

# **RAK Petroleum plc Announces Plan to Transfer its DNO ASA Shares and Cash to Shareholders, Then Delist and Liquidate**

United Kingdom, 22 August 2022

RAK Petroleum plc, the Oslo-listed oil and gas investment company, announced today that the independent members of the Board of Directors have proposed a plan to substantially increase shareholder value by transferring the Company's interest in Mondoil Enterprises LLC for shares in DNO ASA, following which the Company would transfer all its DNO shares and cash to shareholders through a UK court-approved capital repayment. RAK Petroleum would subsequently delist from the Oslo Stock Exchange and initiate a members' voluntary liquidation.

As part of the plan, the Company has agreed to transfer its 100 percent interest in Mondoil Enterprises to DNO for a consideration of USD 117.25 million against 78,943,763 new shares to be issued, raising RAK Petroleum's total DNO shareholding to 517,323,181. Mondoil Enterprises holds indirectly one-third of Foxtrot International LDC, a privately-held company whose principal assets are operated interests in production of natural gas and liquids in Côte d'Ivoire.

Subject to approval by shareholders of the Company, which the independent members of the Board of Directors have unanimously recommended, the proposed capital repayment would result in the transfer of approximately 1.6574 DNO shares and a prorated share of USD 20 million in cash (NOK 0.63 at the 19 August 2022 close of market exchange rate) for each RAK Petroleum Class A or Restricted Class A share, together with a return of nominal value on the Class B shares. Using the NOK 15.20 share price of DNO at the market close on 19 August 2022, the capital repayment per RAK Petroleum Class A and Restricted Class A share would total NOK 25.82 versus the RAK Petroleum market close price on that day of NOK 12.85 per share, or a notional uplift of more than 100 percent. Those NOK figures would of course have to be recalculated as of the date of capital repayment.

The Board of Directors hereby gives notice of a general meeting of the Company on 21 September 2022 for a shareholder vote on the plan. The circular to shareholders and notice of the meeting will be released later today and will include resolutions to be considered by shareholders. The resolutions to approve the plan, each conditioned on the approval of all other resolutions, require support from 75 percent of the votes at the meeting.

DNO, which holds 15,849,737 Class A shares in the Company representing 5.10 percent of the shares and 7.71 percent of the voting rights has undertaken to vote its shares in favor of the above resolutions.

The Company, which currently holds 44.94. percent of the shares and voting rights in DNO has undertaken to participate in the extraordinary general meeting of DNO on 13 September 2022 and to vote in favor of the issuance of new shares as exchange consideration for Mondoil Enterprises.

RAK Petroleum has engaged SpareBank 1 Markets AS as financial advisor in connection with the plan and to provide an opinion to the independent members of the Board of Directors regarding the fairness and overall attractiveness, from a financial point of view, to the shareholders of RAK Petroleum, of effectuating the plan. SpareBank 1 Markets is of the view that the exchange ratio for the Mondoil Enterprises to DNO shares is fair from a financial point of view to the shareholders of RAK Petroleum and that effectuating the overall plan is attractive for RAK Petroleum's shareholders from a financial point of view and is likely to contribute to a potential material value uplift versus the current market price for RAK Petroleum's Class A Shares and to result in better liquidity for the underlying investment in DNO shares, amongst other benefits. The Fairness Opinion dated 21 August 2022 is attached to this release.

“We have announced today an exciting plan to maximize value for our shareholders but which will result in the voluntary winding up of our Company,” said Executive Chairman, Bijan Mossavar-Rahmani. “RAK Petroleum's share price has for years been steeply discounted from the true value of our underlying assets, including DNO shares, Mondoil Enterprises and cash holdings,” he added. “A primary reason for this has been the illiquidity of the market for our shares, including the decision by the majority of our legacy shareholders to stay invested in RAK Petroleum through multiple market cycles.”

By implementing the plan to allow shareholders to hold DNO shares directly, the Company expects to unlock much of this value and expects that holding DNO shares directly will result in a more liquid investment at a higher market value.

Mr. Mossavar-Rahmani added that taking DNO shares as consideration underscores the Company's commitment to DNO and Côte d'Ivoire. At the time of the capital repayment, the current RAK Petroleum shareholders will have a nearly 50 percent stake in DNO.

The shareholders that will be eligible to participate in the capital repayment are the Class A shareholders, the restricted Class A shareholders and the Class B shareholders in the Company as of 11 October 2022, as registered in Euronext VPS on 13 October 2022. The DNO shares and cash to be transferred in the capital repayment are expected to be delivered on or about 19 October 2022 to such shareholders. The Company will request the Oslo Stock Exchange to suspend the Company's Class A shares from trading from and including 12 October 2022 in order to conduct the settlement of the capital repayment in Euronext VPS. It is currently uncertain whether it will be possible to trade the shares in the subsequent period until the commencement of the members' voluntary liquidation and delisting. These dates are subject to the approval by the UK court of the capital repayment.

The subscription of the new DNO shares by the Company and an intra group transfer of the existing DNO shares to the Company from its subsidiary to be conducted in connection with the capital repayment will in principle trigger a mandatory offer obligation for DNO shares. In accordance with the Norwegian Securities Trading Act Section 6-9 the Company will however dispose of its DNO shares (by transferring its DNO shares to its shareholders pursuant to the capital reduction as set out above) within four weeks after the said transactions, and thereby not be under an obligation to put forward a mandatory offer.

The members' voluntary liquidation will result in the Company being wound up and ceasing to exist, with any remaining assets distributed to remaining shareholders.

SpareBank 1 Markets AS is acting as financial advisor to the Company in connection with the Transaction. Advokatfirmaet Wiersholm AS is acting as Norwegian legal advisor and Baker McKenzie as UK legal advisor to the Company.

**For further queries, please contact:**

Kevin Toner  
Managing Director  
RAK Petroleum plc  
Email: [kevin.toner@rakpetroleum.uk](mailto:kevin.toner@rakpetroleum.uk)

**About RAK Petroleum plc**

RAK Petroleum plc 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 44.94 percent of DNO ASA and 33.33 percent of Foxtrot International LDC held through Mondoil Enterprises, LLC. DNO ASA is a Norwegian oil and gas operator focused on the Middle East and the North Sea. Founded in 1971 and listed on the Oslo Stock Exchange, DNO holds stakes in onshore and offshore licences at various stages of exploration, development and production in the Kurdistan region of Iraq, Norway, the United Kingdom, Netherlands and Yemen. Foxtrot International LDC is a privately held company active in West Africa whose principal asset is a 27.27 percent interest in and operatorship of Block CI-27 offshore Côte d'Ivoire.

**Important notice:**

This information is considered to be inside information pursuant to the EU Market Abuse Regulation and is subject to the disclosure requirements according to section 5-12 of the Norwegian Securities Trading Act. The information was submitted for publication by Kevin Toner, Managing Director, on behalf of the Company on 22 August 2022 at 8:00 CEST.

The distribution of this announcement and other information in connection with the Transaction may be restricted by law in certain jurisdictions. The Company assumes no responsibility in the event there is a violation by any person of such restrictions. Persons into whose possession this announcement or such other information should come are required to inform themselves about and to observe any such restrictions.

This release contains certain forward-looking statements within the meaning of the securities laws and regulations of various international, federal, and state jurisdictions. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding the Plan, future plans and objectives of the Company are forward-looking statements that involve risk and uncertainties. There can be no assurances that such statements will prove to be accurate and actual results could differ materially from those anticipated in such statements. As stated above, various matters in the Plan are subject to approval by, inter alia, courts in the United Kingdom, the Oslo Stock Exchange, the shareholders of DNO and the Company's shareholders. There can be no assurance that such approvals will be forthcoming or obtained on the dates projected.