

Creating Value Beyond Energy

KOREA NATIONAL OIL CORPORATION





INTRODUCTION

STRATEGY

MILESTONE

BUSINESS_E&P, OFFSHORE RIG OPERATIONS

BUSINESS_OIL STOCKPILING, ECONOMICAL GAS STATION, OIL INFORMATION SERVICE, R&D

OUR MISSION

KNOC DELIVERS HOPE AND COMFORT TO PEOPLE THROUGH STABLE OIL SUPPLY.

KNOC, founded in 1979 as a state-owned corporation for the stable supply of oil resources after two oil shocks, is faithfully fulfilling its national mission of stably securing oil resources by operating businesses such as exploration and production, oil stockpile, improvement of oil distribution and oil information service in a situation of ever-present oil risks.

Based on our own technological prowess and know-how accumulated since our establishment, we commenced gas production at Donghae-1 Gas Field in 2004, which made Korea the 95th oil-producing country in the world. Now, KNOC stands out as a global company implementing numerous E&P projects in 24 countries worldwide.

KNOC is committed to delivering happiness to people by stably securing oil resources and growing into a global player.

By preparing for better tomorrow with creativity and challenging spirit, KNOC will continue to play a pivotal role for national economic growth.

EXPLORE TOMORROW

OUR VISION

KNOC aims to not only fulfill its duty as a public corporation but also become one of global top 50 oil companies. To this end, we established new vision, slogan and management principles, and strive to achieve them.

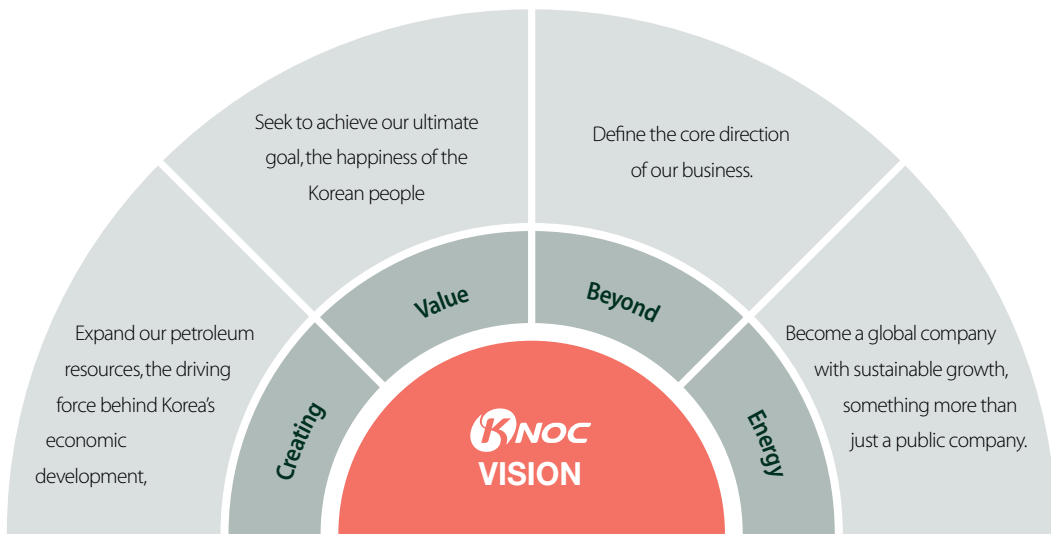
Vision

Creating Value Beyond Energy

Slogan

Explore Tomorrow

VISION



BUSINESS PRINCIPLES

INTEGRITY

CAPABILITY & ORGANIC GROWTH

SUSTAINABLE DEVELOPMENT

- Stay faithful to KNOC's main task of pursuing growth through successful exploration.
- Strengthen global competitiveness by securing core technology and business management capabilities.
- Become a value creating company with internal stability by enhancing company capabilities.

- Achieve individual growth and contribute to the growth of the company by developing a sense of ownership
- Accomplish tasks as a core public company in charge of national energy security
- Grow into a company trusted by the people by fulfilling our social responsibilities
- Proactively respond to the changes in business environment by securing competitiveness and focused capabilities.
- Actively prepare for the future by expanding into non-conventional petroleum and gas development
- Pursue the happiness of the Korean people, and become a global company with sustainable growth

4 CORE VALUES

Challenge

Professionalism

Respect

Contribution

BUSINESS PORTFOLIO



Exploration, Development and Production of Oil and Gas

Participating in 226 projects including the domestic continental shelf development in 24 countries (as of February 2013)



Oil Stockpile

Holding stockpiling facility with a total capacity of 146 million barrels and stockpiled oil of about 132 million barrels at 9 bases in the nation



Rig Operation

Drilling a total of 110 wells (as of March 2013)



Economical Gas Station

Operating 889 economical gas stations throughout the nation (as of March 2013)



Oil Information Service

Providing oil information through Opinert, a comprehensive gas station information service system, and Petronet, a web-based multimedia oil information network



Research & Development

Conducting R&D activities for major 6 strategic tasks including technology to develop non-conventional energy source and research on promising exploration areas

SUSTAINABILITY MANAGEMENT

KNOC shares and grows together with people.



With the establishment and operation of HSEQ management system in all our worksites, we will strive to ensure and maintain safety at worksites through systematic and integrated HSEQ management. For clean and safe oil stockpile bases, pollutants are strictly controlled from the stage of designing stockpiling facilities.



KNOC has ethical management system meeting global standards, through which global talents who will lead the future of KNOC are nurtured. We also boast advanced ethical systems such as law compliance monitoring system based on principle and trust, upright Ombudsman system, and HRM complaints system.



KNOC meets the government's policy by pursuing shared growth with suppliers in oil stockpile and E&P businesses. We actively implement various shared growth policies under four strategic tasks: building shared growth implementation system, expanding opportunities for suppliers, enhancing their competitiveness, and building shared growth foundation.



To give practical help to unfortunate neighbors, we carry out systematic social contribution activities with a sense of responsibility as a public corporation. We conduct such activities under four strategic tasks: expanding supports for the underprivileged, cementing engagement in community development, contributing to global society, and fostering energy specialists.

KNOC's E&P Projects in the World 226 projects in 24 countries (as of February 2013)



Canada
Harvest Operations Corp., etc

- Acquired in December 2009 and laid the foundation for entering the North American market and starting oil sand business in the Black Gold block
- Currently produce about 60 thousand barrels of oil and gas a day

P : 27 D : 1 ★ : 28



US
Ankor E&P Holdings and Anadarko, etc

- Acquired Ankor E&P Holdings in March 2008
- Acquired 23.7% shares of shale oil assets of Anadarko
- Acquired core shale gas assets of EP Energy
- Currently produce about 65.4 thousand barrels of oil and gas a day in the US

P : 5 D : 1 A : 10 ★ : 2 ☆ : 4

Norway Dana 28 Projects including Jotun
P : 1 D : 1 A : 26 ★ : 6

Netherlands Dana 19 Projects including DeRuylter
P : 15 A : 4 ★ : 8

Morocco Dana 1 Project for Tanger-Larache
A : 1

Mauritania Dana 3 Projects for Block 1, 2, 7
A : 3 ★ : 2

3 Projects including CPE-7 **Columbia**
A : 3

1 Project for Onado **Venezuela**
P : 1

Guinea Dana 1 Project for Offshore Block
A : 1

Nigeria 2 Projects including OPL 321
A : 2 ★ : 2

Libya 1 Project for LibyaElephant
P : 1

Cameroon Dana 1 Project for Bakassi West
A : 1 ★ : 1

Egypt Dana 13 Projects including East Zeit
P : 5 D : 1 A : 7 ★ : 6

Iraq 3 Projects including KRG Bazian
A : 3 ★ : 2

Yemen 4 Projects including Marib LNG
P : 1 D : 1 A : 2 ★ : 2



Peru
Savia-Peru, etc

- Jointly acquired Savia-Peru with Ecopetrol, Colombia's national oil corporation in February 2009
- Operating 11 blocks accounting for 75% of all offshore blocks of Peru
- Currently produce about 13.5 thousand barrels a day

P : 2 A : 11 ☆ : 11



UK
Dana Petroleum plc., etc

- Acquired Dana with development, production and exploration blocks in 9 countries in 2010
- Produce about 58.8 thousand barrels of oil and gas a day (as of February 2013)

P : 27 D : 2 A : 39 ★ : 24



Kazakhstan
Sumbe JSC and Altius, etc

- Acquired Sumbe in 2009 (changed name to KNOC Caspian)
- Acquired Altius in March 2011
- Currently produce about 13,006 barrels of oil a day at 6 blocks including ADA block

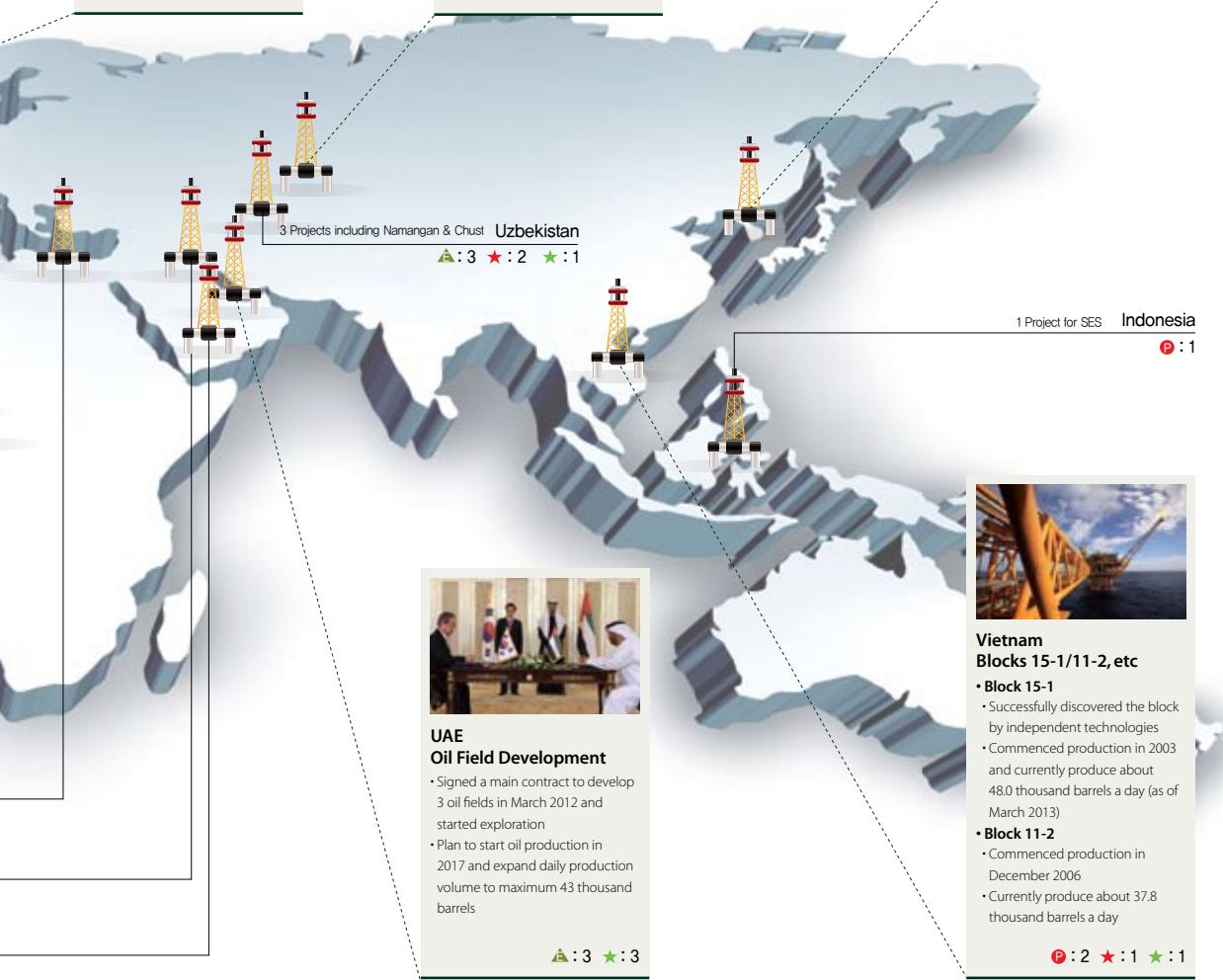
P : 4 D : 2 A : 3 ★ : 7 ☆ : 2



Korea
Donghae-1 Gas Field

- Currently produce about 12.0 thousand barrels of oil and gas a day through the development of the domestic continental shelf

P : 1 A : 1 ★ : 2



CHALLENGE AND SUCCESS

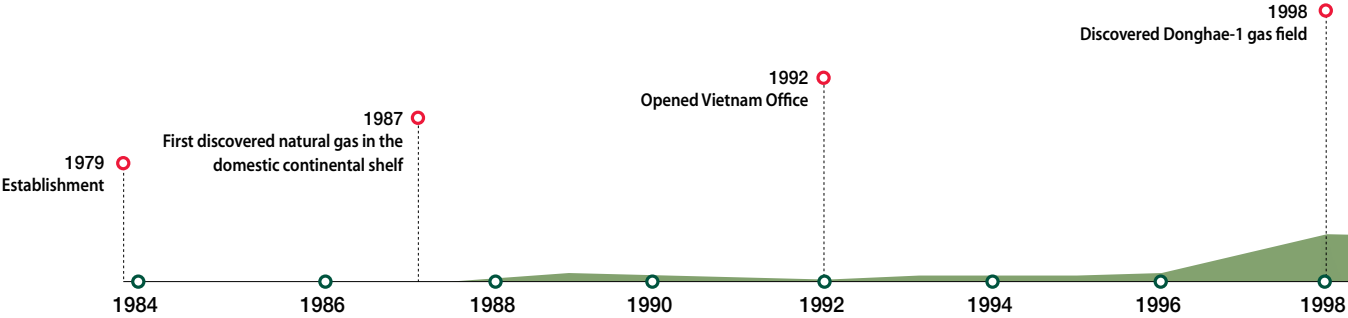
KNOC'S NEVER-ENDING STORY

Our strength to lead Korea's energy future lies in our thirst for challenge.

Thanks to the efficient enhancement of oil field operations and active acquisition of promising oil companies and assets abroad since 2008, our oil reserves and production volume have increased about 2.4 times and 4.8 times, respectively, in four years.

Nonetheless, the true challenges of KNOC have just begun. We endeavor to be reborn as a true global player by enhancing global competitiveness through consolidating exploration capabilities, securing core technological prowess, and preparing advanced business management systems for internally stable growth in line with quantitative growth.

Even at this very moment, KNOC's history representing challenge and success continues.



KNOC's Oil&Gas Reserves (2P)

(Unit: billion barrels)

1.31

(as of the end of 2012)

Daily Production Volume

(Unit: thousand barrels)

24.1

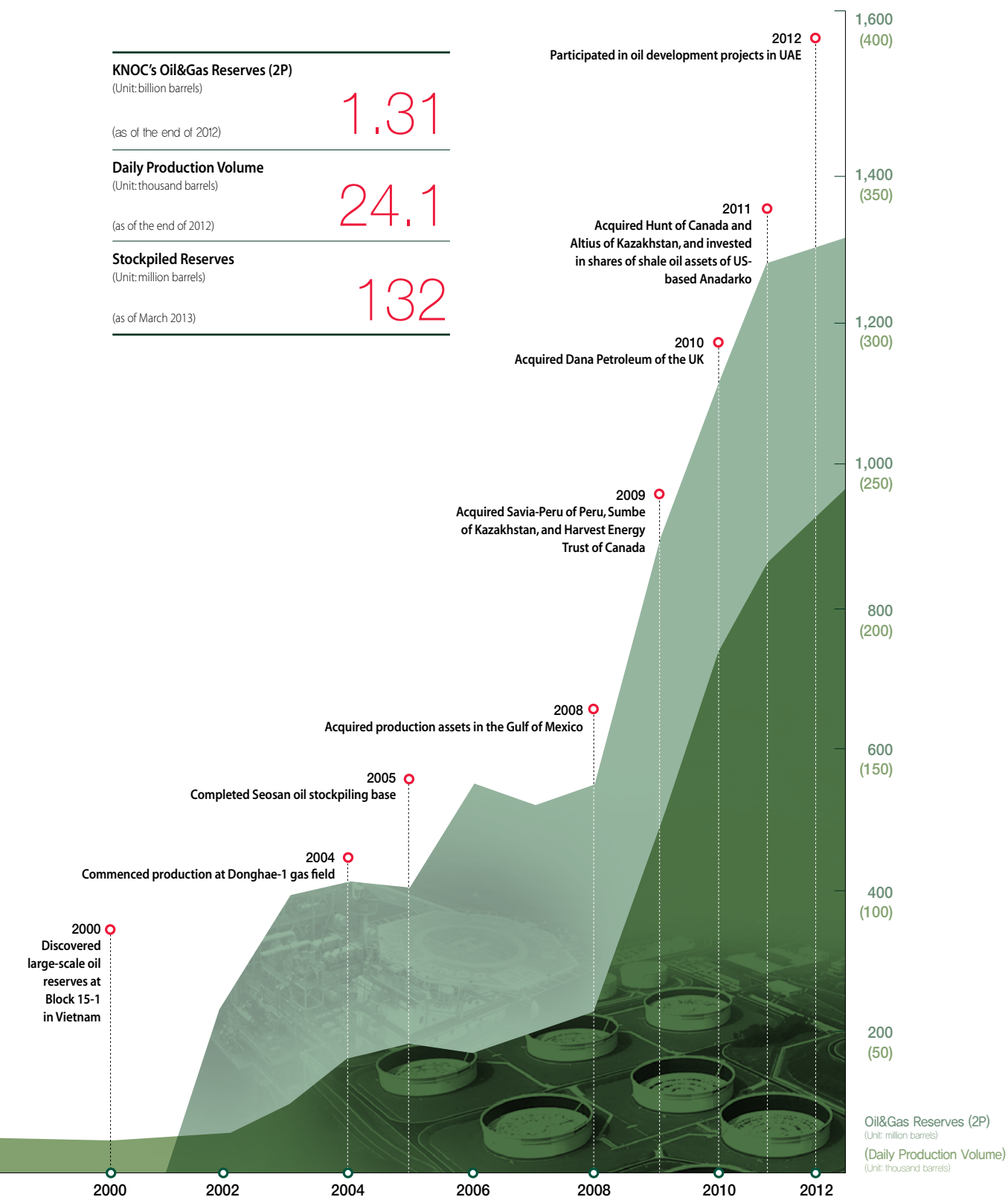
(as of the end of 2012)

Stockpiled Reserves

(Unit: million barrels)

132

(as of March 2013)



KNOC has been actively implementing oil exploration, development, and production projects worldwide for the stable supply of oil, and is engaging in 226 promising oil development projects in 24 countries as of February 2013. In particular, since 2008, our focuses have been on increasing production volume through the efficient operation of oil fields at home and abroad as well as proactive M&As and successful PMI (post merger integration) activities. As a result, our oil reserves and daily production volume increased about 2.4 times and 4.8 times in four years to 1.31 billion barrels and 241 thousand barrels, respectively, as of the end of 2012. In addition, we successfully made inroads into shale gas business that is dubbed as the next-generation energy source by acquiring core assets of Anadarko and EP Energy, which will enable us to secure new energy resources.



226 projects in
24 countries
as of February 2013

Based on accumulated technological prowess, expertise and efficient E&P projects, KNOC will expand daily production volume up to 400 thousand barrels by 2017.

OFFSHORE RIG OPERATIONS



EXPLORATION DEVELOPMENT AND PRODUCTION



Since the launch in 1984, Doo Sung -- the only semi-submersible rig operated by KNOC in Korea --has successfully drilled 110 holes (as of March 2013) in nine countries including Alaska, China, Vietnam, Malaysia, Indonesia, and Russia as well as Korea. Doo Sung has also actively met operators' safety requirements by building safe management systems through obtaining ISM, ISO9001, and ISPS certifications in line with international standards. In addition, thanks to proactive HSE activities, Doo Sung recorded zero accidents for five consecutive years based on the standards of IADC (International Association of Drilling Contractors) in December 2012. In this manner, the excellence in safety and operations has been acknowledged in the international drilling market.



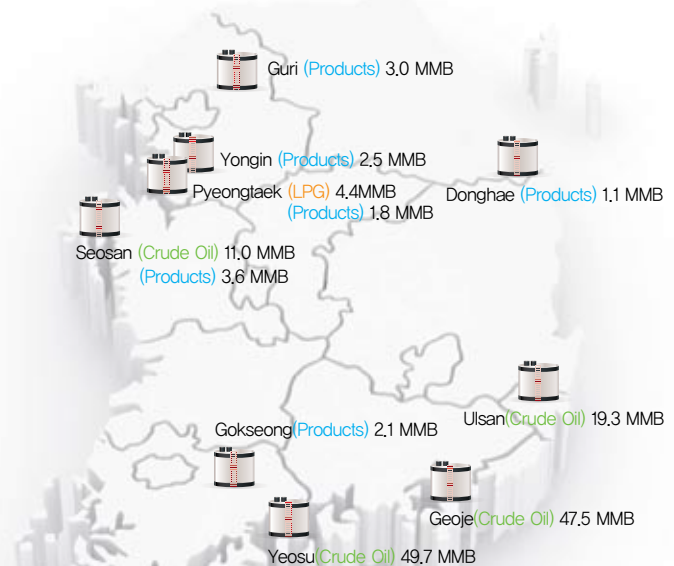
KNOC will strive to provide top-tier drilling services meeting customers' needs by adopting more efficient and safe operation systems to Doo Sung.

Drilled a total of **110** wells
as of March 2013

OIL STOCKPILE

Since its establishment in 1979, KNOC has built nine oil stockpiling bases as of March 2013 starting with the construction of the Ulsan base in 1980. Boasting oil stockpiling facilities with a capacity of 146 million barrels, we have secured some 130 million barrels of oil including internationally joint stockpiling shares. Based on this, our advanced O&M (Operation & Maintenance) technology for oil stockpiling bases has been acknowledged worldwide for its excellence by being exported and transferred to Vietnam's PVOS. KNOC has also made the transition into dynamic stockpiling that focuses on oil security and economic feasibility at the same time, fortifying the competitiveness of the business. We have capability to cope with emergency through international joint oil stockpiling with Norway's STATOIL, Algeria's SONATRACH, and France's TOTAL. We also strive to strengthen our global trading competency through marketing activities for oil produced in overseas fields KNOC has acquired. By continually implementing since 2008 the Northeast Asia Oil Hub project -- which was designed to build commercial storage facilities of oil products in Yeosu and Ulsan -- and making them central strongholds of oil trading activities, we lead associated business development as well as the domestic oil industry.

Oil Stockpiling Bases



KNOC will continue to strive for stable oil supply and enhancement of ability to cope with risks.



Oil stockpile rate: **90** %
(compared to a total of 146 million barrels of stockpile capacity, as of March 2013)



ECONOMICAL GAS STATIONS

The Economical Gas Station was launched in December 2011 in order to provide petroleum products inexpensively and stably through joint purchase and cost savings in the distribution stage. A total of 889 economical gas stations are operated as of March 2013. Such gas stations will increase to about 1,300 or 10% of all gas stations in Korea by 2015, and they are expected to help ordinary people by contributing to the activation of competition in the oil distribution market and fair market price establishment.



Operating **889** economical gas stations
(as of March 2013)



Number of the Opinet users
120,000 (as of March 2013)



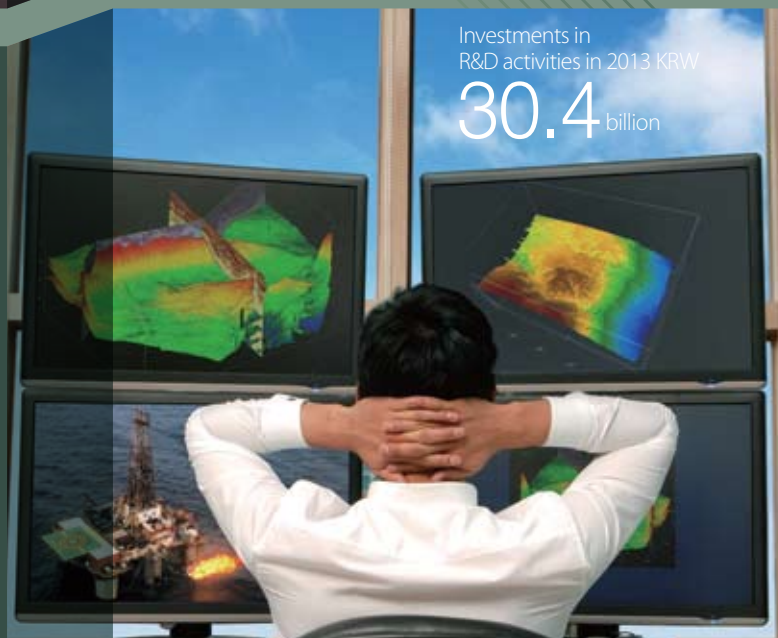
OIL INFORMATION SERVICE

Offering systematic and consistent oil information, KNOC runs www.petronet.co.kr, Korea's only oil information service, and Opinet (www.opinet.co.kr) as the website used by users to look for gas stations selling cheap gas. We recently improved people's accessibility to services by expanding our service delivery to smart phone application. We contribute to the effective inducement of efficient oil consumption and stability in oil supply and demand by upholding people's selection right.



RESEARCH & DEVELOPMENT

KNOC is implementing R&D centered on six strategic technologies: basin analysis on promising area, subsurface imaging, reservoir simulation, enhanced oil recovery, unconventional energy development, and drilling and well completion. In 2010, we built the KNOC Global Technology and Research Centre in Calgary, Canada. We are focusing on the establishment of an effective technology support system and improvement of self-reliance in technologies. By leveraging the capabilities of the global technology specialists of our overseas subsidiaries such as Dana, HOC, and Ankor, we are creating synergy in the E&P technology development. KNOC will ceaselessly pursue the value of technological competitiveness for clean and rich energy.



Investments in
R&D activities in 2013 KRW
30.4 billion



57, Gwanpyeong-ro 212beon-gil,
Dongan-gu, Anyang-si, Gyeonggi-do,
431-711, Korea

TEL 82-31-380-2114
FAX 82-31-387-9321

www.knoc.co.kr



KNOC's new office building in Ulsan is
under construction for the completion in
October 2014.

Task Force for the Construction of Ulsan New Office Building

10-1BL, Wujeong Hyeoksin Dosi, Jung-gu,
Ulsan, 681-250, Korea



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facebook.com/KNOC.PR

SUBSIDIARY COMPANY

Ankor E&P Holdings Corporation

1615 Poydras Street, Suite 1124, New Orleans, LA 70112,
U.S.A.

TEL 1-504-520-0428 FAX 1-504-587-6510

Dana Petroleum Plc (UK)

Dana Petroleum Plc, King's Close, 62 Huntly Street, Aberdeen,
AB10 1RS, United Kingdom

TEL 44-788-135-0792 FAX 44-208-399-9929

Dana Petroleum Norway AS

Lilleakerveien 8, PO Box 260, NO-0216, Oslo, Norway

TEL 47-9327-3611

Dana Petroleum Netherlands B.V.

Binckhorstlaan 410, 2516BL, The Hague, The Netherlands

TEL 31-6-8333-8683 FAX 31-70-371-3321

Dana Petroleum Egypt

Zahret El Maadi Tower (Second Building), Corniche El Nile
Road, Maadi, Cairo, Egypt

TEL 20-122-239-2443

North Atlantic Refining Limited

PO Box 40, 1 Refinery Rd. Come By Chance, NL A0B 1N0
Canada

TEL 070-7734-0919 FAX 1-709-463-8076

Harvest Operations Corp.

Harvest Operations Corp. 2100, 330 - 5th Ave. SW Calgary,
Alberta T2P 0L4, Canada

TEL 070-7725-3765 FAX 1-403- 265-3490

Savia-Peru

Av. Rivera, Navarrete 501, San Isidro, Lima 27, Peru

TEL 51-9-9445-5446 FAX 51-1-222-5947

OVERSEAS OFFICE

Houston Office

5555 San Felipe Road, Suite 1130, Houston, TX 77056, U.S.A.

TEL 070-7734-0035 FAX 1-713-552-1898

Indonesia Office

Gedung BRI II 17th Floor, Jl. Jend. Sudirman, No.44-46 Jakarta
10210, Indonesia

TEL 070-7725-2612 FAX 62-21-5793-2519

Iraq Office

515, 5th Floor, 4A West Wing Building, Dubai Airport Free
Zone, Dubai, UAE

TEL 971-4-213-4001 FAX 971-4-299-3937

Kazakhstan Office

5th Fl., Block 3B, B/C "Nurly-Tau" Business Centre, 19/1, Al-
Farabi Ave., 050013, Almaty, Republic of Kazakhstan

TEL 7-727-311-1521 FAX 7-727-311-1503

Nigeria Office

Plot 934, Idejo Street, Victoria Island, Lagos, Nigeria

TEL 070-7725-3491 FAX 070-7725-3491

Peru Office

Calle Dionicio Derteano No.144 office 801B, San Isidro, Lima,
Peru

TEL 51-1-652-2685 FAX 51-1-652-2689

Russia Office

Embassy of the Republic of Korea, 56 Plyushchikha st,
Moscow 119121, Russia

TEL 7-495-783-2791 FAX 7-4242-450-5841

Singapore Office

79 Robinson Road, #11-03 OPF Building, Singapore 068897

TEL 65-9672-0511 FAX 65-6227-9516

Abu Dhabi Office

503, Complex B, ADNOC Abu Dhabi, U.A.E

United Kingdom Office

10th Fl., New Zealand House, 80 Haymarket, London, SW1Y
4TE

TEL 44-207-747-3011 FAX 44-208-399-9929

Uzbekistan Office

7th Fl., Block A, A4, International Business Center, 107B Amir
Timur Street, Tashkent 100084, Uzbekistan

TEL 998-71-120-4000 FAX 998-71-120-0018

Vietnam Office

10th Fl., Diamond Plaza, 34 Le Duan St., Dist. 1, Ho Chi Minh,
Socialist Rep. of Vietnam

TEL 84-8-3825-7709 FAX 84-8-3825-7711

DOMESTIC OFFICE

Ulsan Office

147, Onsan-ro, Onsan-eup, Ulju-gun, Ulsan-si, Korea

TEL 82-52-270-4400

Ulsan Gas Production Office

147, Onsan-ro, Onsan-eup, Ulju-gun, Ulsan-si, Korea

TEL 82-52-240-4700

Gyeo Office

97 Seoim-al-gil, Irun-myeon, Gyeo-si, Gyeongsangnam-do,
Korea

TEL 82-55-680-1789

Yeosu Office

450, Nakpodanji-gil, Nakpo-dong, Yeosu-si, Jeollanam-do,
Korea

TEL 82-61-688-8700

Seosan Office

119, Pyeongsin 2-ro, Daesan-eup, Seosan-si,
Choongcheongnam-do, Korea

TEL 82-41-660-4114

Pyeongtaek Office

175-108, Namyangman-ro, Poseung-eup, Pyeongtaek-si,
Gyeonggi-do, Korea

TEL 82-31-680-1414

Yongin Office

159, Ho-dong, Haesil-ro, Cheoin-gu, Yongin-si, Gyeonggi-do,
Korea

TEL 82-31-329-4900

Gokseong Office

1538, Goksun-ro, Gyeom-myeon, Gokseong-gun, Jeollanam-
do, Korea

TEL 82-61-360-2114

Donghae Office

77, Gongdan 12-ro, Donghae-si, Gangwon-do, Korea

TEL 82-33-520-7800

Task Force for the Construction of Ulsan New Office Building

10-1BL, Wujeong Hyeoksin Dosi, Jung-gu, Ulsan, 681-250,
Korea

TEL 82-52-248-5780