance with the Code, acceptances of and elections by Faroe Shareholders under the Offer shall be irrevocable.
- (b) If DNO, having announced the Offer to be unconditional, fails to comply by 3.30 p.m. (London time) on the relevant day (or such later time(s) and/or date(s) as the Panel may agree) with any of the other requirements specified in paragraph 2(a) of this Part C, an accepting Faroe Shareholder may (unless the Panel agrees otherwise) immediately thereafter withdraw his/her acceptance of the Offer by written notice received by post or, during normal business hours (excluding English and Welsh public holidays), by hand by Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA (or, in the case of Faroe Shares held in uncertificated form, in the manner referred to in paragraph 3(h) of this Part C). Subject to paragraph 1(b) of this Part C, this right of withdrawal may be terminated not less than eight days after the relevant day by DNO confirming, if that be the case, that the Offer is still unconditional, and complying with the other requirements specified in paragraph 2(a) of this Part C. If any such confirmation is given, the first period of 14 days referred to in paragraph 1(c) of this Part C will run from the date of such confirmation and compliance. The notice must include all relevant information to enable the Receiving Agent to identify the Faroe Shares to be withdrawn and a contact telephone number for the Faroe Shareholder.
- (c) If by 1.00 p.m. (London time) on 23 January 2019 (or such later time(s) and/or date(s) as the Panel may agree) the Offer has not become unconditional, an accepting Faroe Shareholder may withdraw his/her acceptance at any time thereafter by written notice in the manner referred to in paragraph 3(b) of this Part C (or, in the case of Faroe Shares held in uncertificated form, in the manner set out in paragraph 3(h) of this Part C) before the earlier of:
 - (i) the time when the Offer becomes unconditional; and
 - (ii) the final time for lodgement of acceptances of the Offer which can be taken into account in accordance with paragraph 1(b) of this Part C.
- (d) If a "no extension" statement and/or a "no increase" statement has been withdrawn in accordance with paragraph 3(i) of this Part C, any Faroe Shareholder who accepts the Offer after the date of the statement may withdraw his/her acceptance in the manner referred to in paragraph 3(b) of this Part C (or, in the case of Faroe Shares held in uncertificated form, in the manner set out in paragraph 3(h) of this Part C) not later than the eighth day after the date on which written notice of withdrawal of the statement is posted to Faroe Shareholders.
- (e) If an accepting Faroe Shareholder withdraws his/her acceptance, all documents of title and other documents lodged with the Form of Acceptance will be returned as soon as practicable following the receipt of the withdrawal (and in any event within 14 calendar days) and the Receiving Agent will immediately give instructions for the release of securities held in escrow.

PART C FURTHER TERMS OF THE OFFER

- (f) Except as provided by this paragraph 3 of this Part C or as otherwise agreed in writing between DNO and any particular Faroe Shareholder, acceptances and elections under the Offer shall be irrevocable.
- (g) In this paragraph 3, "written notice" (including any letter of appointment, direction or authority) means notice in writing bearing the original signature(s) of the relevant accepting Faroe Shareholder(s) or his/her/their agent(s) duly appointed in writing (evidence of whose appointment is produced with the notice in a form reasonably satisfactory to DNO) given by post or by hand during normal business hours (excluding English and Welsh public holidays) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. E-mail or facsimile or other electronic transmission or copies will not be sufficient to constitute written notice. No notice which is postmarked in, or otherwise appears to DNO or its agents to have been sent from, a Restricted Jurisdiction will be treated as valid.
- (h) In the case of Faroe Shares held in uncertificated form, if withdrawals are permitted pursuant to paragraph 3(b), (c) or (d) of this Part C, an accepting Faroe Shareholder may withdraw his/her acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his/her CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA instruction must, in order for it to be valid and settle, include the following details:
- (i) the number of Faroe Shares to be withdrawn, together with their ISIN number (this is GB0033032904);
 - (ii) the member account ID of the accepting shareholder, together with his/her participant ID;
 - (iii) the Escrow Agent's participant ID (this is 2RA71) and the member account ID of the Escrow Agent included in the relevant Electronic Acceptance (this is DNOFAR01);
 - (iv) the CREST transaction ID of the Electronic Acceptance to be withdrawn, to be inserted at the beginning of the shared note field;
 - (v) the intended settlement date for the withdrawal;
 - (vi) the corporate action number for the Offer allocated by Euroclear; and
 - (vii) input with a standard delivery instruction priority of 80.

Any such withdrawal will be conditional upon the Receiving Agent verifying that the withdrawal request is validly made. Accordingly, the Receiving Agent will on behalf of DNO either reject the withdrawal by transmitting in CREST a receiving agent reject (AEAD) message or accept the withdrawal by transmitting in CREST a receiving agent accept (AEAN) message.

- (i) Faroe Shares in respect of which acceptances have been validly withdrawn in accordance with this paragraph 3 of Part C may subsequently be re-assented to the Offer following one of the procedures described in paragraph 14 of the letter from DNO contained in Part I of this Document while the Offer remains open for acceptance.
- (j) Any question as to the validity (including time of receipt) of any notice of withdrawal will be determined by DNO whose determination (save as the Panel otherwise determines) will be final and binding. None of DNO, Faroe, the Financial Advisers, the Receiving Agent or any other person will be under any duty to give notification of any defect in any notice of withdrawal or will incur any liability for failure to do so.

PART C FURTHER TERMS OF THE OFFER

4. REVISIONS OF THE OFFER

- (a) Although no revision of the Offer is envisaged, if the Offer (in its original or any previously revised form(s)) is revised (either in its terms and conditions or in the value or nature of the consideration offered or otherwise) and such revision represents on the date on which it is announced (on such basis as the Financial Advisers may consider appropriate) an improvement or no diminution in the value of the revised Offer compared with the consideration or terms previously offered or in the overall value received and/or retained by a Faroe Shareholder (under the Offer or otherwise), the benefit of the revised Offer will, subject to paragraphs 4(c), 4(d) and 7 of this Part C, be made available to any Faroe Shareholder who has accepted the Offer in its original or any previously revised form(s). The acceptance of the Offer by or on behalf of a previous acceptor in its original or any previously revised form(s) shall, subject as provided in paragraphs 4(c), 4(d) and 7 of this Part C, be treated as an acceptance of the Offer as so revised and shall also constitute the irrevocable and separate appointment of DNO and each of its directors and the Financial Advisers and each of its directors as his/her attorney and/or agent with authority (i) to accept any such revised Offer on behalf of such previous acceptor; (ii) if such revised Offer includes alternative forms of consideration, to make on his/her behalf such elections for and/or accept such alternative forms of consideration in the proportions such attorney and/or agent in his/her absolute discretion thinks fit; and (iii) to execute on behalf of and in the name of such previous acceptor all such further documents (if any) as may be required to give effect to such acceptances and/or elections. In making any such election and/or acceptance, such attorney and/or agent shall be able to take into account the nature of any previous acceptances made by or on behalf of the previous acceptor and such other facts or matters as he/she may reasonably consider relevant.
- (b) Subject to paragraph 4(c) and paragraph 4(d) of this Part C, the powers of attorney and authorities conferred by this paragraph 4 and any acceptance of a revised Offer and/or any election pursuant thereto shall be irrevocable unless and until the previous acceptor becomes entitled to withdraw his/her acceptance under paragraph 3 of this Part C and duly and validly does so.
- (c) The deemed acceptance referred to in paragraph 4(a) of this Part C shall not apply, and the authorities conferred by that paragraph shall not be exercised, to the extent that a previous acceptor:
- (i) in respect of Faroe Shares in certificated form, lodges with the Receiving Agent, within 14 days of the publication of the document containing the revised Offer, a Form of Acceptance (or other form validly issued by or on behalf of DNO) in which he/she validly elects to receive the consideration receivable by him/her under such revised Offer in some other manner than that set out in his/her original or any previous acceptance; or
 - (ii) in respect of Faroe Shares in uncertificated form, sends (or, if a CREST sponsored member, procures that his/her CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance in respect of which an election is to be varied. Each ESA instruction must, in order for it to be valid and settle, include the following details:
 - (A) the number of Faroe Shares in respect of which the changed election is made, together with their ISIN number (this is GB0033032904);
 - (B) the member account ID of the previous acceptor, together with his/her participant ID;
 - (C) the member account ID of the Escrow Agent included in the relevant Electronic Acceptance (this is DNOFAR01 for the Offer);
 - (D) the Escrow Agent's participant ID (this is 2RA71);
 - (E) the CREST transaction ID of the Electronic Acceptance in respect of which the election is to be changed to be inserted at the beginning of the shared note field;
 - (F) the intended settlement date for the changed election;
 - (G) the corporate action number for the Offer allocated by Euroclear;and, in order that the desired change of election can be effected, must include:
 - (H) the member account ID of the Escrow Agent relevant to the new election; and
 - (I) input with a standard delivery instruction priority of 80.Any such change of election will be conditional upon the Receiving Agent verifying that the request is validly made. Accordingly the Receiving Agent will on behalf of DNO reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message as appropriate.
- (d) The deemed acceptance referred to in paragraph 4(a) of this Part C shall not apply, and the authorities conferred by that paragraph shall not be exercised if, as a result thereof, the previous acceptor would (on such basis as the Financial Advisers may consider appropriate) thereby receive less in aggregate in consideration under the revised Offer than

PART C FURTHER TERMS OF THE OFFER

he/she would have received in aggregate as a result of acceptance of the Offer in the form in which it was previously accepted by him/her or on his/her behalf unless the previous acceptor has previously agreed in writing. The authorities conferred by paragraph 4(a) of this Part C shall not be exercised in respect of any election available under the revised Offer save in accordance with this paragraph.

- (e) DNO and the Receiving Agent reserve the right to treat an executed Form of Acceptance or TTE instruction (in respect of the Offer in its original or any previously revised form(s)) which is received (or dated) on or after the announcement of any revised Offer as a valid acceptance of the revised Offer and/or, where applicable, a valid election for or acceptance of any of the alternative forms of consideration. Such acceptances shall constitute an authority in the terms of paragraph 4(a) of this Part C, mutatis mutandis, on behalf of the relevant Faroe Shareholder.
- (f) Although no revision is contemplated, if the Offer is revised, a revised offer document will be published. DNO will publish the document on its website and will announce that the document has been so published.

5. ACCEPTANCES AND PURCHASES

- (a) Subject to the Code, and notwithstanding any other provision of this Part C, DNO reserves the right to treat as valid in whole or in part any acceptance of the Offer if received by the Receiving Agent or otherwise on behalf of DNO which is not entirely in order or in correct form or which is not accompanied by (as applicable) the relevant share certificate(s) and/or other relevant document(s) of title or not accompanied by the relevant TTE instruction or is received by it at any place or places or in any form or manner determined by either the Receiving Agent or DNO otherwise than as set out in this Document or (in respect of Faroe Shares held in certificated form) in the Form of Acceptance. In that event, no settlement of consideration under the Offer will be made until after the acceptance is entirely in order and (as applicable) the relevant transfer to escrow has settled or the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to DNO have been received by the Receiving Agent.
- (b) Except as otherwise agreed by the Panel:
 - (i) an acceptance of the Offer will only be counted towards fulfilling the acceptance condition if the requirements of Note 4 and, if applicable, Note 6 on Rule 10 of the Code are satisfied with respect to it;
 - (ii) a purchase of Faroe Shares by DNO or its nominee(s) (or, if DNO is required to make an offer for Faroe Shares pursuant to Rule 9 of the Code, by a person acting in concert with DNO for the purpose of such offer(s)) will only be counted towards fulfilling the acceptance condition if the requirements of Note 5 and, if applicable, Note 6 on Rule 10 of the Code are satisfied with respect to it;
 - (iii) any Faroe Shares which have been borrowed by DNO may not be counted towards fulfilling the acceptance condition; and
 - (iv) before the Offer may become or be declared unconditional as to acceptances, the Receiving Agent must have issued a certificate to DNO, any of the Financial Advisers or their respective agents which states the number of Faroe Shares in respect of which acceptances have been received and not validly withdrawn, and the number of Faroe Shares otherwise acquired, whether before or during the Offer Period, which comply with the provisions of this paragraph 5(b) of this Part C. A copy of the certificate will be sent to the Panel and Faroe's financial advisers as soon as possible after it is issued.

6. GENERAL

- (a) DNO reserves the right to elect to implement the acquisition of the Faroe Shares 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 the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Offer. In particular, Condition (a) of Part A of this Appendix I will not apply and the scheme of arrangement will become effective and binding following:
 - (i) approval at the necessary court convened meeting by a majority in number of the Faroe Shareholders who are entitled to vote and who are present and voting, either in person or by proxy, representing 75 percent or more in value of the Faroe Shares held by such holders;
 - (ii) the resolution(s) required to approve and implement the scheme of arrangement being passed by the requisite majorities at a general meeting of the holders of the Faroe Shares; and
 - (iii) the sanction of the scheme of arrangement by the court and an official copy of the order of the court sanctioning the scheme of arrangement being delivered for registration to the Receiving Agent of Companies in England and Wales.

PART C FURTHER TERMS OF THE OFFER

- (b) 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 Document 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 Document.
- (c) If, on or after the date of this Document, 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 up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in this 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.
- (d) Except with the Panel's consent:
- (i) settlement of the consideration to which any Faroe Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which Faroe or any of the Financial Advisers may otherwise be, or claim to be, entitled as against such Faroe Shareholder; and
 - (ii) settlement of the consideration to which any Faroe Shareholder is entitled will be effected: (i) in the case of acceptances received, complete in all respects, by the date on which the Offer becomes unconditional in all respects, within 14 days of such date, or (ii) in the case of acceptances received, complete in all respects, after the date on which the Offer becomes unconditional in all respects but while the Offer remains open for acceptance, within 14 days of such receipt,
- in the manner prescribed in paragraph 15 of the letter from DNO contained in Part I of this Document.

Subject to paragraph 7 of this Part C, DNO reserves the right not to send any consideration to an address in any Restricted Jurisdiction.

- (e) Except with the Panel's consent, settlement of the consideration to which any Faroe Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which DNO or the Financial Advisers may otherwise be, or claim to be, entitled as against such Faroe Shareholder and will be effected in the manner described in this Document.
- (f) The Offer is made on 12 December 2018 and is capable of acceptance from that date. Copies of this Document, the Form of Acceptance and any related documents are available from the Receiving Agent at the address set out in paragraph 3(b) of this Part C.
- (g) The terms, provisions, instructions and authorities contained in or deemed to be incorporated in the Form of Acceptance constitute part of the terms of the Offer. The provisions of this Appendix I shall be deemed to be incorporated in and form part of each Form of Acceptance. Words and expressions defined in this Document have the same meanings when used in the Form of Acceptance, unless the context otherwise requires.
- (h) The Offer, all acceptances of it and all elections pursuant to it, the Form of Acceptance and Electronic Acceptances, all contracts made pursuant to the Offer, all action taken or made or deemed to be taken or made pursuant to any of these terms and the relationship between a Faroe Shareholder and DNO, the Financial Advisers or the Receiving Agent shall be governed by and interpreted in accordance with English law.
- (i) Execution of a Form of Acceptance or the making of an Electronic Acceptance by or on behalf of a Faroe Shareholder will constitute his/her agreement that the Courts of England and Wales are (subject to this paragraph 6(i) of this Part C) to have exclusive jurisdiction to settle any dispute which may arise in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by the Offer and the Form of Acceptance or the Electronic Acceptance or otherwise arising in connection with the Offer and the Form of Acceptance or the Electronic Acceptance, and for such purposes that he/she irrevocably submits to the jurisdiction of the Courts of England and Wales.
- (j) Execution of a Form of Acceptance or the making of a Electronic Acceptance by or on behalf of a Faroe Shareholder will constitute his/her agreement that the agreement in paragraph 7(h) of this Part C is included for the benefit of DNO, the Financial Advisers and the Receiving Agent and accordingly, notwithstanding the exclusive agreement in paragraph 7(h) of this Part C, DNO, the Financial Advisers and the Receiving Agent shall each retain the right to, and may in its absolute

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discretion, bring proceedings in the courts of any other country which may have jurisdiction and that the accepting Faroe Shareholder irrevocably submits to the jurisdiction of the courts of any such country.

- (k) If the expiry date of the Offer is extended, any reference in this Document and in the Form of Acceptance to 2 January 2019 shall, except in Part B of this Appendix I and paragraph 1(a) of this Part C and where the context otherwise requires, be deemed to refer to the expiry date of the Offer as so extended.
- (l) Any omission or failure to despatch this Document or the Form of Acceptance or any other document relating to the Offer or any notice required to be despatched under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made, or should be made, shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person. Subject to paragraph 7 of this Part C, the Offer extends to any such person and to all Faroe Shareholders to whom this Document, the Form of Acceptance and any related documents may not be despatched and who may not receive such documents, and such persons may collect copies of those documents from the Receiving Agent at the address set out in paragraph 3(b) of this Part C.
- (m) If the Offer lapses:
 - (i) it will cease to be capable of further acceptance;
 - (ii) DNO and accepting Faroe Shareholders will cease to be bound by: (i) in the case of Faroe Shares held in certificated form, Forms of Acceptance submitted; and (ii) in the case of Faroe Shares held in uncertificated form, Electronic Acceptances inputted and settled, in each case before the time the Offer lapses;
 - (iii) in respect of Faroe Shares held in certificated form, Forms of Acceptance, share certificate(s) and/or other document(s) of title will be returned by post (or by such other method as the Panel may approve) within 14 days of the Offer lapsing, at the risk of the Faroe Shareholder concerned, to the person or agent whose name and address is set out in the relevant box of the Form of Acceptance or, if none is set out, to the first-named holder at his/her registered address; and
 - (iv) in respect of Faroe Shares held in uncertificated form, the Receiving Agent will, immediately after the Offer lapses (or within such longer period as the Panel may permit), give TFE instructions to Euroclear to transfer all Faroe Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Faroe Shareholders concerned.
- (n) Under Rule 13.5(a) of the Code, DNO may not invoke a Condition to the Offer so as to cause the Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to DNO in the context of the Offer. Condition (a) in Part A of this Appendix I is not subject to this provision of the Code.
- (o) All powers of attorney, appointments as agent and authorities on the terms conferred by or referred to in this Appendix I or in the Form of Acceptance are given by way of security for the performance of the obligations of the Faroe Shareholder concerned and are irrevocable (in respect of powers of attorney in accordance with Section 4 of the Powers of Attorney Act 1971) except in the circumstances where the donor of such power of attorney, appointment or authority is entitled to withdraw his/her acceptance in accordance with paragraph 3 of this Part C and duly and validly does so.
- (p) Without prejudice to any other provisions of this Part C, DNO, the Financial Advisers and the Receiving Agent reserve the right to treat acceptances of the Offer as valid if not entirely in order or not accompanied by the relevant TTE instruction or (as applicable) relevant share certificate(s) and/or other document(s) of title or if received by or on behalf of any of them at any place or places or in any manner determined by any of them or otherwise than as set out in this Document or, in respect of Faroe Shares held in certificated form, in the Form of Acceptance.
- (q) All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from any Faroe Shareholders will be delivered by or sent to or from them (or their designated agents) at their risk. No acknowledgement of receipt of any Form of Acceptance, transfer by means of CREST, communication, notice, share certificate(s) and/or other document(s) of title will be given by or on behalf of DNO.
- (r) If sufficient acceptances are received and/or sufficient Faroe Shares are otherwise acquired, DNO intends to apply the provisions of Part 28 of the Companies Act to acquire compulsorily any Faroe Shares not acquired or agreed to be acquired by or on behalf of DNO pursuant to the Offer or otherwise.

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- (s) 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 would be re-registered as a private company under the relevant provisions of the Companies Act.
- (t) All references in this Appendix I to any statute or statutory provision shall include a statute or statutory provision which amends, consolidates or replaces the same (whether before or after the date of this Document).
- (u) In relation to any acceptance of the Offer in respect of a holding of Faroe Shares which are in uncertificated form, DNO reserves the right to make such alterations, additions or modifications as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise, provided such alterations, additions or modifications are consistent with the requirements of the Code or are otherwise made with the Panel's consent.
- (v) For the purposes of this Document, the time of receipt of a TTE instruction, an ESA instruction or an Electronic Acceptance shall be the time at which the relevant instruction settles in CREST.
- (w) Neither DNO nor any person acting on behalf of DNO, shall have any liability to any person for any loss or alleged loss arising from any decision as to the treatment of acceptances of the Offer or otherwise in connection therewith.

7. OVERSEAS SHAREHOLDERS

- (a) The making of the Offer in, or to persons resident in, or to nationals or citizens of, jurisdictions outside the UK or the US or to nominees of, or custodians or trustees for, citizens or nationals of other countries may be prohibited or affected by the laws of the relevant jurisdictions. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements. No person receiving a copy of this Document and/or a Form of Acceptance in any jurisdiction other than the UK or the US may treat the same as constituting an invitation or offer to him/her, nor should he/she in any event use such Form of Acceptance if, in the relevant jurisdiction, such invitation or offer cannot lawfully be made to him/her or such Form of Acceptance cannot lawfully be used without contravention of any relevant or other legal requirements. In such circumstances, this Document and/or Form of Acceptance are sent for information only. It is the responsibility of such Overseas Shareholder receiving a copy of this Document and/or Form of Acceptance and wishing to accept the Offer to satisfy himself/herself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including obtaining any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities needing to be observed and payment of any issue, transfer or other taxes or duties due in such jurisdiction. Any such Overseas Shareholder will be responsible for any such issue, transfer or other taxes or other payments by whomsoever payable and DNO and the Financial Advisers (and any person acting on behalf of either of them) shall be fully indemnified and held harmless by such Overseas Shareholder for any such issue, transfer or other taxes or duties as DNO or the Financial Advisers (and any person acting on behalf of either of them) may be required to pay.

If you are an Overseas Shareholder and you are in doubt about your position, you should consult your independent professional adviser in the relevant jurisdiction.

- (b) The Offer is being made into all jurisdictions where it is capable of being lawfully made in compliance with local laws. Unless otherwise determined by DNO or required by the Code, and permitted by applicable law and regulation, the Offer is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any other means or instrumentality (including, without limitation, electronic mail, facsimile transmission, telex, telephone, internet or other forms of electronic communication) of foreign or interstate commerce of, or any facilities of a national, state or other securities exchange of, any Restricted Jurisdiction, and shall not be capable of acceptance by any such use, means, instrumentality or facility or from or within any Restricted Jurisdiction unless otherwise determined by DNO.

Copies of this Document, the Form of Acceptance and any related documents are not being (unless determined otherwise by DNO in its sole discretion or required by the Code, and permitted by applicable law and regulation), and must not be, directly or indirectly mailed, transmitted or otherwise forwarded, distributed, sent or otherwise made available in, into or from a Restricted Jurisdiction including to Faroe Shareholders or persons with information rights or participants in the Faroe Share Schemes with registered addresses in a Restricted Jurisdiction or to persons whom DNO reasonably

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believes to be agents, custodians, trustees or nominees holding Faroe Shares for persons with registered addresses in a Restricted Jurisdiction.

Persons receiving such documents (including without limitation, custodians, trustees and nominees) must not mail or otherwise forward, distribute or send them, directly or indirectly, in, into or from a Restricted Jurisdiction or use Restricted Jurisdiction mails or any such means or instrumentality or facility for any purpose, directly or indirectly, in connection with the Offer. Doing so may invalidate any purported acceptance of the Offer. Persons wishing to accept the Offer must not use such mails or any such means or instrumentality or facility directly or indirectly for any purpose directly or indirectly related to acceptance of the Offer.

Envelopes containing a Form of Acceptance, evidence of title or any other document relating to the Offer should not be postmarked in a Restricted Jurisdiction or otherwise despatched from a Restricted Jurisdiction and all accepting Faroe Shareholders must provide addresses outside a Restricted Jurisdiction for the remittance of cash or for the return of the Form of Acceptance, share certificates and/or other document(s) of title.

- (c) A Faroe Shareholder will be deemed not to have validly accepted the Offer if:
- (i) he/she puts "NO" in box 5 of the Form of Acceptance and thereby does not give the representations and warranties set out in sub-paragraph (c) of Part D of this Appendix I;
 - (ii) box 1 of the Form of Acceptance has a registered address in a Restricted Jurisdiction and he/she does not insert in box 6 of the Form of Acceptance the name and address of a person or agent outside a Restricted Jurisdiction to whom he/she wishes the consideration to which he/she is entitled under the Offer and/or any documents to be sent;
 - (iii) he/she inserts in box 6 of the Form of Acceptance the name and address of a person or agent in a Restricted Jurisdiction to whom he/she wishes the consideration to which he/she is entitled under the Offer and/or any documents to be sent;
 - (iv) in any case, the Form of Acceptance received from him/her is received in an envelope postmarked in, or which otherwise appears to DNO or its agent to have been sent from, a Restricted Jurisdiction;
 - (v) he/she inserts in box 2 of the Form of Acceptance a telephone number in a Restricted Jurisdiction; or
 - (vi) he/she makes a Restricted Escrow Transfer pursuant to paragraph 7(g) below unless he/she also makes a related Restricted ESA instruction which is accepted by the Receiving Agent.

DNO reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in paragraph (c) of Part D of this Appendix I or (as the case may be) Part E of this Appendix I could have been truthfully given by the relevant Faroe Shareholder and, if such investigation is made and, as a result, DNO cannot satisfy itself that such representation and warranty was true and correct, the acceptance shall not be valid.

- (d) If, in connection with the making of the Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this Document, the Form of Acceptance or any related offering documents, in, into or from a Restricted Jurisdiction or uses the mails or any means or instrumentality (including without limitation, electronic mail, facsimile transmission, telephone or internet) of interstate or foreign commerce of, or any facility of a national securities exchange of, a Restricted Jurisdiction in connection with such forwarding, such person should:
- (i) inform the recipient of such fact;
 - (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
 - (iii) draw the attention of the recipient to this paragraph 7.
- (e) If any written notice from a Faroe Shareholder withdrawing his/her acceptance in accordance with paragraph 3 of Part C of this Appendix I is received in an envelope postmarked in, or which otherwise appears to DNO or its agents to have been sent from, a Restricted Jurisdiction, DNO reserves the right in its absolute discretion to treat that notice as invalid. Further, DNO reserves the right to reject any elections made or purported to be made by the persons to whom this paragraph 7 of this Part C applies.

Any acceptance of the Offer by Faroe Shareholders who are unable to give the representations and warranties set out in paragraph (c) of Part D of this Appendix I is liable to be disregarded.

- (f) DNO reserves the right, in its absolute discretion, to treat any acceptance as invalid if it believes that such acceptance may violate applicable legal or regulatory requirements.

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- (g) If a Faroe Shareholder holding Faroe Shares in uncertificated form cannot give the warranty set out in (b) of Part E of this Appendix I, but nevertheless can provide evidence satisfactory to DNO that he/she can accept the Offer in compliance with all relevant legal and regulatory requirements, he/she may only purport to accept the Offer by sending (or if a CREST sponsored member, procuring that his/her CREST sponsor sends) both:
- (i) a TTE instruction to a designated escrow balance detailed below (a Restricted Escrow Transfer); and
 - (ii) one or more valid ESA instructions (a Restricted ESA instruction) which specify the form of consideration which he/she wishes to receive (consistent with the alternatives offered under the Offer).

Such purported acceptance will not be treated as a valid acceptance unless both the Restricted Escrow Transfer and the Restricted ESA instruction(s) settle in CREST and DNO decides, in its absolute discretion, to exercise its right described in paragraph 7(h) of Part C of this Appendix I to waive, vary or modify the terms of the Offer relating to Overseas Shareholders, to the extent required to permit such acceptance to be made, in each case during the acceptance period set out in paragraph 1(a) of Part C of this Appendix I. If DNO accordingly decides to permit such acceptance to be made, the Receiving Agent will, on behalf of DNO, accept the purported acceptance as an Electronic Acceptance on the terms of this Document (as so waived, varied or modified) by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, the Receiving Agent will, on behalf of DNO, reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message. Each Restricted Escrow Transfer must, in order for it to be valid and settle, include the following details:

- (i) the ISIN number for the Faroe Shares. This is GB0033032904;
- (ii) the number of Faroe Shares in uncertificated form in respect of which the Offer is to be accepted;
- (iii) the member account ID and participant ID of the Faroe Shareholder;
- (iv) the participant ID of the Escrow Agent (this is 2RA71) and its member account ID specific to a Restricted Escrow Transfer (this is RESTRICT);
- (v) the intended settlement date. This should be as soon as possible and in any event not later than 1.00 p.m. (London time) on 2 January 2019;
- (vi) the corporate action number for the Offer allocated by Euroclear;
- (vii) input with a standard delivery instruction priority of 80; and
- (viii) the contact name and telephone number inserted in the shared note file.

Each Restricted ESA instruction must, in order for it to be valid and settle, include the following details:

- (i) the ISIN number for the Faroe Shares (this is GB0033032904);
 - (ii) the number of Faroe Shares relevant to that Restricted ESA instruction;
 - (iii) the member account ID and participant ID of the accepting Faroe Shareholder;
 - (iv) the member account ID and participant ID of the Escrow Agent set out in the Restricted Escrow Transfer;
 - (v) the participant ID and the member account ID of the Escrow Agent relevant to the form of consideration required (details of which are set out in this Document);
 - (vi) the CREST transaction ID of the Restricted Escrow Transfer to which the Restricted ESA instruction relates to be inserted at the beginning of the shared note field;
 - (vii) the intended settlement date. This should be as soon as possible and in any event not later than 1.00 p.m. (London time) on 2 January 2019;
 - (viii) input with a standard delivery instruction priority of 80; and
 - (ix) the corporate action number for the Offer.
- (h) These provisions and any other terms of the Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Faroe Shareholders or on a general basis by DNO in its absolute discretion. Subject thereto, the provisions of this paragraph 7 of this Part C supersede any terms of the Offer inconsistent with them. References in this paragraph 7 of this Part C to a Faroe Shareholder include references to the person or persons executing a Form of Acceptance and, if more than one person executes the Form of Acceptance, the provisions of this paragraph 7 of this Part C shall apply to them jointly and severally.

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- (i) Notwithstanding any other provision of this paragraph 7 of this Part C, DNO may, in its sole and absolute discretion, make the Offer to a resident in a Restricted Jurisdiction if DNO is satisfied, in that particular case, that to do so would not constitute a breach of any securities or other relevant legislation of a Restricted Jurisdiction.
- (j) DNO reserves the right to notify any matter, including the making of the Offer, to all or any Faroe Shareholders:
 - (i) with a registered address outside the UK; or
 - (ii) whom DNO reasonably believes to be a custodian, trustee or nominee holding Faroe Shares for persons who are citizens, residents or nationals of jurisdictions outside the UK,

by announcement in the UK through a Regulatory Information Service or in any other appropriate manner or by notice in the London Gazette or paid advertisement in one or more newspapers published and circulated in the UK. Such notice shall be deemed to have been sufficiently given, despite any failure by any such Faroe Shareholder to receive or see that notice. A reference in this Document to a notice or the provision of information in writing by or on behalf of DNO is to be construed accordingly. No such document shall be sent to an address in a Restricted Jurisdiction.

PART D FORM OF ACCEPTANCE

This Part D applies only to Faroe Shares held in certificated form. If you hold all your Faroe Shares in uncertificated form, you should ignore this Part D and instead read Part E below.

Each Faroe Shareholder by whom, or on whose behalf, a Form of Acceptance is executed and delivered to the Receiving Agent irrevocably undertakes, represents, warrants and agrees to and with DNO, the Financial Advisers and the Receiving Agent (so as to bind him/her, his/her personal or legal representatives, heirs, successors and assigns) to the following effect:

- (a) that the execution of the Form of Acceptance, whether or not any boxes are completed, and whether or not the Form of Acceptance is validly executed as a deed, shall constitute:
- (i) an acceptance of the Offer in respect of the number of Faroe Shares in certificated form inserted or deemed to be inserted in box 3 of the Form of Acceptance; and
 - (ii) an undertaking to execute any further documents, take any further action and give any further assurances which may be required to enable DNO to obtain the full benefit of this Part D and/or to perfect any of the authorities expressed to be given in this Part D or otherwise in connection with acceptance of the Offer,

in each case on and subject to the terms and conditions set out or referred to in this Document and in the Form of Acceptance and that, subject only to the rights of withdrawal set out or referred to in paragraph 3 of Part C of this Appendix I, each such acceptance shall be irrevocable provided that if (i) box 3 or any other box is not completed or (ii) the total number of Faroe Shares inserted in box 3 is greater than the number of Faroe Shares comprised in the acceptance or box 3 contains the word "ALL" or any other word or marking, but the Form of Acceptance is signed, it will be deemed to be an acceptance of the Offer in respect of all of the Faroe Shares in certificated form comprised in the acceptance.

For the purposes of this Appendix I and the Form of Acceptance, the phrase "Faroe Shares comprised in the acceptance" shall mean the number of Faroe Shares inserted in box 3 of the Form of Acceptance or if no number (or a number greater than the relevant Faroe Shareholder's registered holding of Faroe Shares) is inserted, the greater of:

- (i) the relevant Faroe Shareholder's entire holding of Faroe Shares as disclosed by the register of members made available to the Receiving Agent prior to the time the relevant Form of Acceptance is processed by them;
 - (ii) the relevant Faroe Shareholder's entire holding of Faroe Shares as disclosed by the register of members made available to the Receiving Agent prior to the latest time for receipt of the Form of Acceptance which can be taken into account for determining whether the Offer is unconditional; or
 - (iii) the number of Faroe Shares in respect of which certificates or an indemnity in lieu thereof is received by the Receiving Agent;
- (b) he/she is irrevocably and unconditionally entitled to sell and transfer the legal and beneficial ownership of the Faroe Shares in certificated form comprised or deemed to be comprised in such acceptance and that such Faroe Shares are sold fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever and together with all rights attaching to them on or after the date of this Document, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made, on or after the date the Offer becoming unconditional in all respects;
- (c) unless "NO" is put in box 5 of the Form of Acceptance, that such Faroe Shareholder:
- (i) has not, directly or indirectly, received or sent copies or originals of this Document, the Form of Acceptance or any related offering documents in, into or from a Restricted Jurisdiction, has not utilised in connection with the Offer or the execution or delivery of the Form of Acceptance, directly or indirectly, the mails or any means or instrumentality (including, without limitation, electronic mail, facsimile transmission, telephone or internet) of interstate or foreign commerce of, or any facilities of a national securities exchange of, a Restricted Jurisdiction;
 - (ii) if an Overseas Shareholder, has observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that will or may result in DNO, the Financial Advisers or any other person acting in breach of the legal or regulatory requirements of, or be liable for any issue, transfer or other taxes or duties or other payments in, any such jurisdiction in connection with the Offer or his/her acceptance thereof;
 - (iii) is accepting the Offer from outside a Restricted Jurisdiction and has not executed, mailed or sent the Form of Acceptance in or from a Restricted Jurisdiction; and
 - (iv) is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given all instructions with respect to the Offer from outside a Restricted Jurisdiction;

PART D FORM OF ACCEPTANCE

- (d) that the execution of the Form of Acceptance and its delivery to the Receiving Agent constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting Faroe Shareholder not having validly withdrawn his/her acceptance, the irrevocable and separate appointment of each of DNO and/or the Financial Advisers and any director of, or any person authorised, by them as such shareholder's attorney and/or agent (the "attorney") and an irrevocable instruction and authorisation to the attorney:
- (i) to complete and execute all or any form(s) of transfer and/or other document(s) at the discretion of the attorney in relation to the Faroe Shares referred to in paragraph (a) of this Part D in favour of DNO or such other person or persons as DNO or its agents may direct in connection with acceptance of the Offer;
 - (ii) to deliver such form(s) of transfer and/or other document(s) in the attorney's discretion and/or the certificate(s) and/or other document(s) of title relating to such Faroe Shares for registration within three months of the Offer becoming unconditional in all respects; and
 - (iii) to execute all such other documents and do all such other acts and things as may in the attorney's opinion be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer pursuant to the Form of Acceptance and to vest the Faroe Shares referred to in paragraph (a) of this Part D in DNO or its nominee;
- (e) that, in relation to Faroe Shares in certificated form, the execution of the Form of Acceptance and its delivery to the Receiving Agent constitutes, subject to the Offer becoming unconditional in all respects and to an accepting Faroe Shareholder not having validly withdrawn his/her acceptance, an irrevocable authority and instruction, subject to the provisions of paragraph 7 of Part C of this Appendix I:
- (i) to Faroe or its agents to procure the registration of the transfer of those Faroe Shares referred to in paragraph (a) of this Part D pursuant to the Offer and the delivery of the share certificate(s) and/or other document(s) of title in respect of the Faroe Shares to DNO or as it may direct;
 - (ii) to DNO and the Financial Advisers or their respective agents to procure the despatch by post (or by such other method as the Panel may approve) of the cheque for the cash consideration to which an accepting Faroe Shareholder is entitled, at the risk of such shareholder, to the person or agent whose name and address outside a Restricted Jurisdiction is set out in box 6 of the Form of Acceptance, or if no name and address is set out in box 6, to the first named holder at his/her registered address outside a Restricted Jurisdiction;
 - (iii) to DNO, the Financial Advisers, Faroe or their respective agents, to record, act and rely on any mandates, instructions, consents or instruments in force relating to payments, notices or distributions which have been entered in the records of Faroe in respect of his/hers holding of Faroe Shares (until such are revoked or varied);
- (f) that the execution of the Form of Acceptance and its delivery to the Receiving Agent constitutes a separate authority to DNO and/or the Financial Advisers and/or their respective directors within the terms of paragraph 4 of Part C of this Appendix I in respect of the Faroe Shares in certificated form comprised in the acceptance;
- (g) that, subject to the Offer becoming or being declared unconditional in all respects (or if the Offer will become unconditional in all respects or lapse immediately upon the outcome of the resolution in question or if the Panel consents) and pending registration of any transfer in the name of DNO (or as it may direct) pursuant to the Offer:
- (i) DNO and/or its agents shall be entitled to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Faroe or of any class of its shareholders) attaching to any Faroe Shares in certificated form in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn; and
 - (ii) the execution of a Form of Acceptance in respect of the Faroe Shares comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
 - (A) constitutes an irrevocable authority to Faroe and its agents from such Faroe Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to him/her as a member of Faroe (including any share certificate(s) or other document(s) of title) to DNO at its registered office;
 - (B) constitutes an irrevocable authority to DNO or any director of DNO, or any person authorised by, DNO to sign any document and do such things as may, in the opinion of that agent and/or attorney, seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Faroe Shares held by him/her in uncertificated form (including, without limitation, signing any consent to short notice of a general or separate class meeting as his/her attorney and/or agent and on his/her behalf and/or to attend and/or execute a form of proxy in respect of such Faroe Shares appointing any person nominated by DNO to attend general and separate class meetings of Faroe (and any adjournments thereof) and to exercise the votes attaching to such shares on his/her behalf, where relevant, such votes to be cast so far as possible to satisfy any outstanding condition of the Offer); and

PART D FORM OF ACCEPTANCE

- (C) will also constitute the agreement of such Faroe Shareholder not to exercise any of such rights without the consent of DNO and the irrevocable undertaking of such Faroe Shareholder not to appoint a proxy to attend any such general meeting or separate class meeting,
- save that this authority will cease to be valid if the acceptance is validly withdrawn;
- (h) that he/she will deliver or procure the delivery to the Receiving Agent at the address referred to in paragraph 3(b) of Part C of this Appendix I of his/her share certificate(s) or other document(s) of title in respect of all Faroe Shares in certificated form held by him/her in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn, or an indemnity acceptable to DNO in lieu thereof, as soon as possible and in any event within three months of the Offer becoming unconditional in all respects;
- (i) that he/she is the sole legal and beneficial owner of the Faroe Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted or he/she is the legal owner of such Faroe Shares and he/she has the necessary capacity and authority to execute the Form(s) of Acceptance;
- (j) that the Faroe Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted are sold fully paid up 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, including the right to receive and retain all dividends and distributions (if any) declared, made or paid after the Offer becoming or being declared unconditional in all respects;
- (k) that the terms and conditions of the Offer contained in this Document shall be deemed to be incorporated in, and form part of, the Form of Acceptance which shall be read and construed accordingly;
- (l) that, if he/she accepts the Offer, he/she will do all such acts and things as shall be necessary or expedient to vest the Faroe Shares referred to in paragraph (a) of this Part D in DNO or its nominee(s) or such other persons as it may decide;
- (m) that he/she agrees to ratify each and every act or thing which may be done or effected by DNO or the Financial Advisers or the Receiving Agent or any director of DNO, any director of the Financial Advisers or any director of the Receiving Agent or their respective agents or Faroe or its agents, as the case may be, in the exercise of any of his/her powers and/or authorities under this Document;
- (n) that the execution of the Form of Acceptance constitutes his/her agreement to the terms of paragraphs 6(i) and 6(j) of Part C of this Appendix I;
- (o) that the Form of Acceptance shall be deemed to be delivered on the date of its execution and shall take effect as a deed on such date;
- (p) that if any provision of Part C or Part D of this Appendix I shall be unenforceable or invalid or shall not operate so as to afford DNO or the Financial Advisers or the Receiving Agent or any director of any of them the benefit of the authorities and powers of attorney expressed to be given therein, he/she shall with all practicable speed do all such acts and things and execute all such documents as may be required to enable DNO and/or the Financial Advisers and/or the Receiving Agent and/or any director of any of them to secure the full benefits of Part C and this Part D;
- (q) the ejusdem generis principle of construction shall not apply to the terms and conditions of the Offer and/or the Form of Acceptance. Accordingly general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words; and
- (r) that he/she is not a customer (as defined by the rules of the Financial Conduct Authority) of the Financial Advisers in connection with the offer.

References in this Part D to a Faroe Shareholder shall include references to the person or persons executing a Form of Acceptance, and if more than one person executes a Form of Acceptance, the provisions of this Part D shall apply to them jointly and severally.

PART E ELECTRONIC ACCEPTANCE

This Part E applies only to Faroe Shares held in uncertificated form. If you hold all your Faroe Shares in certificated form, you should ignore this Part E and instead read Part D above.

Each Faroe Shareholder by whom, or on whose behalf, an Electronic Acceptance is made irrevocably undertakes, represents, warrants and agrees to and with DNO, the Financial Advisers and the Receiving Agent (so as to bind him/her, his/her personal or legal representatives, heirs, successors and assigns) to the following effect:

- (a) that the Electronic Acceptance shall constitute:
 - (i) an acceptance of the Offer in respect of the number of Faroe Shares held in uncertificated form to which a TTE Instruction relates; and
 - (ii) an undertaking to execute any further documents, take any further action and give any further assurances which may be required to enable DNO to obtain the full benefit of this Part E and/or to perfect any of the authorities expressed to be given in this Part E and otherwise in connection with his/her acceptance of the Offer,

in each case on and subject to the terms and conditions set out or referred to in this Document, and that, subject only to the rights of withdrawal set out or referred to in paragraph 3 of Part C of this Appendix I, such acceptance and undertaking shall be irrevocable;
- (b) that such Faroe Shareholder has not, directly or indirectly, received or sent copies or originals of this Document, the Form of Acceptance or any related offering documents, in, into or from a Restricted Jurisdiction, has not utilised in connection with the Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, by means of electronic mail, facsimile transmission, telephone or internet) of interstate or foreign commerce of, or any facilities of a national securities exchange of, a Restricted Jurisdiction, was outside a Restricted Jurisdiction at the time of the input and settlement of the relevant TTE instruction(s), and in respect of the Faroe Shares to which an Electronic Acceptance relates, is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given all instructions with respect to the Offer from outside a Restricted Jurisdiction;
- (c) that, if such Faroe Shareholder is an Overseas Shareholder, he/she has observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control and other required consents, complied with all necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and has not taken or omitted to take any action that will or may result in DNO, the Financial Advisers or any other person acting in breach of the legal or regulatory requirements, or be liable for any issue, transfer or other taxes or duties or other payments in, of any such jurisdiction in connection with the Offer or his/her acceptance thereof;
- (d) that no TTE instruction has been sent from a Restricted Jurisdiction and such Faroe Shareholder is accepting the Offer from outside a Restricted Jurisdiction;
- (e) that the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting Faroe Shareholder not having validly withdrawn his/her acceptance, the irrevocable and separate appointment of each of DNO and/or the Financial Advisers and any director of, or any person authorised by, them as such shareholder's attorney and/or agent (the "attorney") and an irrevocable instruction and authorisation to the attorney to do all such acts and things as may in the attorney's opinion be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer and to vest the Faroe Shares referred to in paragraph (a) of this Part E in DNO or its nominee;
- (f) that the Electronic Acceptance constitutes the irrevocable and separate appointment of the Receiving Agent as such shareholder's attorney and an irrevocable instruction and authority to the attorney (i) subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting Faroe Shareholder not having validly withdrawn his/her acceptance, to transfer to itself (or to such other person or persons as DNO or its agents may direct) by means of CREST all or any of the Faroe Shares in uncertificated form (but not exceeding the number of Faroe Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted); and (ii), if the Offer does not become unconditional in all respects, to give instructions to Euroclear, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days of the lapsing of the Offer), to transfer all such Faroe Shares to the original available balance of the accepting Faroe Shareholder;
- (g) that the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects and to an accepting Faroe Shareholder not having validly withdrawn his/her acceptance, an irrevocable authority and instruction to DNO or its agents to procure the making of a CREST payment obligation in favour of the Faroe Shareholder's payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which such shareholder is entitled, provided that:

PART E ELECTRONIC ACCEPTANCE

- (i) DNO may (if, for any reason, it wishes to do so) determine that all or any part of any such cash consideration shall be paid by cheque despatched by post; and
 - (ii) if the Faroe Shareholder concerned is a CREST member whose registered address is in a Restricted Jurisdiction, any cash consideration to which such shareholder is entitled shall be paid by cheque despatched by post, in any case at the risk of such shareholder, and such cheque shall be despatched to the first named holder at his/her registered address or to such other address which is acceptable to DNO at the risk of the Faroe Shareholder outside a Restricted Jurisdiction or as otherwise determined by DNO;
- (h) that the Electronic Acceptance constitutes a separate authority to DNO and/or the Financial Advisers and/or their respective directors within the terms of paragraph 4 of Part C of this Appendix I in respect of the Faroe Shares in uncertificated form referred to in paragraph (a) of this Part E;
- (i) that, subject to the Offer becoming or being declared unconditional in all respects (or if the Offer will become unconditional in all respects or lapse immediately upon the outcome of the resolution in question or if the Panel consents) and pending registration of any transfer in the name of DNO (or as it may direct) pursuant to the Offer:
- (i) DNO and/or its agents shall be entitled to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Faroe or of any class of its shareholders) attaching to such Faroe Shares in uncertificated form in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn; and
 - (ii) an Electronic Acceptance in respect of the Faroe Shares comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
 - (A) constitutes an irrevocable authority to Faroe from such Faroe Shareholder to send any notice, circular, warrant, document or other communication which may be required to be sent to him/her as a member of Faroe (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such Faroe Shares into certificated form) to DNO at its registered office;
 - (B) constitutes an irrevocable authority to DNO or any director of DNO, or any person authorised by, DNO to sign any document and do such things as may, in the opinion of that agent and/or attorney, seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Faroe Shares held by him/her in uncertificated form (including, without limitation, signing any consent to short notice of a general or separate class meeting as his/her attorney and/or agent and on his/her behalf and/or to attend and/or execute a form of proxy in respect of such Faroe Shares appointing any person nominated by DNO to attend general and separate class meetings of Faroe (and any adjournments thereof) and to exercise the votes attaching to such shares on his/her behalf, where relevant, such votes to be cast so far as possible to satisfy any outstanding condition of the Offer); and
 - (C) will also constitute the agreement of such Faroe Shareholder not to exercise any of such rights without the consent of DNO and the irrevocable undertaking of such Faroe Shareholder not to appoint a proxy to attend any such general meeting or separate class meeting,
save that this authority will cease to be valid if the acceptance is validly withdrawn;
- (j) that he/she is the sole legal and beneficial owner of the Faroe Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted or he/she is the legal owner of such Faroe Shares and he/she has the necessary capacity and authority to effect an Electronic Acceptance;
- (k) that the Faroe Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted are sold fully paid up and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and other distributions (if any) declared, made or paid after the Offer becoming or being declared unconditional in all respects;
- (l) that he/she will do all such acts and things as shall be necessary or expedient to vest the Faroe Shares referred to in paragraph (a) of this Part E in DNO or its nominee(s) or such other persons as it may decide and all such acts and things as may be necessary or expedient to enable the Receiving Agent to perform its functions as Escrow Agent for the purposes of the Offer;
- (m) that he/she agrees to ratify each and every act or thing which may be done or effected by DNO or the Financial Advisers or the Receiving Agent or any director of DNO or any director of the Financial Advisers or any director of the Receiving Agent or their respective agents or Faroe or its agents, as the case may be, in the exercise of any of his/her powers and/or authorities under this Document;
- (n) that if, for any reason, any Faroe Shares in respect of which a TTE instruction has been effected in accordance with paragraph 14 of the letter from DNO contained in Part 1 of this Document are converted to certificated form, he/she will

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(without prejudice to paragraph (i)(ii)(A) of this Part E) immediately deliver or procure the immediate delivery of the share certificate(s) or other document(s) of title in respect of all such Faroe Shares as so converted to the Receiving Agent at the address referred to in paragraph 3(b) of Part C of this Appendix I or to DNO at its registered office or as DNO or its agents may direct; and he/she shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Part D of this Appendix I in relation to such Faroe Shares without prejudice to the application of this Part E as far as DNO deems appropriate;

- (o) that the creation of a CREST payment obligation in favour of his/her payment bank in accordance with the CREST payment arrangements referred to in paragraph (g) of this Part E shall, to the extent of the obligation so created, discharge in full any obligation of DNO and/or the Financial Advisers to pay him/her the cash consideration to which he/she is entitled pursuant to the Offer;
- (p) by virtue of Regulation 43 of the Regulations, the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the CREST member accepting the Offer in favour of DNO, the Receiving Agent and any of their respective directors or agents or persons authorised by either of them in the terms of all the powers and authorities expressed to be given by Part C, this Part E and (where applicable by virtue of paragraph (m) above) Part D of this Appendix I;
- (q) he/she is irrevocably and unconditionally entitled to sell and transfer the beneficial ownership of the Faroe Shares comprised or deemed to be comprised in such acceptance and that such Faroe Shares are sold fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever and together with all rights attaching to them on or after the date of this Document, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made, on or after the Effective Date;
- (r) that the making of an Electronic Acceptance constitutes his/her agreement to the terms of paragraphs 6(i) and 6(j) of Part C of this Appendix I;
- (s) that, by virtue of the Regulations, the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the relevant Faroe Shareholder in the terms of all the powers and authorities expressed to be given by Part C, this Part E and (where applicable by virtue of paragraph (m) above) Part D of this Appendix I to DNO, the Receiving Agent and the Financial Advisers and any of their respective agents;
- (t) that if any provision of Part C or Part E of this Appendix I shall be unenforceable or invalid or shall not operate so as to afford DNO or the Financial Advisers or the Receiving Agent or any director of any of them the benefit of the authorities and powers of attorney expressed to be given therein, he/she shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable DNO and/or the Financial Advisers and/or the Receiving Agent and/or any director of either of them to secure the full benefits of Part C and this Part E; and
- (u) that he/she is not a customer (as defined by the rules of the Financial Conduct Authority) of the Financial Advisers in connection with the Offer.

References in this Part E to a Faroe Shareholder shall include references to the person or persons making an Electronic Acceptance and, if more than one makes an Electronic Acceptance, the provisions of this Part E shall apply to them jointly and severally.

APPENDIX II

FINANCIAL AND RATINGS INFORMATION

FINANCIAL INFORMATION RELATING TO FAROE

The following table sets out financial information in respect of Faroe as required by Rule 24.3 of the Code. The documents referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated into this Document by reference pursuant to Rule 24.15 of the Code. For the avoidance of doubt, only those sections of the sources specifically referred to below are incorporated by reference into, and form part of, this Document.

Document	Website address	Page numbers of the information incorporated by reference
Unaudited results for the six months ended 30 June 2018	https://www.fp.fo/investors/results-centre/ Go to the tab for "Presentations" and click on the link entitled "Download pdf" next to the Faroe Interim Results 2018	1 – 26 (inclusive)
Annual report and accounts for the financial year ended 31 December 2017	https://www.fp.fo/investors/results-centre/ Go to the tab for "Financial Reports" and click on the link entitled "Download pdf" next to the Annual Report 2017	69 – 131 (inclusive)
Annual report and accounts for the financial year ended 31 December 2016	https://www.fp.fo/investors/results-centre/ Go to the tab for "Financial Reports", click on 2017 and click on the link entitled "Download pdf" next to the Annual Report 2016	63 – 120 (inclusive)

FAROE RATINGS INFORMATION

No rating agency has publicly accorded Faroe with any current credit rating or outlook.

FINANCIAL INFORMATION RELATING TO DNO

The following table sets out the financial information in respect of DNO required by Rule 24.3 of the Code. The documents referred to below are incorporated into this document by reference pursuant to Rule 24.15 of the Code. For the avoidance of doubt, only those sections of the sources specifically referred to below are incorporated by reference into, and form part of, this Document.

Document	Website address	Page numbers of the information incorporated by reference
Unaudited results for the nine months ended 30 September 2018	https://www.dno.no/en/investor-relations/reports-and-presentations/ Click on "Q3 2018 Interim Results Report"	1 – 23 (inclusive)
Annual report and accounts for the financial year ended 31 December 2017	https://www.dno.no/en/investor-relations/reports-and-presentations/ Click on "Annual Report 2017"	18 - 78 (inclusive)
Annual report and accounts for the financial year ended 31 December 2016	https://www.dno.no/en/investor-relations/reports-and-presentations/ Click on "Annual Report 2016"	18 - 74 (inclusive)

DNO RATINGS INFORMATION

No rating agency has publicly accorded DNO with any current credit rating or outlook.

NO INCORPORATION OF WEBSITE INFORMATION

Save as expressly referred to herein, neither the content of Faroe's or DNO's websites, nor the content of any website accessible from hyperlinks on Faroe's or DNO's websites, is incorporated into, or forms part of, this Document.

APPENDIX III

ADDITIONAL INFORMATION

1. RESPONSIBILITY

- 1.1 The DNO Responsible Persons, whose names are set out in paragraph 2.1 below, accept responsibility for the information contained in this Document (including any expressions of opinion), except that the only responsibility accepted by them in respect of information relating to Faroe, the Wider Faroe Group and the Faroe Directors, which has been compiled from previously published sources, is to ensure that such information is correctly and fairly reproduced and presented. To the best of the knowledge and belief of the DNO Responsible Persons, who have taken all reasonable care to ensure that such is the case, the information contained in this Document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. RESPONSIBLE PERSONS

- 2.1 The names of the DNO Responsible Persons and their respective functions are as follows:

Name	Position
Bijan Mossavar-Rahmani	Executive Chairman
Lars Arne Takla	Deputy Chairman
Elin Karfjell	Director
Gunnar Hirsti	Director
Shelley Watson	Director
Bjørn Dale	Managing Director
Haakon Sandborg	Chief Financial Officer

DNO's registered office and the business address of each of the DNO Responsible Persons is Dokkveien 1, 0250 Oslo, Norway.

- 2.2 The names of the Directors of Faroe and their respective functions are as follows:

Name	Position
John Bentley	Non-Executive Chairman
Graham Stewart	Chief Executive Officer
Jonathan Cooper	Chief Financial Officer
Helge Hammer	Chief Operating Officer
Roger Witts	Independent Non-Executive Director
Jorunn Saetre	Independent Non-Executive Director
Brent Cheshire	Independent Non-Executive Director
Katherine Roe	Independent Non-Executive Director

Faroe's registered office and the business address of each of the Faroe Directors is 30 Crown Place, London, EC2A 4ES.

3. SUBSTANTIAL DIRECT AND INDIRECT SHAREHOLDERS OF DNO

- 3.1 The following direct and indirect shareholders of DNO have pre-existing interests in DNO which would create potential indirect interests of 5 percent or more in the capital of Faroe following completion of the Offer (assuming it is accepted in full):

Name	Number of relevant shares held	% of existing issued voting share capital of RAK Petroleum	% of existing issued share capital of DNO	Estimated indirect % of Faroe share capital assuming full acceptance of the Offer
RAK Petroleum plc	438,379,418 DNO ordinary shares	–	40.45	40.45
Bijan Mossavar-Rahmani	212,329,768 Class A and Class B shares in RAK Petroleum in aggregate	35.74 ¹	-	9.36

¹ The economic interest held indirectly by Bijan Mossavar-Rahmani is 23.13 percent.

ADDITIONAL INFORMATION

4. PERSONS ACTING IN CONCERT

4.1 In addition to the DNO Responsible Persons (together with their close relatives and related trusts) and members of the DNO Group (and their related pension schemes), the persons who, for the purposes of the Code, are acting in concert with DNO in respect of the Offer and who are required to be disclosed are:

Name	Type	Registered Office	Relationship with DNO
Lambert Energy Advisory Limited	Private limited company registered in England and Wales	4th Floor, 17 Hill Street, London, W1J 5LJ	Connected adviser
Pareto Securities AS	Private limited company registered in Norway	Dronning Mauds gate 3, P.O. Box 1411 Vika, N-0115 Oslo, Norway	Connected adviser
RAK Petroleum plc	Public limited company registered in England and Wales	Elder House St Georges Business Park, Brooklands Road, Weybridge, Surrey, KT13 0TS	Associated company (40.45 percent shareholder in DNO)

5. INFORMATION ON RAK PETROLEUM

5.1 RAK Petroleum is an Oslo Stock Exchange-listed oil and gas investment company established under the laws of England and Wales as a public limited company. Its principal holdings are 40.45 percent of DNO ASA and 33.33 percent of Foxtrot International LDC, a privately-held company with substantial gas production operations in Côte d'Ivoire.

6. INFORMATION ON BIJAN MOSSAVAR-RAHMANI

6.1 Bijan Mossavar-Rahmani has been Executive Chairman of DNO ASA since 2011. He is also Executive Chairman of RAK Petroleum plc, an Oslo Stock Exchange-listed energy investment company and DNO's largest shareholder. An experienced industry executive, Mr. Mossavar-Rahmani serves concurrently as Chairman of the Board of Directors of Foxtrot International, LDC, a privately-held Franco-American oil and gas company active in West Africa. He was founder and first Chief Executive of Houston based Apache International, Inc. In addition to his industry positions, Mr. Mossavar-Rahmani is active in philanthropy, education and the arts. He is a long time Trustee of the Metropolitan Museum of Art in New York where he serves on the finance and audit committees, a member of Harvard University's Global Advisory Council and a Director of the Persepolis Foundation. He has published more than ten books and dozens of articles on global energy markets and was a decorated Commandeur de l'Ordre National de la Côte d'Ivoire for services to the energy sector of that country. He is a graduate of Princeton and Harvard Universities.

7. INTERESTS AND DEALINGS IN RELEVANT SECURITIES

7.1 Definitions used in this section

For the purposes of this paragraph 7:

"acting in concert" with DNO means any person acting or deemed to be acting in concert with DNO for the purposes of the Code;

"connected adviser" has the meaning given to it in the Code;

"connected person" in relation to a DNO Responsible Person includes: (a) such DNO Responsible Person's spouse or civil partner and children or step-children under the age of 18; (b) the trustee(s) of any trust for the benefit of such DNO Responsible Person and/or any person mentioned in (a); (c) any company in which such DNO Responsible Person and/or any person mentioned in (a) or (b) is entitled to exercise or control the exercise of one-third or more of the voting power, or which is accustomed to act in accordance with the directions of such DNO Responsible Person or any such person; and (d) any other person whose interests in shares are taken to be interests of such DNO Responsible Person pursuant to Part 22 of the Companies Act;

"control" means an interest, or interests, in shares carrying in aggregate 30 percent or more of the voting rights (as defined in the Code) of a company, irrespective of whether such interest(s) give(s) de facto control;

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“**dealing**” has the meaning given to it in the Code and “**dealt**” has the corresponding meaning;

“**derivative**” includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;

“**Disclosure Date**” means the close of business on 10 December 2018, being the latest practicable date prior to the publication of this Document;

“**Disclosure Period**” means the period commencing on 26 November 2017 (being the date 12 months prior to the date of commencement of the Offer Period) and ending on the Disclosure Date;

“**exempt fund manager**” and “**exempt principal trader**” have the meanings given to them in the Code;

“**financial collateral arrangements**” are arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code;

“**interest**” in relevant securities has the meaning given to it in the Code;

“**Note 11 arrangement**” includes any indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;

“**Offer Period**” means, in this context, the period commencing on 26 November 2018 and ending on the Disclosure Date;

“**relevant securities**” means:

- (i) Faroe Shares and any other securities of Faroe which carry voting rights;
- (ii) equity share capital of Faroe or, as the context requires, DNO; and
- (iii) securities of Faroe or, as the context requires, DNO, carrying conversion or subscription rights into any of the foregoing; and

“**short position**” means 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 purchase or take delivery.

7.2 Interests in relevant securities of Faroe

As at the Disclosure Date, the interests of DNO in Faroe Shares were as follows:

Name	Number of Faroe Shares	Percentage of Faroe issued share capital (excluding treasury shares)
DNO	105,247,866	28.22
TOTAL	105,247,866	28.22

7.3 General

Save as disclosed in this Document, as at the Disclosure Date:

- (a) none of: (i) DNO; (ii) any DNO Responsible Person, or any close relatives, related trusts or connected person of any such DNO Responsible Person; or (iii) any other person acting in concert with DNO, had any interest in, right to subscribe in respect of, or short position in respect of relevant securities of Faroe; and no such person has dealt in any relevant securities of Faroe during the Disclosure Period;
- (b) neither DNO nor any person acting in concert with DNO had borrowed or lent any relevant securities of Faroe (including any financial collateral arrangements), save for borrowed shares which have been either on-lent or sold; and
- (c) neither DNO nor any person acting in concert with DNO has any Note 11 arrangement with any other person.

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8. MARKET QUOTATIONS

8.1 The following table shows the Closing Price for Faroe Shares on the following dates:

- (a) 23 November 2018, being the last Business Day before the commencement of the Offer Period;
- (b) the first Business Day of each of the six months immediately before the date of this Document; and
- (c) 10 December 2018, being the latest practicable date prior to the publication of this Document.

Date	Price per Faroe Share (pence)
10 December 2018	152.4
23 November 2018	125.8
1 November 2018	146.4
1 October 2018	170.6
3 September 2018	150.0
1 August 2018	142.0
2 July 2018	144.2
1 June 2018	147.6

9. DNO MATERIAL CONTRACTS

9.1 DNO has entered into the following material contracts as announced in the period commencing 26 November 2016 and terminating 26 November 2018 (being the two year period before the commencement of the Offer Period):

(a) Acquisition of Origo

On 4 May 2017, DNO announced the acquisition of Origo with an effective date of 31 March 2017. Through this acquisition, DNO obtained 11 exploration and appraisal licenses in the North Sea; seven on the Norwegian Continental Shelf and four on the UK Continental Shelf.

(b) Receivables settlement agreement with the KRG

On 24 August 2017, DNO announced that it had entered into a settlement agreement with the KRG with an effective date of 1 August 2017. Pursuant to this agreement: (i) the KRG assigned its 20 percent interest in the Tawke license to DNO; (ii) DNO will receive three percent of gross license revenues each month from the Government over a five-year period; (iii) DNO settled its claims for all outstanding Tawke licence receivables from the KRG; (iv) the KRG exercised its Tawke licence audit rights to its satisfaction for the period up to the effective date with no adjustment claims; and (v) the KRG further discharged DNO from certain other payment obligations.

(c) May 2018 bond placement

On 18 May 2018, DNO announced that it had issued \$400 million of new, five-year senior unsecured bonds at 100 percent of par with a coupon rate of 8.75 percent. An application will be made for listing on the Oslo Stock Exchange when the bond prospectus has been approved.

(d) Sale of DNO Tunisia and subscription of shares in Panoro

On 30 July 2018, DNO announced that it had entered into a contract to dispose of its Tunisian subsidiary, DNO Tunisia, to Panoro and that subsequently it had subscribed to 2,641,465 shares in Panoro.

As part of the transaction, Panoro assumed all existing permit interests, rights and remaining work obligations at the Sfax offshore exploration permit, Ras El Besh concession and Hammamet offshore exploration permit. All DNO Tunisia employees were also transferred to Panoro.

10. BASES OF CALCULATIONS AND SOURCES OF INFORMATION

10.1 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 required to be issued under the Faroe Share Scheme 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. 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.

10.2 The International Securities Identification Number for Faroe Shares is GB0033032904.

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- 10.3 For the purposes of the financial comparisons contained in this Document, no account has been taken of any liability to taxation.
- 10.4 Unless otherwise stated:
- (a) the financial information relating to DNO has been extracted or derived (without material adjustment) from the audited annual report and accounts for DNO for the year ended 31 December 2017 and from the announcement of DNO's third quarter interim results for the nine months ended 30 September 2018 (which are unaudited); and
 - (b) the financial information relating to Faroe has been extracted or derived (without material adjustment) from Faroe's Annual Report 2017 and from the announcement of Faroe's Interim Results 2018.
- 10.5 Unless otherwise stated, all prices for Faroe Shares have been derived from the Daily Official List of the London Stock Exchange and represent the Closing Price on the relevant date.
- 10.6 Certain figures included in this Document have been subject to rounding adjustments.
- 10.7 Figures in pounds sterling have been converted into US dollars at a spot rate of 1.254 as quoted on Bloomberg at 16.30 (London time) on 10 December 2018 (being the latest practicable date prior to the publication of this Document).

11. FINANCING ARRANGEMENTS AND CASH CONFIRMATION

- 11.1 All of the consideration payable by DNO under the terms of the Offer will be provided as described in paragraph 6 of the letter from DNO contained in Part 1 of this Document.
- 11.2 Lambert Energy Advisory Ltd is satisfied that the resources available to DNO are sufficient to satisfy in full the cash consideration payable to Faroe Shareholders under the terms of the Offer.

12. GENERAL

- 12.1 The Financial Advisers have given and not withdrawn their written consents to the issue of this Document with the inclusion of the references to its name in the form and context in which they appear.
- 12.2 Save as disclosed in this Document, no agreement, arrangement or understanding (including any compensation arrangement) exists between DNO or any person acting or presumed to be acting in concert with it and any of the DNO Responsible Persons or recent directors, shareholders or recent shareholders of Faroe having any connection with, or dependence upon, the Offer.
- 12.3 Save as disclosed in this Document, there is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Faroe Shares to be acquired by DNO pursuant to the Offer will be transferred to any other person, save that DNO reserves the right to transfer any such Shares to any member of the DNO Group.
- 12.4 Save as disclosed in this Document, DNO is not party to any agreement or arrangement which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.

13. OFFER RELATED FEES AND EXPENSES

- 13.1 The estimated aggregate fees and expenses expected to be incurred by DNO in connection with the Offer (exclusive of any applicable VAT) are:

Category	Estimated Amount
Cash confirmation costs	£1.6 million
Financial and corporate broking advice	£4.5 million
Legal advice	£1.9 million
Accounting advice	£50,000
Public relations advice	Between £600,000 and £850,000
Other professional services	£195,000
Other costs and expenses	£128,565
Total	Between £8,973,565 and £9,223,565

ADDITIONAL INFORMATION

14. DOCUMENTS AVAILABLE FOR INSPECTION

14.1 Copies of the following documents will be published on DNO's website at https://www.dno.no/en/investor-relations/offer_announcement_26November until the end of the Offer Period:

- (a) the Articles of Association of DNO;
- (b) the consent letters referred to in paragraph 12 of this Appendix III;
- (c) the audited consolidated financial statements of the Faroe Group for the two years ended 31 December 2017 and 31 December 2016;
- (d) the audited consolidated financial statements of the DNO Group for the two years ended 31 December 2017 and 31 December 2016;
- (e) this Document and the Form of Acceptance;
- (f) the documents incorporated by reference (in accordance with Rule 24.15) in Appendix II;
- (g) the article published by Dow Jones referring to an interview with Graham Stewart on 18 June 2003 referred to in paragraph 3 of Part I of this Document;
- (h) Faroe's announcement dated 26 November 2018 referred to in sub-paragraph 2 of paragraph 3 of Part I of this Document;
- (i) Faroe's press release relating to the swap deal Faroe entered into with Equinor ASA dated 5 December 2018 referred to in sub-paragraph 4 of paragraph 3 of Part I of this Document;
- (j) Faroe's company presentation dated June 2018 referred to in sub-paragraph 4 of paragraph 3 of Part I of this Document;
- (k) Equinor's press release regarding the Njord area dated 5 December 2018 referred to in sub-paragraph 4 of paragraph 3 of Part I of this Document;
- (l) Faroe's company presentation dated March 2017 referred to in sub-paragraph 5 of paragraph 3 of Part I of this Document;
- (m) Faroe's presentation dated 29-30 October 2018 referred to in sub-paragraph 5 of paragraph 3 of Part I of this Document;
- (n) the publicly available maps from the Norwegian Petroleum Directorate referred to in sub-paragraph 5 of paragraph 3 of Part I of this Document;
- (o) Faroe's notice of interim results, dated 18 September 2018, referred to in 5.2 of the letter from DNO contained in Part I of this Document; and
- (p) operational updates and presentations by Faroe in November and December 2018 referred to in paragraph 5.2 of the letter from DNO contained in Part I of this Document.

APPENDIX IV

DEFINITIONS

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

2C	means CWI contingent;
2P	means proven and probable;
Acceptance Condition	means the Condition set out in paragraph (a) of Part A of Appendix I;
AIM	means the Alternative Investment Market of the London Stock Exchange;
associated undertaking	has the meaning given in section 344(3) of the Companies Act 2006;
Board	as the context requires, the board of directors of Faroe or the board of directors of DNO and the terms “Faroe Board” and “DNO Board” shall be construed accordingly;
boepd	means barrels of oil equivalent per day;
bopd	means barrels of oil per day
Business Day	means a day (other than a Saturday, Sunday public or bank holiday) when banks are generally open for normal business in London or Norway;
certificated or in certificated form	means a share or other security which is not in uncertificated form (that is not in CREST);
Closing Price	means the closing middle market quotation of a share as derived from the Daily Official List of the London Stock Exchange;
Code	means the City Code on Takeovers and Mergers, as amended from time to time;
Companies Act	means the Companies Act 2006 (as amended, modified, consolidated, re-enacted or replaced from time to time);
Conditions	means the conditions of the Offer set out in Appendix I and a Condition shall mean any one of them;
CREST	means the relevant system to facilitate the transfer of title to shares in uncertificated form (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations);
CREST member	means a person who has been admitted by Euroclear as a system-member (as defined in the Regulations);
CREST participant	means a person who is, in relation to CREST, a system-participant (as defined in the Regulations);
CREST payment	shall have the meaning given in the CREST manual issued by Euroclear;
CREST sponsor	means a CREST participant admitted to CREST as a CREST sponsor;
CREST sponsored member	means a CREST member admitted to CREST as a sponsored member;
CWI	means company working interest;
Daily Official List	means the Daily Official List of the London Stock Exchange;
Dealing Disclosure	has the same meaning as in Rule 8 of the Code;
Directors of DNO or DNO Directors	means the directors of DNO at the date of this Document;
Directors of Faroe or Faroe Directors	means the directors of Faroe listed in paragraph 2.2 of Appendix III and/or, where the context so requires, the directors of Faroe from time to time;
Disclosure Date	means 10 December 2018, being the latest practicable date prior to the publication of this Document;
DNO	means DNO ASA, a public limited company incorporated, registered and located in Norway at Dokkveien 1, 0250 Oslo, Norway;
DNO Group	means DNO and its subsidiaries and subsidiary undertakings;
DNO Responsible Persons	means the persons whose names are set out in paragraph 2.1 of Appendix III of this Document;

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DNO Tunisia	means DNO Tunisia AS;
Document	means this document, including all of its parts, schedules and appendices;
Electronic Acceptance	means the inputting and settling of a TTE instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this Document;
Equiniti Limited	means Equiniti Limited, incorporated in England and Wales with registered number 06226088 and registered address Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA;
Equinor	means Equinor ASA;
ESA instruction	means an Escrow Account Adjustment Input (AESN), transaction type "ESA" (as described in the CREST manual issued by Euroclear);
Escrow Agent	means Equiniti Limited in its capacity as an escrow agent, as described in the CREST manual issued by Euroclear;
Euroclear	means Euroclear UK & Ireland Limited;
Faroe	means Faroe Petroleum plc, incorporated in England and Wales with registered number 04622251 and registered address 30 Crown Place, London, UK, EC2A 4ES;
Faroe Co-Investment Plan	means the Faroe Petroleum Co-Investment Plan 2016, as adopted on 28 June 2016 (as amended from time to time);
Faroe Employee Benefit Trust	means the Faroe Petroleum Employee Benefit Trust, established by a trust deed dated 4 October 2010 between Faroe and Weighbridge Trust Limited;
Faroe Group	means Faroe and its subsidiaries and subsidiary undertakings;
Faroe Incentive Plan	means the Faroe Petroleum Incentive Plan, as adopted on 28 June 2016 (as amended from time to time) (excluding the Faroe Restricted Share Plan);
Faroe International Share Incentive Plan	means the Faroe Petroleum Share Incentive Plan (International), as adopted on 25 March 2011 (as amended from time to time);
Faroe Legacy Co-Investment Plan	means the Faroe Petroleum Co-Investment Plan, as adopted on 12 July 2006 (as amended from time to time);
Faroe Restricted Share Plan	means the "Part 2 – Faroe Petroleum Restricted Share Plan", attached as a schedule to the Faroe Incentive Plan;
Faroe Share Incentive Plan	means the Faroe Petroleum Share Incentive Plan, as approved by HM Revenue & Customs on 26 November 2010 (as amended from time to time);
Faroe Share Schemes	means the Faroe Co-Investment Plan, Faroe Legacy Co-Incentive Plan, Faroe Incentive Plan, Faroe Share Incentive Plan, Faroe International Share Incentive Plan, and Faroe Restricted Share Plan;
Faroe Shareholders	means holders of Faroe Shares;
Faroe Shares	includes: the existing unconditionally allotted or issued and fully paid ordinary shares of 10 pence each in the capital of Faroe; and 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 becomes or is declared unconditional as to acceptances (which may be a different date to the date referred to in (ii));

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Faroe's Annual Report 2017	means Faroe's audited annual report and accounts for the year ended 31 December 2017;
Faroe's Interim Results 2018	means Faroe's unaudited results for the six months ended 30 June 2018;
FCA	means the Financial Conduct Authority;
Financial Advisers	means Lambert Energy Advisory Ltd and Pareto Securities AS;
First Closing Date	means 2 January 2019 (or such other date as DNO may, subject to the provisions of the Code decide);
Form or Form of Acceptance	means the form of acceptance and authority relating to the Offer, which may only be completed by holders of Faroe Shares in certificated form;
H1	means first half;
HMRC	means HM Revenue & Customs;
holder	means a registered holder (including any person(s) entitled by transmission);
IFRS	means International Financial Reporting Standards;
IPO	means Faroe's Initial Public Offering by way of admission to trading on AIM on 27 June 2003;
KRG	means the Kurdistan Regional Government;
Lambert Energy Advisory Ltd	means Lambert Energy Advisory Ltd, a company which is authorised and regulated by the FCA and whose registered address is 4th Floor, 17 Hill Street, London, W1J 5LJ;
Link Asset Services	Link Asset Services is the trading name of Link Market Services Limited, a private limited company incorporated in England and Wales with registered number 02605568, and Link Market Services Trustees Limited, a private limited company incorporated in England and Wales with registered number 02729260 and which is authorised and regulated by the FCA. The registered office of each of these companies is The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU;
Listing Rules	means the Listing Rules of the FCA;
London Stock Exchange	means London Stock Exchange plc, a public limited company incorporated in England and Wales with registered number 02075721 and registered address 10 Paternoster Square, London, EC4M 7LS;
member account ID	means the identification code or number attached to any member account in CREST;
MMboe	means million barrels of oil equivalent;
Offer	means the cash offer being made by DNO to acquire the Faroe Shares on the terms and subject to the conditions set out in this Document including, where the context so requires, any subsequent revision, variation, extension, or renewal of such Offer;
Offer Period	means the period referred to in paragraph 19(b)(v) of Part C of Appendix I;
Official List	means the Official List of the UK Listing Authority;
Opening Position Disclosure	means an announcement containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position;
Origo	means Origo Exploration Holding AS;
Oslo Stock Exchange	means the Oslo Børs;
Overseas Shareholders	means Faroe Shareholders (or nominees of, or custodians or trustees for Faroe Shareholders) not resident in or citizens of the UK or the US;
Panel	means the Panel on Takeovers and Mergers;

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Panoro	means Panoro Energy ASA;
Pareto Securities AS	means Pareto Securities AS, a company based in Norway whose registered address is Dronning Mauds gt. 3, P.O. Box 1411 Vika, N-0115, Oslo, Norway;
Participant ID	means the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
previous acceptor	means any Faroe Shareholder who has accepted the Offer in its original or any previously revised form(s);
RAK Petroleum	means RAK Petroleum plc;
Receiving Agent	means Equiniti Limited, in its capacity as receiving agent for the purpose of the Offer;
Regulations	means the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as amended from time to time;
Regulatory Information Service	means any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements;
relevant day	means the Business Day following the day on which the Offer is due to expire or becomes unconditional or is revised or extended, as the case may be (or such later time(s) or date(s) as the Panel may agree);
Restricted ESA instruction	means one or more valid ESA instructions, as detailed further in paragraph 7(g) of Part C of Appendix I;
Restricted Escrow Transfer	means a TTE instruction to a designated escrow balance, as detailed further in paragraph 7(g) of Part C of Appendix I;
Restricted Jurisdiction	means 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;
Rule 2.7 Announcement	means the announcement made by DNO on 26 November 2018 in relation to the Offer in accordance with Rule 2.7 of the Code;
SDRT	means Stamp Duty Reserve Tax;
subsidiary	has the meaning given in section 1159 of the Companies Act 2006;
subsidiary undertaking	has the meaning given in section 1162 of the Companies Act 2006;
Substantial Interest	means a direct or indirect interest in 20 percent or more of the voting equity capital of an undertaking;
TFE instruction	means a Transfer from Escrow instruction (as described in the CREST manual issued by Euroclear);
TTE instruction	means a Transfer to Escrow instruction (as described in the CREST manual issued by Euroclear) in relation to Faroe Shares in uncertificated form meeting the requirements set out in paragraph (g) of the letter from DNO contained in Part II this document;
UK	means the United Kingdom of Great Britain and Northern Ireland;
UK Listing Authority or UKLA	means the FCA acting in its capacity as the authority listing in the UK;
uncertificated or in uncertificated form	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST;
US	means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
US Exchange Act	means the US Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder; and
Wider Faroe Group	means Faroe and the subsidiaries and subsidiary undertakings of Faroe and associated undertakings (including any joint venture, partnership, firm or

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company in which any member of the Faroe Group is interested or any undertaking in which Faroe and such undertakings (aggregating their interests) have a Substantial Interest.

All references to time in this Document are to London time unless otherwise stated.

All references to “**pence**”, “**sterling**”, “**£**” or “**p**” are to the lawful currency of the UK.

All references to “**\$**” are to the lawful currency of the US.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

Terms defined in the CREST manual shall, unless the context otherwise requires, bear the same meanings where used in this Document.

