

Thommessen  
Att: Baard Bale  
Sent by e-mail

Your ref:

Our ref:

Date: 17 April 2013

### **Exemption from the mandatory offer obligation**

Reference is made to letter from Thommessen dated 11 April 2013 (the "Letter"), where RAK Petroleum Public Company Limited ("RAK Petroleum") and its subsidiaries (jointly the "RAK Group") apply for an exemption from the obligation to launch a mandatory offer for the shares in DNO International ASA ("DNO") in connection with a contemplated restructuring of the RAK Group.

In brief Oslo Børs understands the letter as follows:

The RAK Group is contemplating a restructuring that will involve:

- a) a transfer of substantially all of the assets currently held by RAK Petroleum (other than cash to be retained for working capital purposes), including 438,379,418 shares in DNO representing 42,84 % of the total number of issued and outstanding shares in DNO ("the Relevant DNO Shares"), to a wholly owned Dutch subsidiary of RAK Petroleum ("DutchCo"), and
- b) a subsequent transfer of all the shares in DutchCo from RAK Petroleum to a wholly owned UK subsidiary of RAK Petroleum ("UKCo"),

in the following referred to as the "Intra-Group Restructuring".

Following completion of the Intra-Group Restructuring, the intention is to decrease the share capital of RAK Petroleum through cancellation of existing shares and to issue shares in UKCo to the RAK Petroleum shareholders as a return on capital on a pro rata basis among all RAK Petroleum shareholders (the "Spin Off"). Upon completion of the Spin Off, the RAK Petroleum shareholders will hold a percentage ownership interest in UKCo equal to their respective percentage ownership interest in RAK Petroleum immediately prior to completion of the Spin Off.

The aim of the Intra-Group Restructuring and the Spin Off is to facilitate a liquidity event for the RAK Petroleum shareholders through a listing of shares in UKCo on the London Stock Exchange or another European or North-American securities exchange. The Board of Directors of RAK Petroleum (the "RAK Board") believes that a successful listing on a recognised stock exchange will most likely be achieved if the listing is organised under the laws of a jurisdiction that is well-known to both the global investor community and the relevant listing authorities. The RAK Board has for legal, commercial and practical reasons reached the conclusion that the Intra-Group Restructuring combined with the Spin Off is the preferred way to migrate the ultimate parent company of the RAK Group to the UK.

The consideration of Oslo Børs:

A transfer of the Relevant DNO Shares from RAK Petroleum to its wholly owned subsidiary DutchCo will trigger a mandatory offer obligation pursuant to section 6-1 (1) of the Securities Trading Act (the "STA"). Further, the transfer of shares in DutchCo from RAK Petroleum to its wholly owned subsidiary UKCo will trigger a mandatory offer obligation pursuant to the STA Section 6-1 (2) no. 3.

According to the information set out in the Letter, none of the shareholders in RAK Petroleum (individually or on consolidated basis, cf. the STA section 6-1 (3) and section 6-5) will become owners of shares representing more than 50 % of the votes in UKCo as a result of the Spin Off. The Spin Off will therefore not trigger a mandatory offer obligation, cf. the STA section 6-1 (2) no. 3.

According to the STA section 6-2 (3), Oslo Børs, in capacity as take-over supervisory authority, may in "special cases" make exemptions from the mandatory bid obligation in the case of acquisitions by someone with whom the acquirer is consolidated pursuant to section 6-5, cf. section 6-1 (6). The STA does not state further which cases that may be seen as "special cases". However, the preparatory work for the STA gives some guidance to the matter, cf. NOU 2005:17 page 27 and Odelsting Proposition (white paper) NO 34. 2006-2007) page 367 et seq. In general, the preparatory work states that the rules regarding the mandatory bid obligation should not prevent a practical and appropriate restructuring of a consolidated group of companies. For example, a mandatory offer obligation should normally not occur in connection with transfer of shares to a wholly-owned subsidiary established for this purpose. On the other hand, it is expressed concern that exemptions may undermine the mandatory bid obligation in connection with an isolated transaction or a chain of transactions that in fact leads to a change of control. Thus the main assessment regarding whether or not an exemption from the mandatory obligation should be granted pursuant to the STA section 6-2 (3) is whether the transfer represents a change of control or is part of a chain of transactions that may lead to a change of control, cf. NOU 2005:17 page 27.

Based on the description provided in the Letter Oslo Børs is of the opinion that the Intra-Group Restructuring will not represent a transaction and will not be a part of a chain of transactions that may lead to a change of the ultimate control of the Relevant DNO Shares, since (i) the Relevant DNO Shares will be transferred to DutchCo, which first directly and then indirectly will be 100 % owned by RAK Petroleum until the Spin Off and (ii) upon completion of the Spin Off, the RAK Petroleum shareholder will hold a percentage ownership interest in UKCo equal to their respective percentage ownership interest in RAK Petroleum immediately prior to completion of the Spin Off, also implying that none of the shareholders in RAK Petroleum (individually or on a consolidated basis) will become the owner of shares representing more than 50 % of the votes in UKCo as a result of the Spin off.

On this basis and pursuant to the STA section 6-2 (3), Oslo Børs grants exemption from the mandatory bid obligation for the said transfer of 438,379,418 shares in DNO from RAK Petroleum to DutchCo and the subsequent transfer of all the shares in DutchCo from RAK Petroleum to UKCo.

This decision will be made public on the Oslo Børs website as further agreed upon with the applicant. A stock exchange notification describing the transactions and the exemption granted herein shall be issued no later than at closing of the transaction of DNO shares from RAK Petroleum to DutchCo.

Subsequent acquisitions of shares in DNO:

In January 2012 RAK Petroleum's Middle East and North Africa operating subsidiaries were merged into a subsidiary of DNO in exchange for DNO shares issued to RAK Petroleum. Upon completion of the merger RAK Petroleum increased its shareholding in DNO from 30 % to 42, 84 %. However, the transaction did not trigger the mandatory offer obligation due to the exception under section 6-2 (1) no. 3 of the STA. As a consequence and pursuant to the STA section 6-6 (2), any subsequent purchase of shares in DNO made by RAK Petroleum or its consolidated parties that increases the control in DNO will trigger a mandatory bid obligation. Oslo Børs has in previous cases expressed that the obligation of the seller to launch a mandatory bid in case of subsequent acquisitions applies equally to the acquirer of the shares in an exempted transfer, cf. Decisions and Statements 2011 p. 176. UKCo will upon completion of the Intra-Group Restructuring and the Spin Off replace RAK Petroleum as the ultimate parent company in the RAK Group. It is Oslo Børs' opinion that any acquisitions of shares in DNO made by UKCo or its consolidated parties following the completion of the Intra-Group Restructuring and the Spin Off will trigger a mandatory offer obligation, cf. section 6-6 of the STA. It should be noted that the assessment with regard to subsequent acquisitions is based on an interpretation of the law and is not part of Oslo Børs' power to grant exemptions from the mandatory bid obligation.

Yours sincerely  
OSLO BØRS ASA



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