

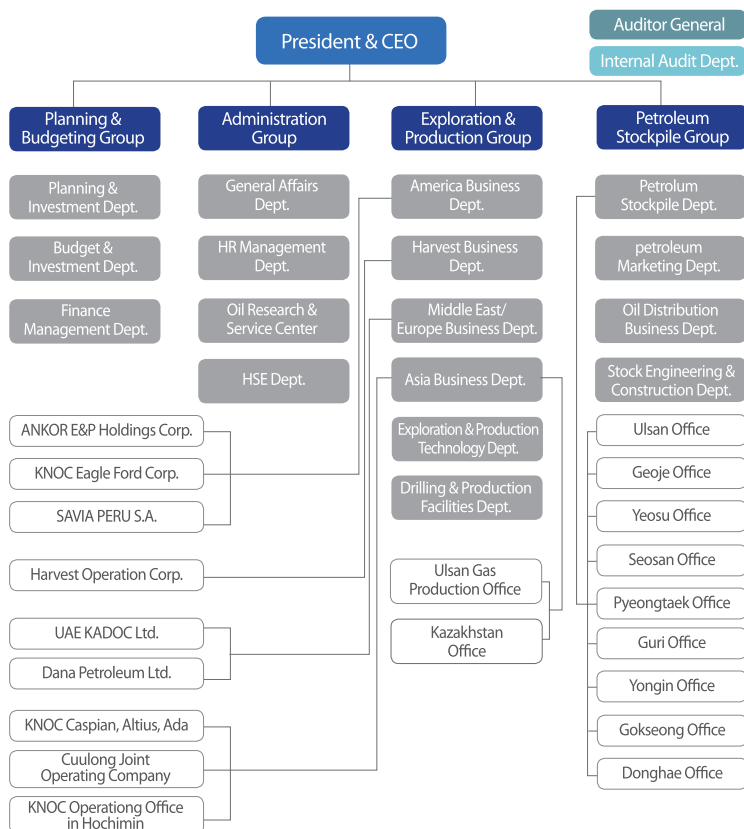


KOREA NATIONAL OIL CORPORATION

305, Jongga-ro, Jung-gu, Ulsan, Rep. of Korea (44538) Tel. +82-52-216-2114 Fax. +82-52-216-5900

www.knoc.co.kr

13th KNOC President Inaugurated



On March 22, Mr. Su Yeong Yang has been inaugurated as KNOC's 13th president & CEO. In the inaugural ceremony held on March 27, Mr. Yang highlighted a his major management policy to reform KNOC and put its business back on track. The company is making efforts to enhance its core capacity and internal stability, while building up an sustainable Management System to quickly respond to the changing external circumstances. Under this circumstance, KNOC established the Corporate Revitalization TF and the Reform Committee jointly with the labor union on April 30 to strengthen its capacity and reorganize the current corporate culture to cope with the cutthroat competitive situations. The company has also downsized its previous structure that consisted of 22 departments and 112 teams to 18 departments and 99 teams, and is under discussion with the government supported TF to track down the problems and find solutions to improve E&P business. In addition, the team leaders grade 3 and above decided to voluntarily cut their salaries by 10%, and President Yang himself decided to return 50% of his salary as part of his firm determination.

Investment Process Reorganized to Enhance Innovation and Investment

KNOC set about thoroughly investigating the causes of the failure on its E&P project that resulted in a considerable loss to the government treasury by fully operating the Reform Committee that was jointly established by the management and the labor union on April 30. If the committee find any illegal practices committed in such large-size projects, the company will bring a legal action against the cases involved and will also put in a claim for damages against those to be responsible. In relation to Harvest Energy, the most notorious case of failed investment, KNOC will apply different solutions to The BlackGold Oil Sands Project and the traditional oil and gas development projects, respectively, to minimize losses. Throughout these efforts, the company will prevent additional losses from its current investment projects and introduce a new process for future investment projects.

Meanwhile, the company held a subcommittee of the Labor-Union Committee from May 23 to June 8. The committee was initiated as a direct communication channel by which the members of the company can freely propose their opinions to address diverse problematic situations that can occur in and out of the company.

By continuously collecting and making public the members' diverse opinions regarding personnel matters, performance evaluations, and corporate culture and vision, the company will gradually solve that problems facing the company.



BRIEF NEWS

Mexico's Economic Cooperation Delegation Visited KNOC



On February 8, the Mexican delegation for Economic Cooperation visited KNOC during their stay in Korea. The delegation led by Mr. Guillermo Martinez Jimenez (General Director for Local Content in the Energy Sector, Ministry of Economy) discussed with KNOC on the strategies to develop the energy sector and attract investments.

KNOC Rated Highest in the Survey of Sustainable Management

In the 2017 KoBEX SM (Korean Business Ethics Index – Sustainable Management) results announced on February 27, KNOC was rated AAA (the highest grade) for six consecutive years. This honor comes from KNOC's continued efforts drive to eco-friendly growth, mutual cooperation, customer-oriented management and ethical management system in order to create sustainable values. A total of 190 companies participated in this survey, and evaluations were made through questionnaires and in-depth assessments of performance in 35 core indexes in a total of 8 fields: the vision for sustainable management, corporate governance, worksite, ethical management, partnership companies, customers, communities and environment management.

Seminar on Promoting a Northeast Asian Oil Hub Held



On April 6 at the main conference room of KNOC's head office, the corporation hosted a seminar on the policies for promoting a Northeast Asian Oil Hub with the attendance of about 100 persons from the related businesses, government agencies and academic circle. At the seminar, Mr. Jong-Woo Kim, head of the Oil Hub Project of KNOC's Petroleum Stockpile Group, presented "the Current State of the Establishment of a Northeast Asian Oil Hub and Future Plan", and Mr. Byoung-Ki Seo, Prof. of Financial Engineering at UNIST, presented "the Establishment of Financial Infrastructure for Promoting a Northeast Asian Oil Hub", respectively.

* The Northeast Asian Oil Hub Project is aimed at building a large-scale petroleum storage facility for commercial use in Ulsan and developing it into a Northeast Asian center for trading petroleum through establishing the laws, systems and financial infrastructure.

Ulsan Office Holds Ceremony for 15 Cycles of Zero-Accident Days



On April 19, KNOC's Ulsan Office held the ceremony for celebrating the accomplishment of 15 cycles of the Zero-Accidents. The ceremony, which was attended by Mr. Byung-Chan Moon, Director & Senior Executive Vice President for Petroleum Stockpile Group, head of the Ulsan Office of Korea Occupational Safety and Health Agency, and employees of the partnership companies, comprised awarding of the zero-accident plaques, commendation of the persons of merit, and declaration for accomplishing 16 cycles. To accomplish the zero-accident goal, KNOC's nine stockpile sites are currently conducting comprehensive safety every month, which includes joint safety inspections and detection of the risk factors within the sites.

Join Delegation Attends UAE Downstream Investment Forum

On May 13, KNOC attended the UAE Downstream Investment Forum as a member of the delegation to the forum led by Mr. Sung-Chun Kang, Deputy Minister for Trade of the Korean Trade Ministry and discussed ways for promoting industrial and economic cooperation between the two countries. At the investment forum, H.E. Dr. Sultan Ahmed Al Jaber, ADNOC Group CEO, said the UAE will invest approximately 45 billion dollars for the next five years in the oil refining and chemical complexes.

President Yang Conducts On-site Inspections of Harvest



For the first time after taking office as KNOC President, Mr. Su Yeong Yang visited BlackGold and other sites of Harvest from May 27 to 29. On his visit to Canada, President Yang inspected the oil field exploration sites and also discussed the feasibility for resuming the project with Harvest's management.