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9 September 2010

**FINAL\* CASH OFFER**  
**for**  
**Dana Petroleum plc (“Dana” or “the Company”)**  
**by**  
**Korea National Oil Corporation (“KNOC”)**  

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**KNOC ANNOUNCES FULL AND FINAL\***  
**OFFER AND WITHDRAWS PRICE**  
**RESERVATION IN EVENT OF DANA BOARD**  
**RECOMMENDATION**

Following the publication by Dana yesterday of its defence circular (the “**Defence Document**”) and the announcements relating to the acquisition of certain UK interests from Petro-Canada UK Limited and to the publication of the Defence Document (together, the “**Announcements**”), KNOC confirms, following review by KNOC and its advisers, that the Defence Document and the Announcements do not contain any information that alters KNOC’s view on value.

KNOC continues to believe that its Share Offer of 1,800 pence per share, representing a premium of 59 per cent. to Dana’s pre-bid speculation share price<sup>(1)</sup>, provides compelling value in cash for Dana Shareholders and incorporates full and fair value for Dana’s entire portfolio of production, development and exploration assets.

**KNOC has noted the Dana Board’s statement and views, including its assessment of the strategic importance of Dana’s assets and its management team to KNOC and recognises that no recommendation from the Dana Board will be forthcoming in support of the Share Offer. Accordingly, KNOC is today waiving its right to increase the Share Offer (i) with the recommendation of the Dana Board; or (ii) if Dana announces any material new information after the date specified as the last date for any such announcements in Rule 31.9 of the Code.**

**\*KNOC’s Share Offer of 1,800 pence per Dana Share is full and final and will not be increased save that KNOC reserves its right to increase the Share Offer if a competitive situation arises (including if a third party announces an offer or possible offer for Dana).**

Responding specifically to the points raised in the Defence Document, in relation to Dana’s comment that the Company is “in a transformational growth period”, KNOC notes that organic production growth in the existing asset base<sup>(2)</sup> has fallen by 4.6 per cent. during H1 2010 (vs. H1 2009) and that reserves within Dana’s core 2P portfolio (prior to the acquisition of Petro-Canada UK Limited) have been subject to a negative revision of approximately 24 million barrels during H1 2010<sup>(3)</sup>. In this context, Dana has recently turned to acquisitions in competitive auctions in an effort to grow production and reserves.

KNOC’s summary responses to Dana’s key defence arguments are as follows:

### **The value of Dana's existing assets**

During its evaluation of Dana, KNOC appointed RPS Energy Ltd, a global reserve auditor with a highly respected international reputation and significant experience in the North Sea and North Africa. On the basis of publicly available information, RPS Energy Ltd reviewed all of the production, development and exploration assets in the portfolio of Dana and its analysis of 2P and 3P reserves, together with contingent and prospective resources, is fully incorporated into KNOC's Share Offer.

### **The value of Dana's acquisition of the PCUK assets**

In respect of the assets Dana has recently agreed to acquire from Petro-Canada UK Limited (the "**PCUK assets**"), KNOC notes that, as per the Petro-Canada Netherlands acquisition, these assets have been acquired pursuant to a long running and widely marketed auction process with experienced international players as competition and KNOC does not understand Dana's assertion that £128 million of immediate value uplift can be created<sup>(4)</sup>. KNOC is concerned about the abandonment liabilities associated with the PCUK assets which could be very significant and are not assessed or disclosed in the Defence Document or the Announcements.

### **Dana's material upside potential**

KNOC revised its original indicative proposal of 1,700 pence per share to 1,800 pence per share following an initial meeting with the Chief Executive Officer of Dana on 17 June 2010 during which many of the developments with "material upside potential" were discussed, including the possible asset acquisitions. KNOC has made no negative adjustment to its Share Offer for Bamboo, Monkwell and Tolmount drilling results and in relation to Dana's comment that the Company "is drilling the high impact Anne Marie and Cormoran prospects in the next two months which, if successful, will be material for the Company", KNOC notes that even if discoveries on Anne Marie and Cormoran were to be announced, significant uncertainty would remain on resource size, development timing and costs. KNOC continues to believe that the Share Offer of 1,800 pence per share fully and fairly reflects all of Dana's recently announced and ongoing developments, together with its exploration drilling programme.

### **The strategic importance of Dana's assets and its management team to KNOC**

As previously stated, KNOC highly values the skills, knowledge and expertise of Dana's existing operational management and employees and the value of Dana on a going concern basis is included in the Share Offer. However, KNOC does not require the support of the Board of Dana to proceed with this transaction.

KNOC has been present in the North Sea since 1996 and operates production, including offshore, in many other areas of the world, such as the USA, Canada, Peru, Vietnam, Kazakhstan, Yemen and Iraqi Kurdistan. KNOC has a well-established track record of employee retention in previous acquisitions and is looking forward to engaging with Dana management and employees at the earliest opportunity regarding the exciting future of Dana as part of the wider KNOC group.

**Dana Shareholders are encouraged to accept the Share Offer immediately and, in any event, by no later than 1.00pm (London time) on 23 September 2010.**

The procedure for acceptance of the Offers is set out on page 6 and in paragraphs 15 and 16 of Part I of the Offer Document.

Terms defined in the Offer Document have the same meaning when used in this announcement.

(1) Premium to 1,135 pence, being the Closing Price per Dana Share on 30 June 2010 (being the last Business Day prior to the date of the announcement that Dana had received an approach and the commencement of the Offer Period).

(2) As per Dana's H1 2009 and H1 2010 interim results. Refers to organic production growth in the existing asset base prior to the acquisitions relating to Petro-Canada Netherlands and Petro-Canada UK Limited.

(3) As per page 6 of the Defence Document, production and revisions during H1 2010 have reduced Dana's 2P reserves by 33 million boe. As per Dana's interim results, Dana's H1 2010 production comprised on average 37,215 boepd from Dana's assets excluding Petro-Canada Netherlands (equating to total production for H1 2010 of approximately 6.8 million boe) and on average 10,825 boepd from the assets of Petro-Canada Netherlands (equating to total production for H1 2010 of approximately 2.0 million boe). Dana's total production for H1 2010 therefore accounts for approximately 9 million boe of this reduction.

(4) As per page 3 of the Defence Document, the consideration paid by Dana for the PCUK assets is approximately £240 million and the independent expert's valuation of the PCUK assets is approximately £368 million.

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*This announcement is for informational purposes only and does not constitute an offer to sell or an invitation to purchase any securities or the solicitation of an offer to buy any securities, pursuant to the Offers or otherwise. The Offers are being made solely by means of the Offer Document and the Form of Acceptance accompanying the Offer Document, which contains the full terms and conditions of the Offers, including details of how the Offers may be accepted.*

*This announcement has been prepared for the purpose of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.*

*The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to other jurisdictions should inform themselves of, and observe, any applicable requirements.*

*Unless otherwise determined by KNOC or required by the City Code, and permitted by applicable law and regulation, the Offers are not being made, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and the Offers are not capable of acceptance from or within a Restricted Jurisdiction. Accordingly, copies of this announcement and all documents relating to the Offers are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that*

*jurisdiction, and persons receiving this announcement and all documents relating to the Offers (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported acceptance of the Offers.*

*The availability of the Share Offer to Dana Shareholders and the availability of the Convertible Bond Offer to Dana Convertible Bondholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.*

***If you are a resident of the United States, please read the following:***

*The Offers are being made for the securities of Dana, a company incorporated under the laws of England and Wales, and are being made in the United States in compliance with, and reliance on, Section 14(e) of the US Securities Exchange Act of 1934 (the “**Exchange Act**”) and Regulation 14E thereunder. The Offers are being made in the United States by KNOC and no one else.*

*The Offers are subject to disclosure and procedural requirements of the United Kingdom which are different from those in the United States. In addition, the payment and settlement procedures with respect to the Offers complies with the relevant United Kingdom rules, which differ from United States payment and settlement procedures.*

*In accordance with normal UK market practice, KNOC, or its nominees, or its brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Dana Shares, other than pursuant to the Share Offer, or Dana Convertible Bonds, other than pursuant to the Convertible Bond Offer, before or during the period in which the Offers remain open for acceptance. Any such purchases, or arrangements to purchase, will be made outside the United States and in compliance with applicable law, including the Exchange Act. Any information about such purchases will be disclosed as required in the United Kingdom and the United States.*

*The Offers are subject to the applicable requirements of the City Code, the Panel, the London Stock Exchange and the Financial Services Authority.*

***Disclosure requirements of the Code***

*Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any paper 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 paper 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 paper 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 paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper 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% or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper 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 paper offeror, 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 paper 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](http://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. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.*

#### ***Publication on Website***

*A copy of this announcement will be made available, free of charge, at [www.knoc.co.kr/ENG/include/ma\\_pop.jsp](http://www.knoc.co.kr/ENG/include/ma_pop.jsp) by no later than 12 noon (London time) on 10 September 2010.*