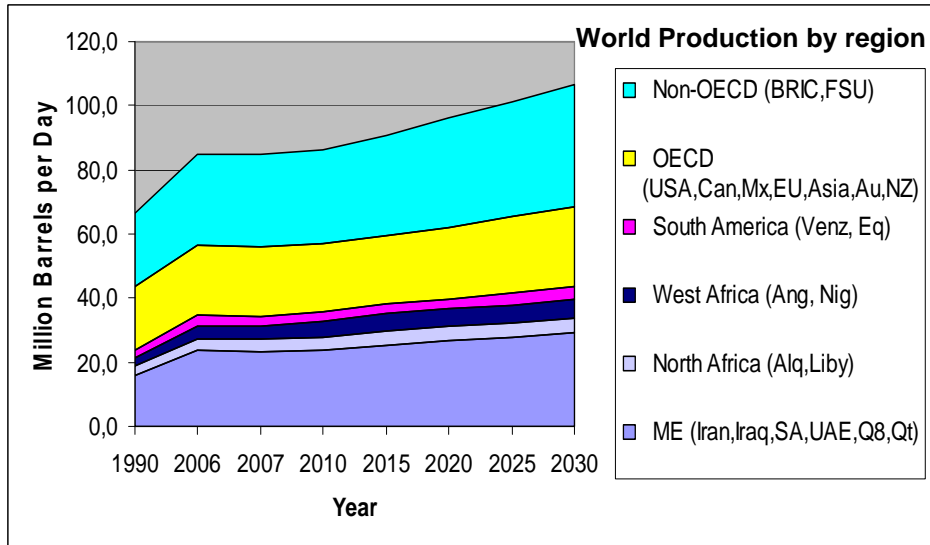
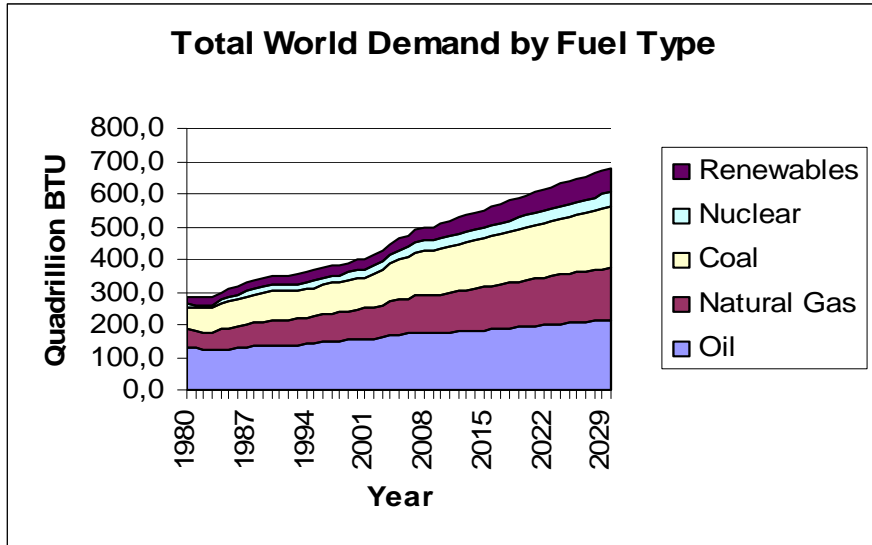


Petroleum Industry in the 21st Century

Zagreb, 02.12.2009

András Király, Marijan Krpan





- Oil and gas will play predominant role in the world energy in the 21st century
- Renewable cannot efficiently substitute fossil fuels at economic cost
- Middle East production represent solid base for future growth
- Increasing role of BRIC countries (Brazil, Russia, India, China)

- Petroleum world must not remain unbalanced:
- Global demand grows ~2.0% p.a. (2,7%p.a. in SE-Asia)
- Oil dominance: 39 % of total energy use with a 44 MMbbls/d growth (40% in SE-Asia)
- Both OPEC and non-OPEC (Africa, FSU) capacity must grow substantially
- Natural gas consumption grows 2.2% p.a.
- 6-7000 billion USD invest to meet demands without the defense costs of the extended transportation routes

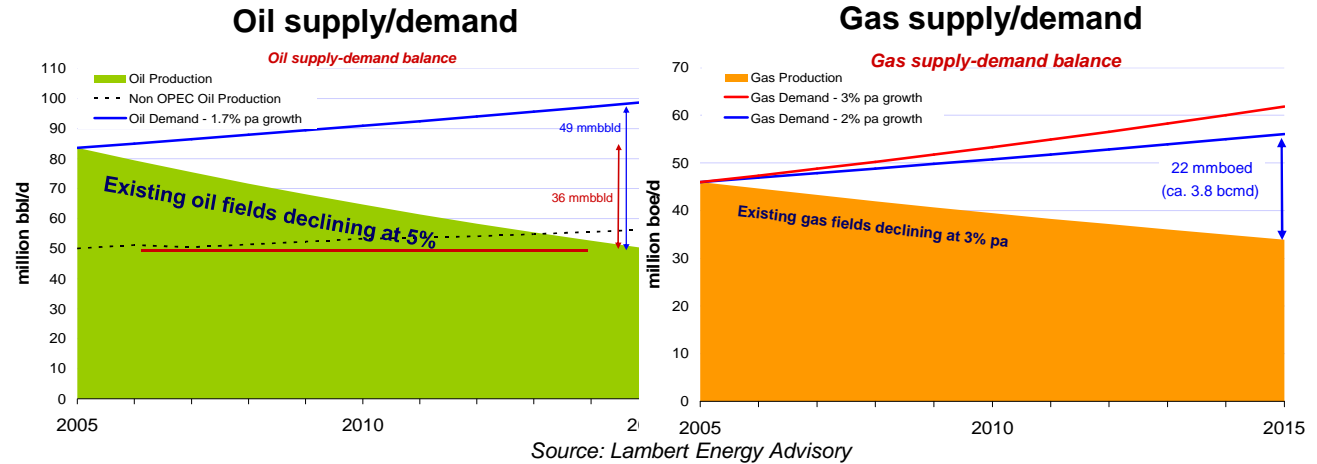
Source: EIA



Business Environment at the Beginning of the 21st Century

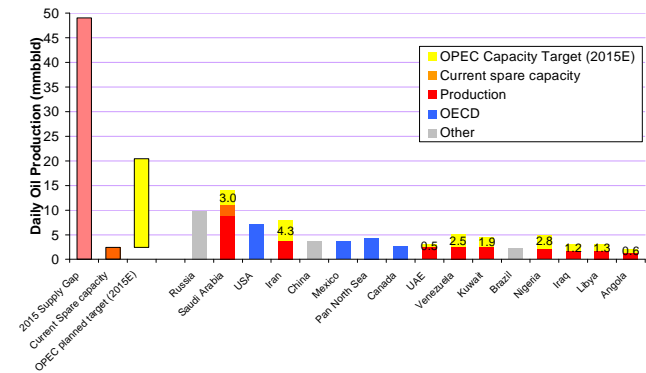
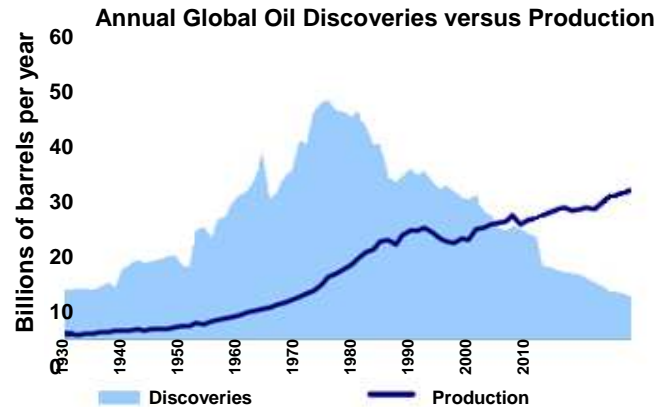
- Oil discoveries globally not keeping pace with production
- New discoveries are smaller and decline rates are higher than before
- Spending focused on some open prolific, mature areas
- Increasing weight of technically difficult projects (oil sands, unconventional, arctic, deep offshore) or politically risky areas – higher break-even oil/gas prices
- Underinvestment in closed or sub-closed areas (Venezuela, Russia, Iraq, Iran, some Arabic countries) – reserve replacement by NOCs and quasi-NOCs will be a crucial issue

The supply/demand balance is getting tight with major supply gaps developing



Discoveries are declining

Only S-Arabia has excess capacity



Who fills the gap in 8 years? Equals to current OPEC production!



The List of Big Players

According to Market Capitalization

2008 Rank	2007 Rank	Company Name	Market Cap (\$US billion)	% Share Price Change (YoY)	Primary Business	HQ Country
1	2	EXXONMOBIL	406.1	-15%	Integrated IOC	US
2	1	PETROCHINA	259.7	-65%	Integrated NOC	China
3	4	ROYAL DUTCH SHELL	161.1	-38%	Integrated IOC	Netherlands
4	10	CHEVRON	150.3	-21%	Integrated IOC	US
5	7	BP	143.6	-37%	Integrated IOC	UK
6	8	TOTAL	128.7	-34%	Integrated IOC	France
7	9	BHP BILLITON	113.4	-39%	Diversified Minerals	Australia
8	22	GF SUEZ	108.1	-16%	Utility	France
9	6	PETROBRAS	96.8	-60%	Integrated NOC	Brazil
10	11	ENI	93.6	-36%	Integrated IOC	Italy
11	3	GAZPROM	83.0	-74%	Integrated NOC	Russia
12	5	SINOPEC	82.1	-68%	Integrated NOC	China
13	12	CONOCO PHILLIPS	77.2	-41%	Integrated IOC	US
14	16	STATOILHYDRO	52.2	-47%	Integrated NOC	Norway
15	13	SCHLUMBERGER	50.6	-57%	Oilfield Services	US
16	21	OCCIDENTAL	48.6	-22%	E&P	US
17	17	BG	46.8	-39%	Integrated IOC	UK
18	18	CNOOC	41.7	-45%	E&P	Hong Kong
19	14	RELIANCE	39.9	-65%	R&M	India
20	15	ROSNEFT	39.7	+51%	Integrated NOC	Russia
21	33	ECOPETROL	36.1	-11%	Integrated NOC	Colombia
22	23	ENCA NA	35.1	-31%	E&P	Canada
23	20	ONGC	29.3	-56%	E&P	India
24	29	DEVON	29.0	-26%	E&P	US
25	19	LUKOIL	27.2	-63%	Integrated IOC	Russia
26	27	REPSOL YPF	25.7	-41%	Integrated IOC	Spain
27	42	CEPSA	25.2	-9%	Integrated IOC	Spain
28	34	APACHE	24.9	-31%	E&P	US
29	30	CANADIAN NAT'L RESOURCES	21.7	-45%	E&P	Canada
30	32	HUSKY ENERGY	21.5	-44%	Integrated IOC	Canada
31	*	XTO ENERGY	20.3	-31%	E&P	US
32	47	CENTRICA	19.8	-39%	Utility	UK
33	26	SURGUTNEFTGAZ	19.6	-56%	Integrated IOC	Russia
34	28	MARATHON	19.3	-55%	Integrated IOC	US
35	43	FORMOSA PETROCHEMICAL	19.1	-31%	R&M	Taiwan
36	39	SASOL	18.9	-40%	Integrated IOC	South Africa

According to Reserves & Production

	Beginning Year Reserves MMBoe	Extensions & Discoveries MMBoe	Improved Recovery, & Transfers MMBoe	Purchases MMBoe	Sales MMBoe	Production MMBoe	Prod. Rank	Year End		
								Reserves MMBoe	Res. Rank	% Gas
UNIVERSE	265,812	13,699	3,796	3,406	(2,277)	(19896.2)	-	264,541	-	41%
Exxon Mobil Corp.	22,451	1,413	707	-	(100)	(1485)	1	22,986	1	48%
PetroChina Company Limited	21,379	1,982	(377)	-	-	(1182)	4	21,802	2	47%
Lukoil	20,369	602	(1,093)	274	-	(817)	10	19,334	3	25%
BP plc	17,556	603	1,107	230	(201)	(1409)	3	17,888	4	42%
Petroleos Mexicanos	14,381	446	565	-	-	(1409)	2	13,982	5	15%
Rosneft Oil Co.	13,538	837	(244)	-	-	(771)	11	13,360	6	0%
Royal Dutch Shell plc	11,703	212	908	79	(68)	(1171)	5	11,663	7	62%
Chevron Corp.	10,777	55	1,223	86	(28)	(917)	6	11,196	8	34%
Petrobras	11,704	102	205	12	(11)	(822)	9	11,190	9	18%
ConocoPhillips	10,781	238	39	104	(85)	(851)	7	10,224	10	41%
Total S.A.	10,056	218	707	21	(120)	(828)	8	10,065	11	43%
Eni S.p.A.	6,531	71	770	89	(59)	(646)	12	6,757	12	50%
Tatneft	6,140	-	(329)	-	-	(186)	25	5,625	13	0%
TengisChevOil	4,894	-	664	-	-	(148)	27	5,410	14	20%
StatoilHydro ASA	5,776	17	146	69	(10)	(631)	13	5,385	15	59%
Novatek	4,251	406	55	-	-	(200)	22	4,512	16	90%
Sinopes	4,079	230	38	-	-	(346)	14	4,001	17	29%
Canadian Natural Resources Ltd.	3,730	74	266	13	(0)	(177)	26	3,906	18	16%
Gazprom Neft	4,536	*	(662)	*	*	(234)	18	3,640	19	11%
EnCana Corp.	3,144	348	106	7	(37)	(283)	16	3,285	20	69%
Occidental Petroleum Co.	2,865	24	102	210	(3)	(220)	20	2,977	21	26%
CNOOC Limited	2,594	195	(57)	-	(22)	(195)	24	2,515	22	37%
BG Group plc	2,039	79	422	144	-	(227)	19	2,459	23	72%
Devon Energy Corp.	2,497	545	(435)	66	(7)	(238)	17	2,429	24	68%
Apache Corp.	2,446	232	(64)	7	(24)	(166)	23	2,401	25	55%
Imperial Oil Ltd.	1,599	833	(5)	-	-	(93)	42	2,334	26	4%
XTO Energy Inc.	1,881	381	(141)	332	(0)	(142)	29	2,310	27	85%
Anadarko Petroleum Corp.	2,431	96	91	-	(137)	(205)	21	2,277	28	59%
OMV Gruppe	1,178	9	94	-	(1)	(112)	39	1,167	40	40%
Ecopetrol S.A.	1,187	8	53	-	-	(134)	32	1,115	41	28%
Petro-Canada	1,119	99	(23)	22	(0)	(128)	37	1,091	42	19%
Santos Ltd.	882	(93)	0	283	-	(55)	49	1,018	43	85%
MOI	180	1	(31)	-	-	(21)	69	128	106	45%

Source: Bloomberg, PFC Energy estimates as of 12/31/2008.
Share price growth based on primary exchange tickers

The List of Efficient Companies in Europe

Europe

Results of Oil & Gas Operations

	Revenues \$/boe	Lifting Costs* \$/boe	Exploration Expense \$/boe	DD&A Expense \$/boe	Other Expenses/ (Income) \$/boe	Income Taxes \$/boe	Net Income** \$/boe	Rank
UNIVERSE	\$71.34	\$11.32	\$1.61	\$10.59	\$0.56	\$29.67	\$18.66	-
MOL	\$72.93	\$8.81	\$1.68	\$8.75	\$1.99	\$9.62	\$42.08	1
Bow Valley Energy Ltd.	\$86.79	\$7.47	\$0.00	\$40.49	\$0.41	\$0.00	\$38.42	2
Marathon Oil Corp.	\$86.63	\$13.10	\$2.93	\$17.07	(\$1.17)	\$19.93	\$34.77	3
Noble Energy, Inc.	\$102.50	\$16.50	\$4.50	\$13.75	\$0.00	\$33.00	\$34.75	4
OMV Gruppe	\$78.29	\$20.79	\$5.00	\$6.24	\$0.20	\$12.72	\$33.33	5
Petro-Canada	\$93.05	\$8.20	\$2.39	\$14.40	\$0.00	\$35.12	\$32.94	6
Murphy Oil Corp.	\$95.29	\$16.54	\$0.22	\$12.75	\$1.06	\$32.16	\$32.56	7
Nexen Inc.	\$87.91	\$6.21	\$2.11	\$24.53	\$0.15	\$27.65	\$27.26	8
BG Group plc	\$72.29	\$8.10	\$1.61	\$8.50	\$0.24	\$27.77	\$26.07	9
BP plc	\$74.79	\$15.40	\$0.93	\$9.56	(\$0.54)	\$24.24	\$25.20	10
BASF AG (Wintershall)	\$62.80	\$10.06	\$8.21	\$9.56	\$0.28	\$10.51	\$24.18	11
JXX Oil & Gas plc	\$51.87	\$7.05	\$0.00	\$8.62	\$0.00	\$14.02	\$22.18	12
Eni S.p.A.	\$74.55	\$9.16	\$3.31	\$12.59	\$4.56	\$23.66	\$21.28	13
ConocoPhillips	\$80.13	\$9.98	\$1.58	\$13.33	(\$0.74)	\$35.14	\$20.85	14
Hess Corp.	\$70.34	\$18.37	\$0.92	\$12.10	\$0.00	\$18.84	\$20.11	15
Royal Dutch Shell plc	\$55.27	\$7.98	\$1.15	\$8.58	\$1.22	\$23.21	\$20.09	16
ATP Oil & Gas Corp.	\$37.84	\$9.38	\$0.00	\$36.82	(\$45.42)	\$18.53	\$18.53	17
Toreador Resources Corp.	\$81.64	\$36.31	\$4.87	\$14.76	(\$5.85)	\$14.25	\$17.30	18
Exxon Mobil Corp.	\$71.57	\$17.93	\$0.45	\$6.54	\$0.00	\$29.42	\$17.23	19
Total S.A.	\$74.17	\$8.77	\$1.27	\$8.67	\$1.78	\$36.81	\$16.87	20
StatoilHydro ASA	\$72.56	\$6.60	\$1.85	\$8.04	\$0.00	\$41.66	\$14.41	21
Talisman Energy Inc.	\$90.28	\$25.97	\$5.46	\$30.71	\$0.00	\$16.65	\$11.50	22
Endeavour International Corp.	\$80.54	\$14.15	\$0.00	\$36.12	\$0.00	\$20.44	\$9.82	23
Apache Corp.	\$95.88	\$41.70	\$0.00	\$37.80	\$0.60	\$7.89	\$7.89	24
Repsol YPF	\$96.66	\$37.02	\$47.30	\$14.40	\$12.34	(\$4.11)	(\$10.28)	25
Canadian Natural Resources Ltd.	\$91.83	\$32.36	\$0.00	\$82.97	\$1.43	(\$12.47)	(\$12.47)	26
FX Energy	\$36.70	\$4.20	\$70.24	\$54.12	\$0.13	\$0.00	(\$91.99)	27

Source: Bloomberg. PFC Energy estimates as of 12/31/2008.
Share price growth based on primary exchange tickers

IOCs

- Access to
 - Reserves
 - Government relationships
 - Customers / Markets
 - Investment Incentives
- Economies of Scale
- Avoiding Resource Nationalism
- Sharing Risks
- Diversification of Asset Portfolio
- Competitiveness
- Maximise Shareholder Value



NOCs

- Access to
 - Downstream Markets
 - Technology
 - Skilled Personnel
 - Trading Subsidies
 - Capital
- Improved Efficiency
- Attracting Investment
- Knowledge Transfer
- Economic Development
- Fulfill Government Priorities
- Regional Synergies
- Access to the Market

By understanding the true motivations of the NOCs, significant partnering opportunities are emerging for IOCs. Therefore a WIN-WIN situation can be created for both parties.

C+I+I+I

+I

+I

+I

+I+I+I



Resource nationalism



Hardening fiscal terms



Compulsory NOC participation in licenses granted



Requesting IOCs to participate in the development of the local economy

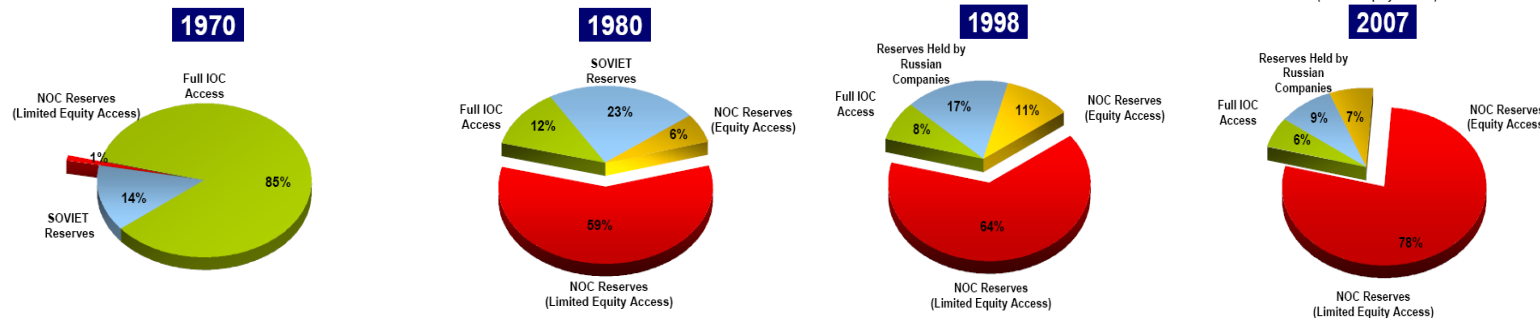


NOCs directly contracting with service sector, leaving out IOCs



NOCs participating in the competition for E&P acquisition targets

Today NOCs control the world reserves

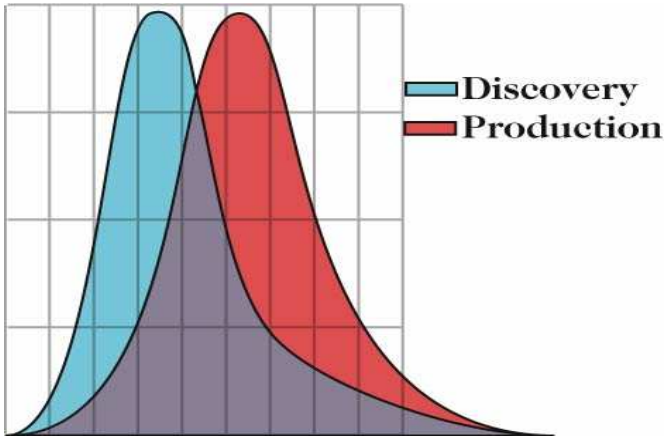


Most extra profit resulting from boosting oil prices allocated to NOCs

Source: BP Statistical Review, Oil & Gas Journal, PFC Energy

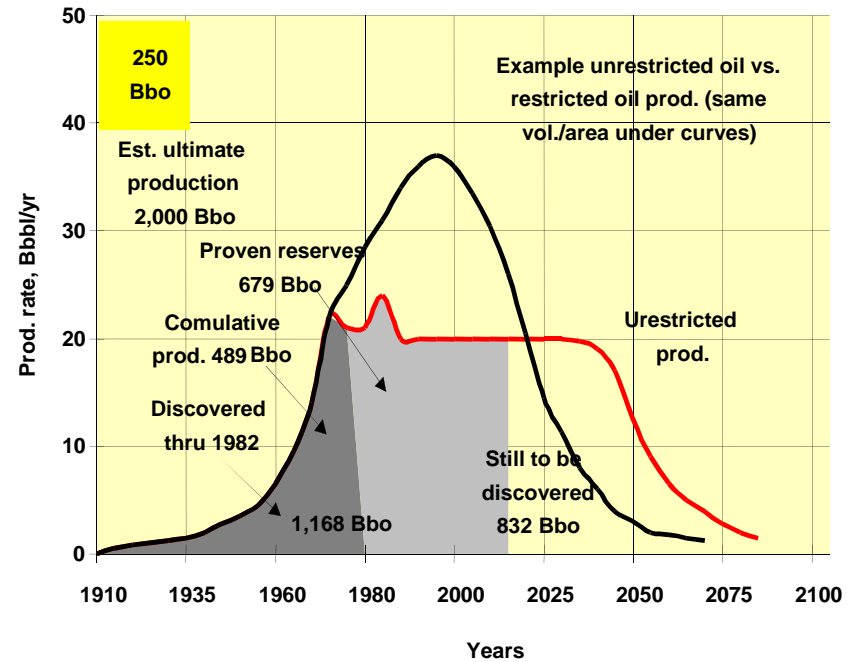
MOL GROUP

Peak oil theory says: that any finite resource, (including oil), will have a beginning, middle, and an end of production, and at some point it will reach a level of *maximum* output



36 Estimates of the Time of Peak World Oil Production (There Are More)

Published	By	Peak Year/Range	Published	By	Peak Year/Range
1972	ESSO	About 2000	1999	Parker	2040
1972	UN	By 2000	2000	Bartlett	2004 or 2019
1974	Hubbert	1991-2000	2000	Duncan	2006
1976	UKDOE	About 2000	2000	EIA	2021-2167; 2037 most likely
1977	Hubbert	1996	2000	IEA (WEO)	Beyond 2020
1977	Ehrlich, et al.	2000	2001	Deffeyes	2003-2008
1979	Shell	Plateau by 2004	2001	Goodstein	2007
1981	World Bank	Plateau around 2000	2002	Smith	2010-2016
1985	Bookout	2020	2002	Campbell	2010
1989	Campbell	1989	2002	Cavallo	2025-2028
1994	Ivanhoe	OPEC Plateau 2000-2050	2003	Greene, et al.	2020-2050
1995	Petroconsultants	2005	2003	Laherrere	2010-2020
1997	Ivanhoe	2010	2003	Lynch	No visible peak
1997	Edwards	2020	2003	Shell	After 2025
1998	IEA (WEO)	2014	2003	Simmons	2007-2009
1998	Campbell, Laherrere	2004	2004	Bakhitari	2006-2007
1999	Campbell	2010	2004	CERA	After 2020
1999	Ocell	2060	2004	PFC Energy	2015-2020





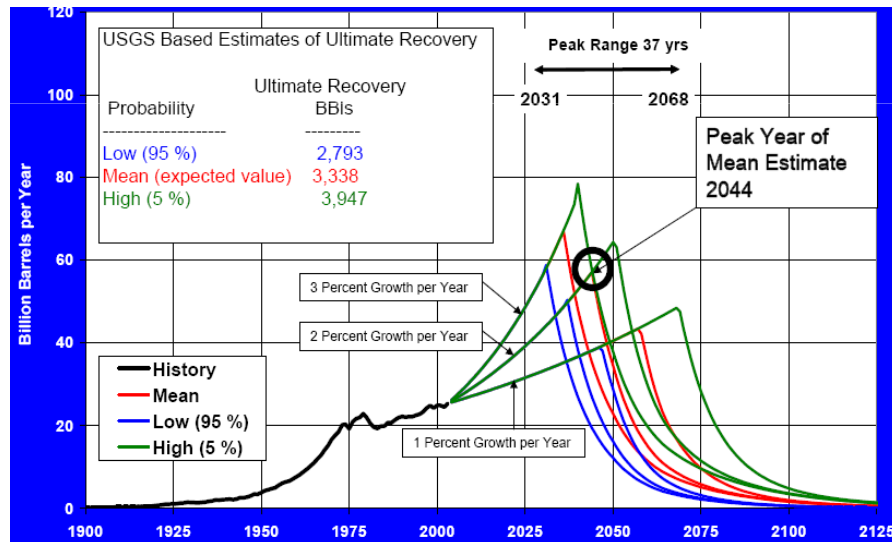
**Three Pre-Peak Production Growth Rates:
1, 2, and 3 percent per year**

Combined with Three USGS / MMS / EIA-Sourced Technically Recoverable Resource Base Levels:

- 2.793 trillion barrels (95% chance of that much or more)
- 3.338 trillion barrels (expected value; statistical mean)
- 3.947 trillion barrels (5% chance of that much or more)

To Yield Nine Model Projections Spanning the Plausible Range of Outcomes.

The central scenario combines the 2-percent growth rate and the expected value resource base estimate.



Long-Term World Oil Supply Modeling Scenarios
for Conventional Crude Oils
(>10°API Gravity Or <10,000 cP Viscosity)

Resource Base	Ultimate Recovery BBIs	Annual Demand Growth, %	Peak Year	Peak Rate MMBIs/yr	Peak Rate MMBIs/day
Low (95%)	2,793	1.0	2046	38,932	107
	2,793	2.0	2037	50,389	138
	2,793	3.0	2031	58,841	161
Mean (expected value)	3,338	1.0	2057	43,424	119
	3,338	2.0	2044	57,069	156
	3,338	3.0	2036	66,795	183
High (5%)	3,947	1.0	2068	48,446	133
	3,947	2.0	2050	64,355	176
	3,947	3.0	2040	78,475	215

Add

11-11q

Canadian Bitumen (Alberta; "tar sands")
 ≈80 percent of the world's in-place bitumen (< 10oAPI)

- Estimated In-Place Resource: 2.372 trillion barrels
- API Gravity: 7.5-9.0 degrees
- Viscosity: Up to 1,000,000 centipoise
- Host Formation Characteristics:
 - Porosity 31 to 35 percent
 - Permeability 2.5 to 5.0 Darcies
- Resource Drawbacks: High metallic content
- Extraction/Processing Drawbacks
 - High energy requirements (and associated CO2 emissions)
 - large volumes of light hydrocarbon diluents and freshwater are required.

Venezuelan Extra-Heavy Oil (Orinoco Belt)
 ≈90 percent of the world's in-place extra-heavy oil (> 10000 cP)

- Estimated In-Place Resource: 1.36 trillion barrels
- API Gravity: 8-10 degrees
- Viscosity: 10,000+ centipoise
- Host Formation Characteristics
 - Porosity 30 to 36 percent
 - Permeability 1 to 17 Darcies
- Resource Drawbacks:
 - 2.0-3.5 percent sulfur content
 - High metallic content
- Extraction/Processing Drawbacks
 - Requires large volumes of light hydrocarbon diluents and/or fresh water (for Orimulsion).

- There's no finding risk (or cost).
- Commercial production is happening (and accelerating).
- The achievable recovery factors and the production costs are mostly technology-driven.

Summary of EIA Model Results Including Canadian Bitumen and Orinoco Extra-Heavy Oil Resources

Resource Base	Ultimate Recovery BBbls	Annual Demand Growth, %	Peak Year	Peak Rate, MMBbls/yr	Peak Rate, MMBbls/day
Mean + 1.120 TBbls	4,458	1.0	2077	52,985	145
(30% recovery)	4,458	2.0	2055	71,053	195
	4,458	3.0	2043	82,768	227
Mean + 2.239 TBbls	5,577	1.0	2094	62,750	172
(60% recovery)	5,577	2.0	2065	87,677	240
	5,577	3.0	2049	98,829	271



Conclusions, Interpretations, and Implications

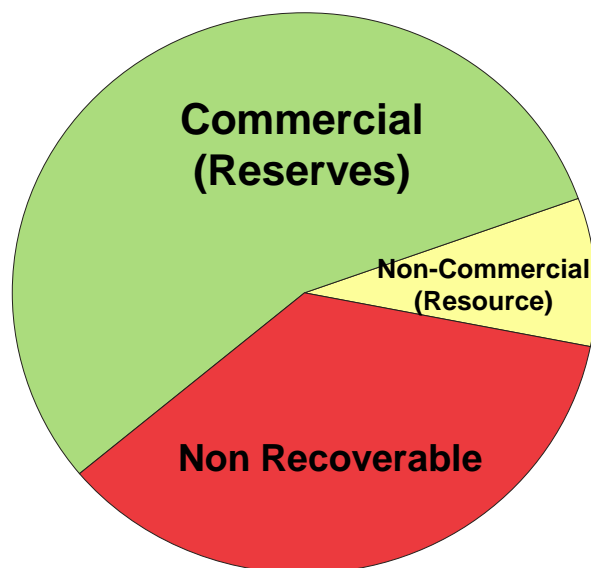
- A peak in world oil production is decades away ...not years away.
- Geopolitical factors may cause plateaus or even declines for considerable periods of time
- Oil production growth rates of 1 to 3 percent per year will not soon be constrained by the size of the technically recoverable resource base, particularly when extra-heavy oil and bitumen resources are included
- Primarily its the size of the technically recoverable resource base that determines the peak year. Reasonable long term world oil supply models use the best available resource base estimates and include all economically producible petroleum resources
- However, complacency about both supply and demand side energy research, development, and analysis is risky given the involved scientific and technical challenges and the long lead times needed for significant market penetration of new energy technologies

Reserve Definition

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.

Resources

All quantities of petroleum (recoverable and unrecoverable) naturally occurring on or within the earth's crust, discovered and undiscovered, plus those quantities already produced. It includes all types of petroleum whether currently considered "conventional" or "unconventional" (see Total Petroleum Initially-in-Place).





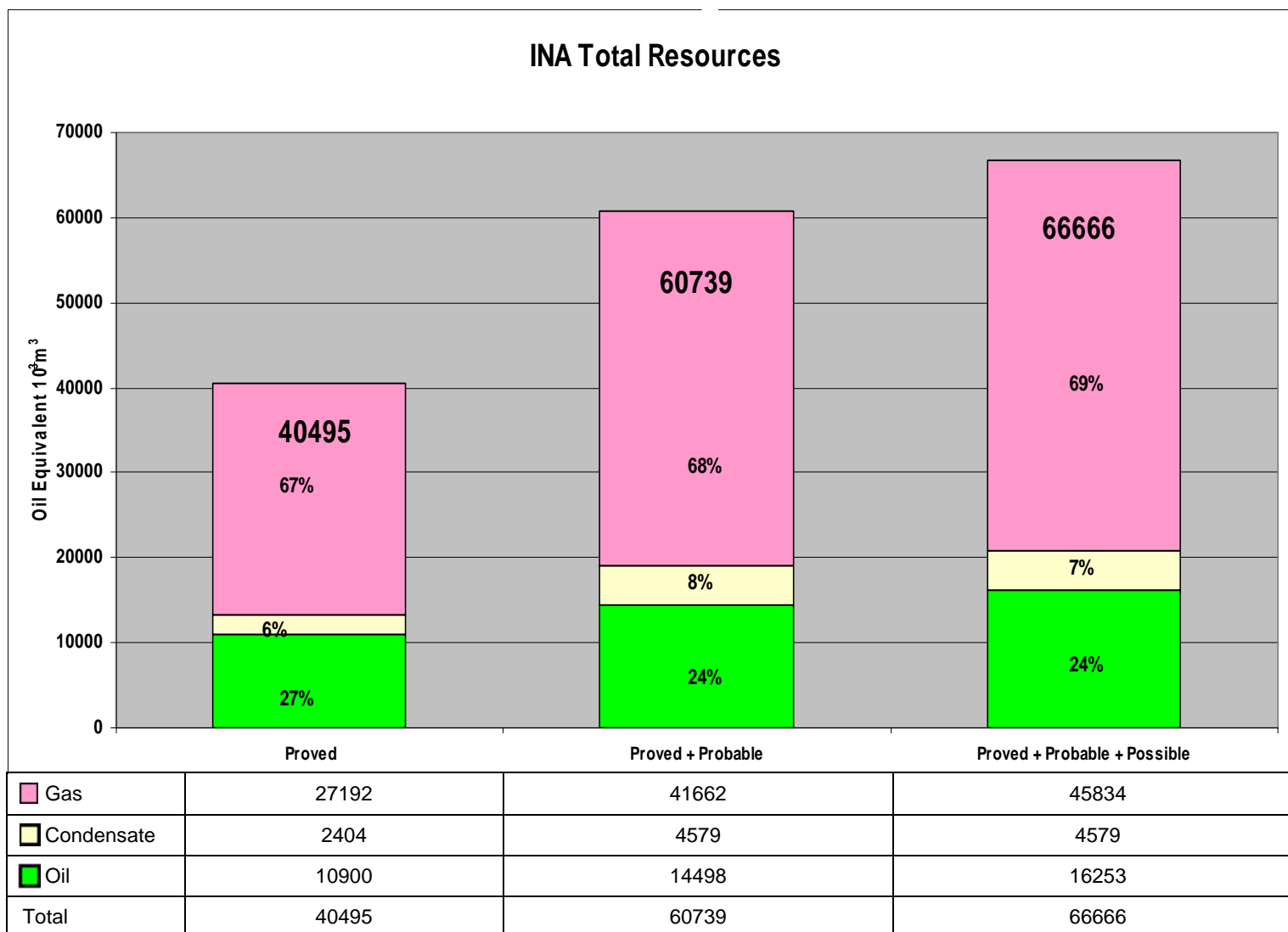
Reserves represent the most valuable asset of oil company and therefore their evaluation, audit and classification must be performed according to international standards

SPE/WPC/AAPG
Resource classification system
 (showing possible Project Status Categories)

		Production			Project Status		
Total petroleum - Initially - In-place	Discovered petroleum - Initially - In-place	Commercial	Reserves			On production	Project maturity ↑ Higher risk — Lower risk
			Proved	Proved plus Probable	Proved plus Probable plus Possible	Under development	
						Planned for development	
	Sub-commercial	Contingent resources			Development pending		
		Low estimate	Best estimate	High estimate	Development on hold		
		Unrecoverable			Development not viable		
Undiscovered petroleum - Initially - In-place	Initially - In-place	Prospective resources			Prospect		
		Low estimate	Best estimate	High estimate	Lead		
		Unrecoverable			Play		
		← Range of uncertainty →					

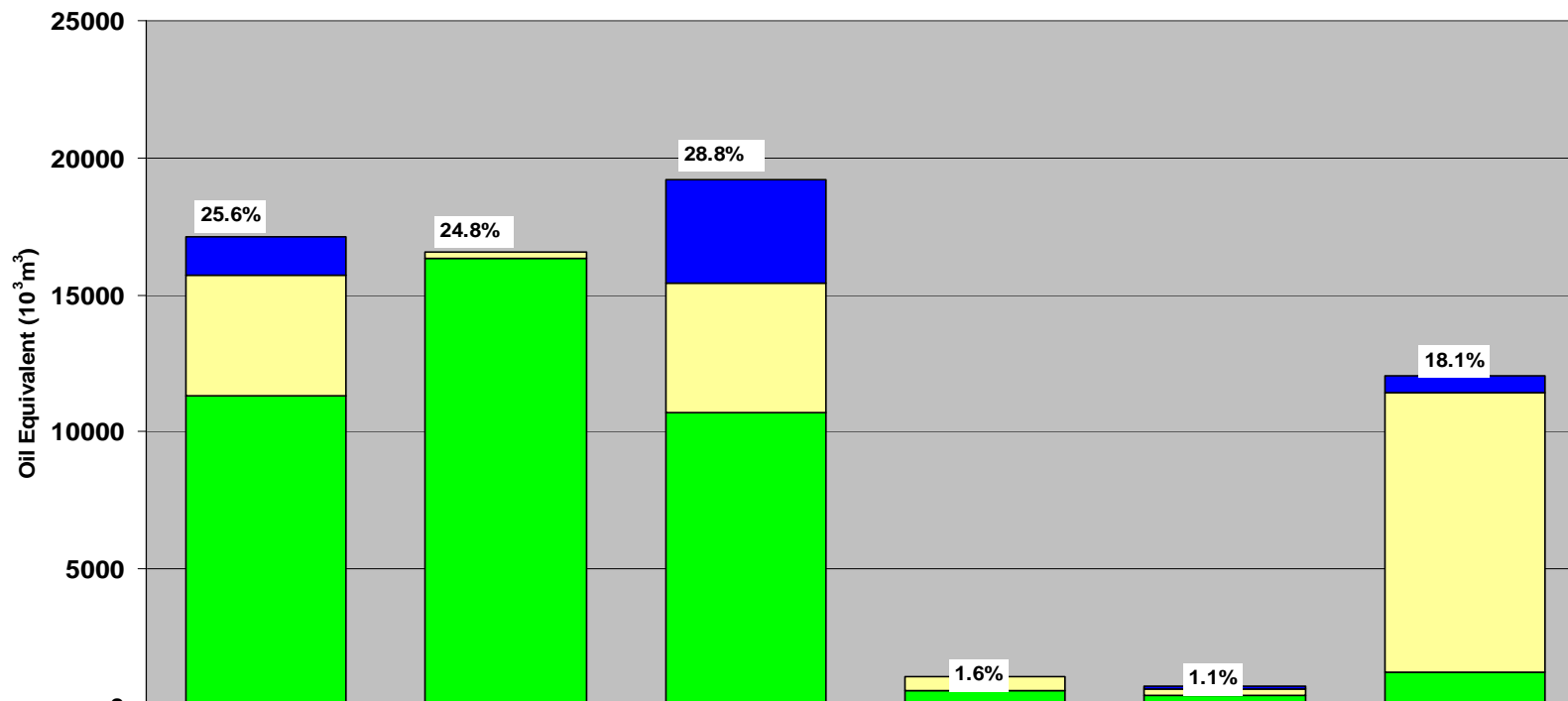
The comparison of SPE/WPC/AAPG vs. SEC according to classes, categories and methods





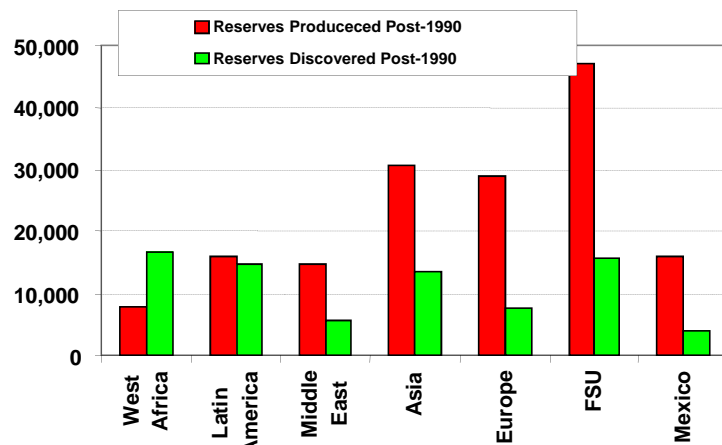
INA Total Volumes By Area Oil Equivalent

INA Total Resources By Area



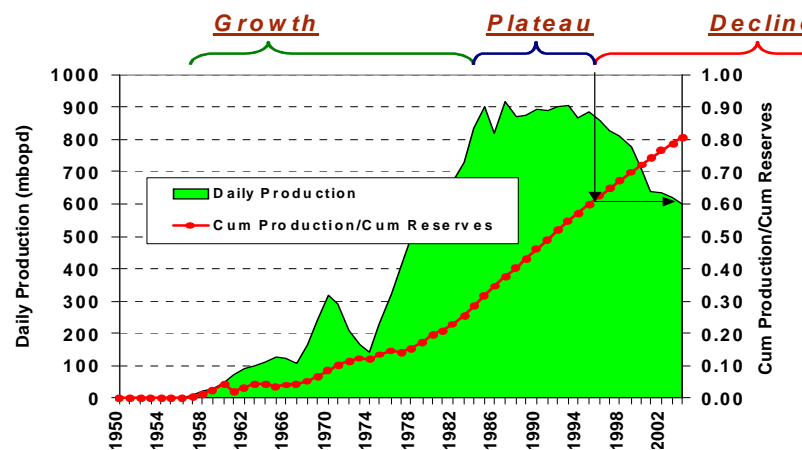
	Domestic Oil Fields + Related Gas Fields	Domestic Onshore Gas Fields	Domestic Offshore Gas	Angola	Egypt	Syria
■ Possible Reserves	1430	0	3758	0	119	620
■ Probable Reserves	4371	184	4748	539	198	10204
■ Proved Reserves	11313	16344	10674	535	398	1230
Total	17113	16528	19180	1074	716	12054

A Comparison of Reserves Discovered Versus Reserves Produced Since 1990



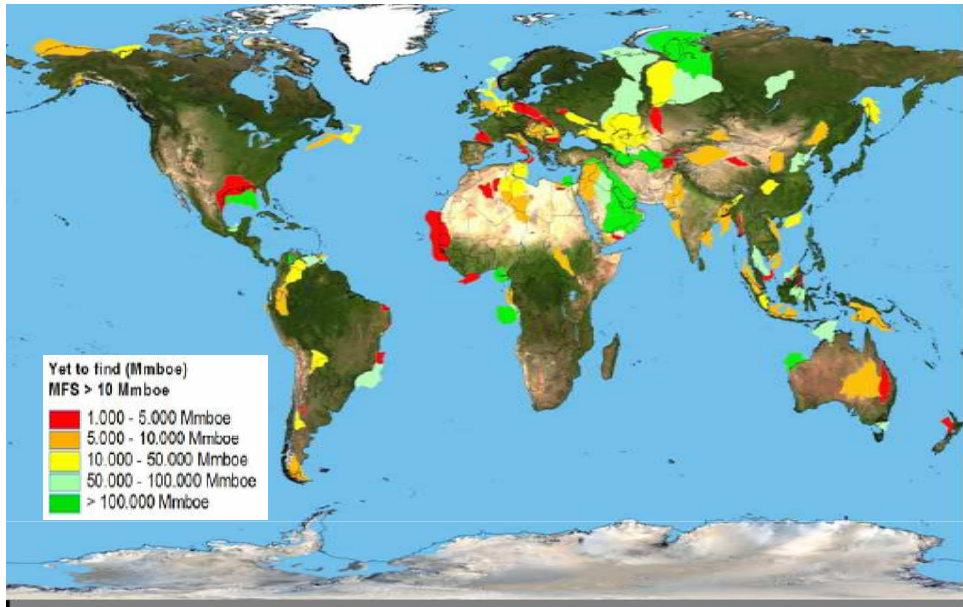
Only West Africa region shows positive trend of discovered vs. produced reserves

Egypt – A Typical Life Cycle for an Oil Producing Country



Many oil producer countries shows similar development of their production curves; especially countries in MENA region which is core focused area for INA and MOL upstream activities

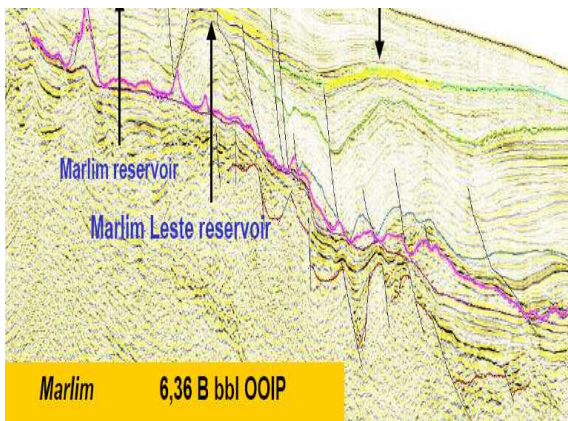
Where to go in future?



New Petroleum Provinces

- Central African Rift
- Republic of Niger
- Central African Rift
- Brasil Offshore
- Uruguay Offshore
- West China
- Russia East Siberia
- Artic Oil and Gas potential

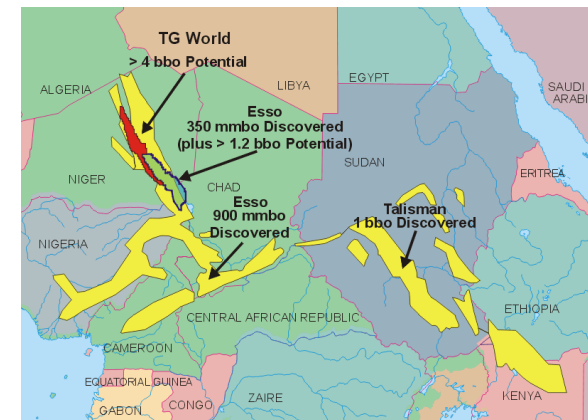
Offshore Uruguay



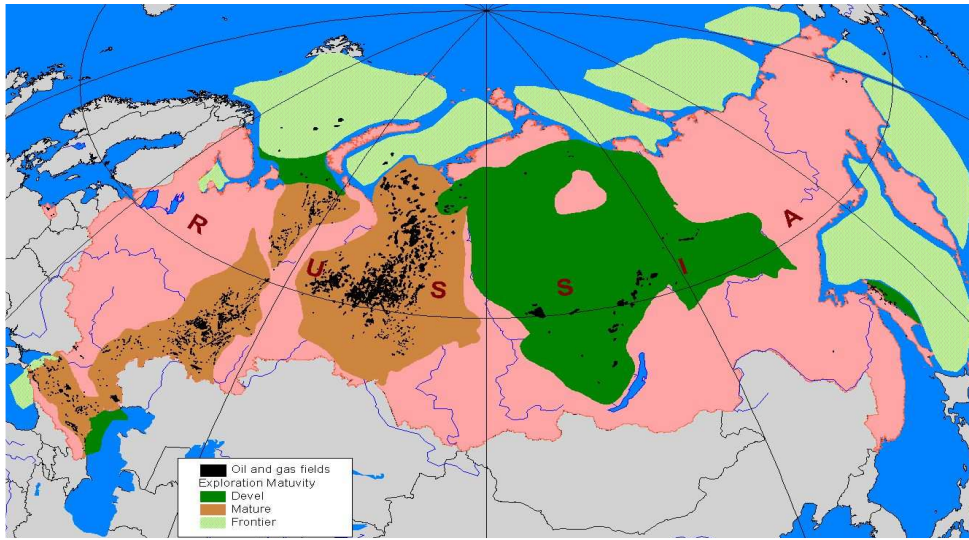
Republic of Niger



Central African Rift

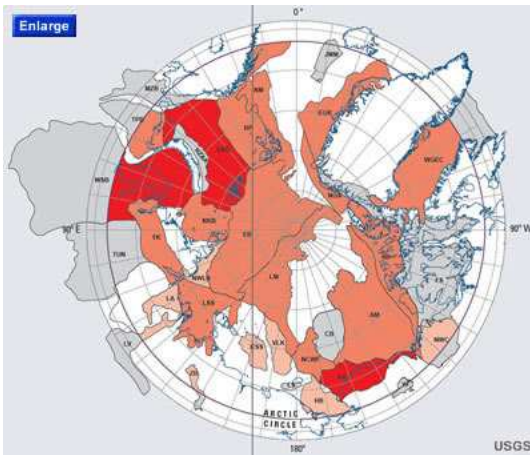


Russia Oil and Gas Potential

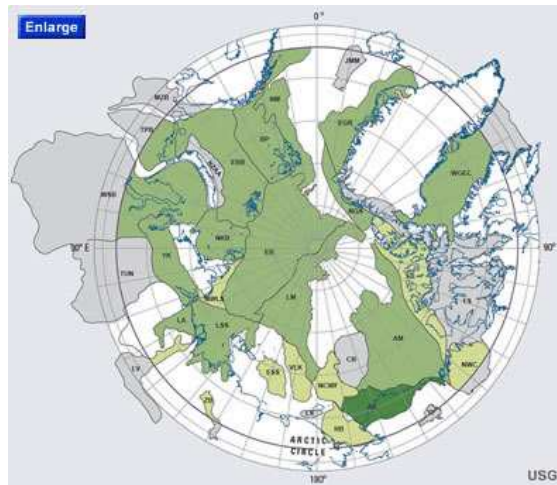


- New technologies and extremely high capital investments needed for Ultra Deep Offshore and Arctic
- Super Big Players only

Arctic Gas Potential



Arctic Oil Potential



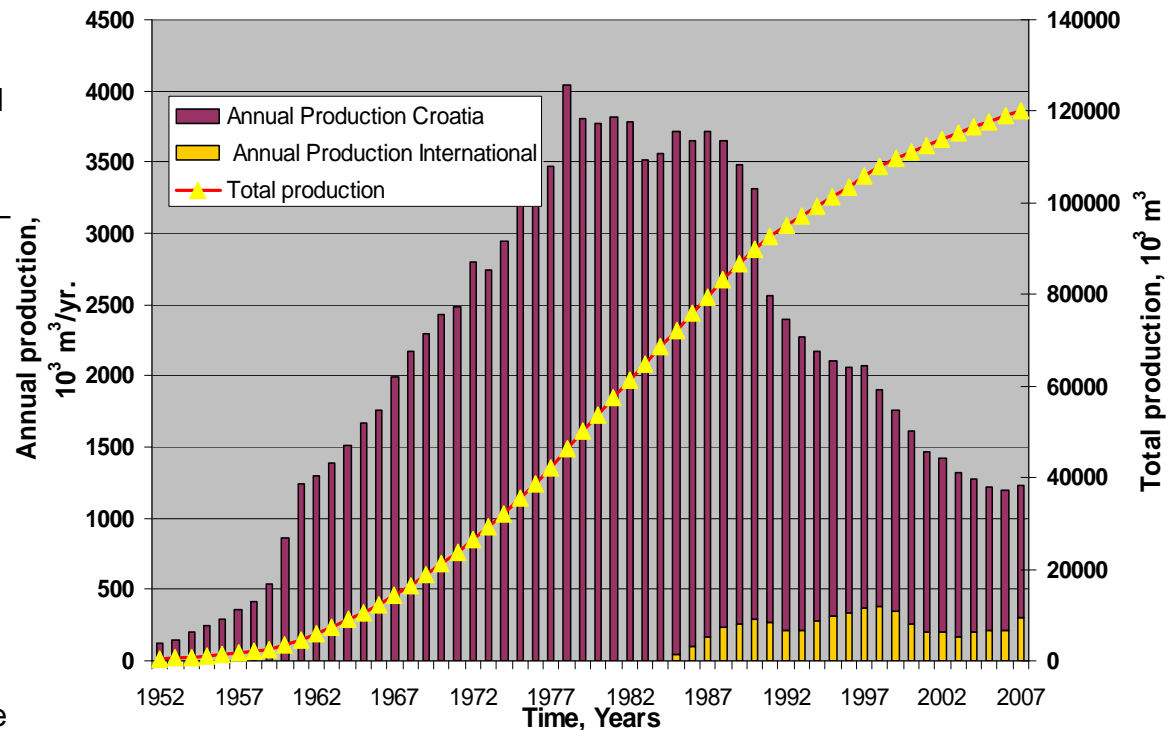
Brazil Offshore



- 1854** • Oil extraction from pits (Peklenica and Voloder-Mikleuška)
- 1855** • Granted first mining permits for oil exploration in Peklenica and Voloder- Mikleuška
- 1860** • Granted first concession for exploitation of the mineral field near Peklenica
- 1880** • Organized exploration and production of oil commences in Croatia
- 1883** • Rijeka refinery is established
- 1886** • First oil wells drilled in Međimurje (Peklenica-Selnica)
- 1917** • Discovery of the first Croatian Gas Field - Bujavica
- 1927** • Sisak refinery is established
- 1939** • Discovery of the first Croatian Oil Field – Gojlo
- 1952** • Naftaplin, Oil and Gas Production Company, Zagreb is founded
- 1964** • INA-Industrija nafte, Zagreb is established
- 1950 -1970** • Majority of oil and gas fields discovered
- 1970** • INA - Naftaplin commences activities Adriatic offshore
- 1974** • 1980 - Onshore Natural Gas Development commences in the Podravina region of Croatia on the Molve field.
- 1982** • Both the Ethane Recovery and Ethylene Plants commence operations

- 1987** • Underground Gas Storage Facility commences operations
- 1995** • Pilot application of EOR method on Ivanić oil field
- 1999** • Ivana Offshore field in the Adriatic Sea commences production.
- 2002 -2009** • Ika, Ida, Marica, Kataraina, Annamaria in production

INA Oil and Condensate Production





Exploration & Production

- Employees: [cca 2,250]
- Proved and probable reserves of [380]MMboe (70% gas)
 - Core regions
 - Onshore Croatia
 - Offshore Croatia
 - Middle East (Syria)
 - North and West Africa
 - Sale/Import of natural gas

Refining and Wholesale

- Employees: [cca 2,850]
- Two refineries
 - Rijeka (4.5MMt)
 - Sisak (4.0MMt)
 - Marketer of 4.9MMt of fuel products in Croatia and South Eastern Europe
 - Maziva Zagreb lubricants business

Retail

- Employees: [cca 3,250]
- Operator of [474] petrol stations in
 - Croatia ([427])
 - Bosnia-Herzegovina ([41])
 - Slovenia ([6])
 - Acquisition of Energopetrol, adding [65] stations in Bosnia-Herzegovina

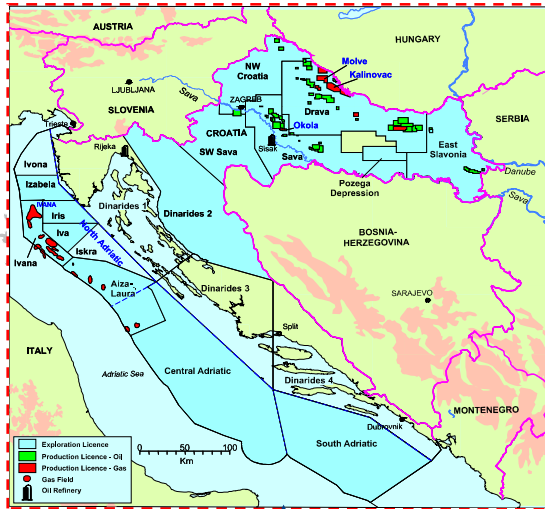
Other

- Integrated Oil Service Business
- LPG Business
- International Trading Business⁽⁴⁾
- Maintenance Services Business
- Safety and Security Services Business
- 16% Crude Oil Transportation Business

Source: INA annual report



Focused Upstream Activities



Croatia

- Onshore fields
 - 35 Onshore oil fields
 - 18 Onshore gas fields
- Offshore fields
 - 6 Offshore fields in a JV with Agip currently on-stream, 1 under development with Edison
 - Offshore exploration in JV with Edison (Izabela, Ivona blocks)
- 10 Exploration Licences, INA 100%
- Gas storage Okoli
- Remaining exploration potential and EOR potential from mature fields

Syria

- 5 Oil-gas-condensate discovery on stream
- Exploration in two blocks: Hayan and Aphamia
- Stage II completed, Stage III in 2010 production at full scale

Egypt

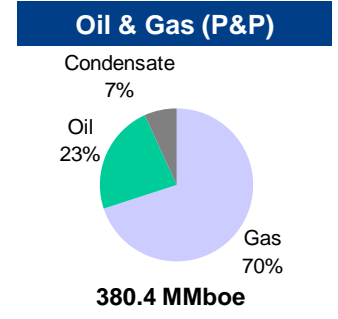
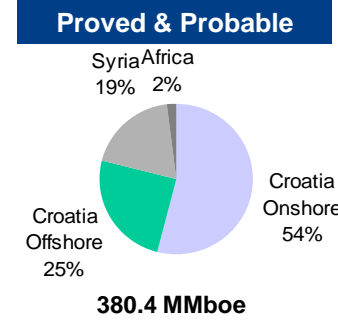
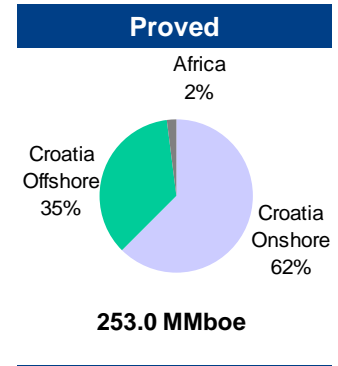
- Production from Ras Qattara, West Abu Gharadig, North Bahariya and East Yidma
- Exploration in East Yidma, and East Kalabsha

Angola

- Oil production from 3 licenses offshore
- 1 exploration license offshore

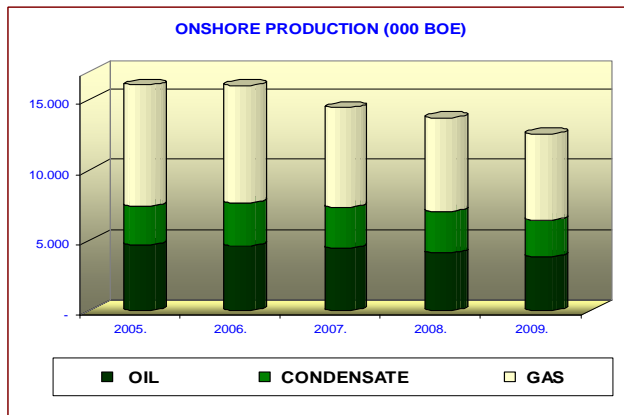
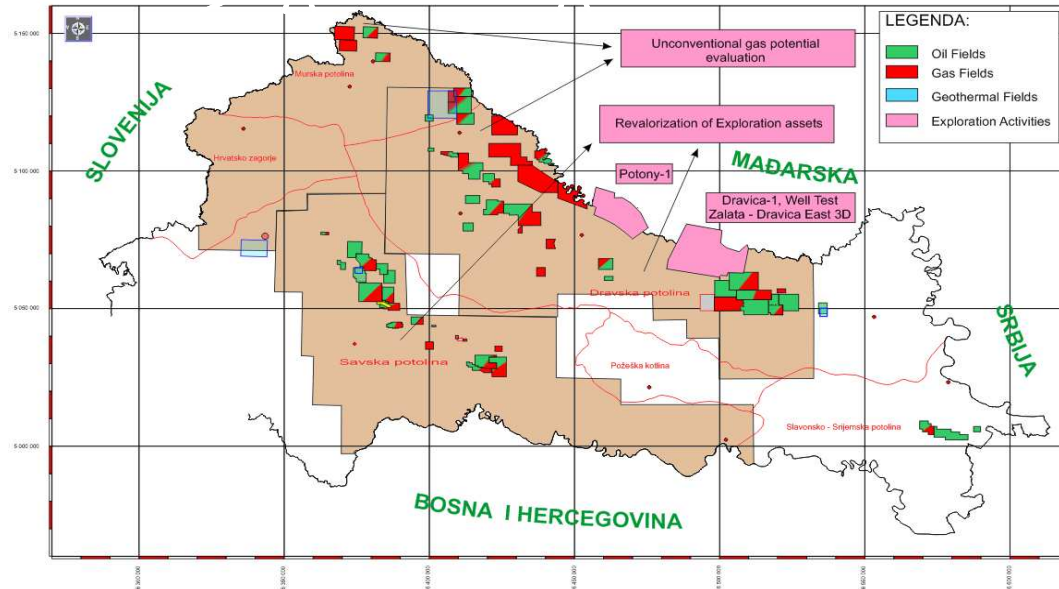
Namibia

- Exploration license, Zaris Block

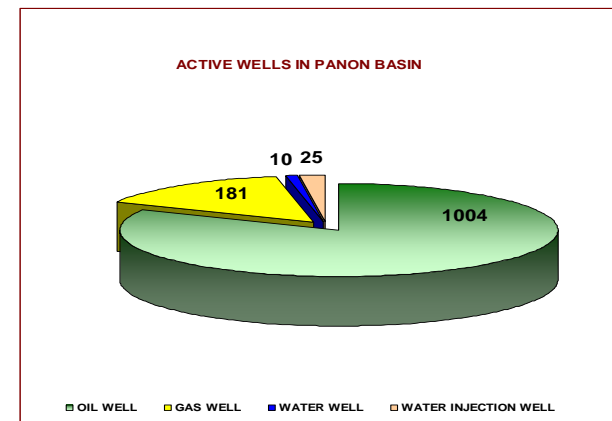


PRODUCTION PROJECTS IN PROGRESS

- Molve - Compressor Production start-up
- Additional Workover activities
- IPO - INA PRODUCTION OPTIMIZATION of domestic onshore production activities
 - Žutica - chosen location for pilot project
- **EXPLORATION PROJECTS**
- Dravica-1 - Well Testing in December 2009
- Zalata-Dravica East 3D survey in progress
- Potony-1 - Well Test program in 2010.
- Unconventional gas potential for Drava and Mura region

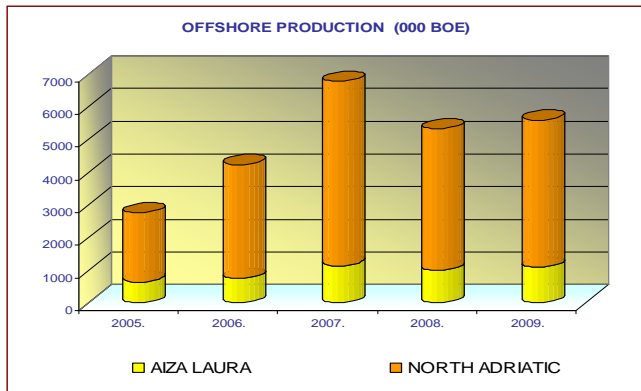


35 oil fields
18 gas condensate fields
4 geothermal fields
49 gathering & dispatching stations
19 gas & **9** compressor stations
1 ethane plant
6 water stations
3 200 km pipelines

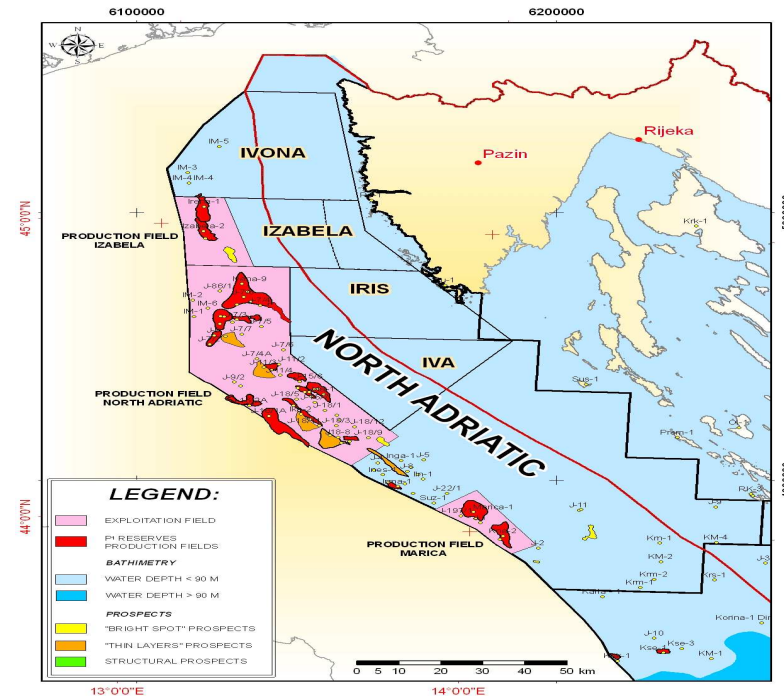


Production & Development

- NORTH ADRIATIC & AIZA LAURA CA**
 INA d.d. & ENI Croatia, share 50:50
 - 7 fields, 17 production platforms
 - New field Annamaria A - start-up in November 2009
 - GOIP 4,8 BCM
 - IVANA A/K upgrade (Connecting Izabela field)
- IZABELA CA**
 Edison & INA d.d., share 70:30
 - INA share 1501,53 MMcm
 - 6 Wells Drilling & Completions
 - Izabela South & North Platforms Construction & Installation
 - Production Start-up in 2010



Exploration activities

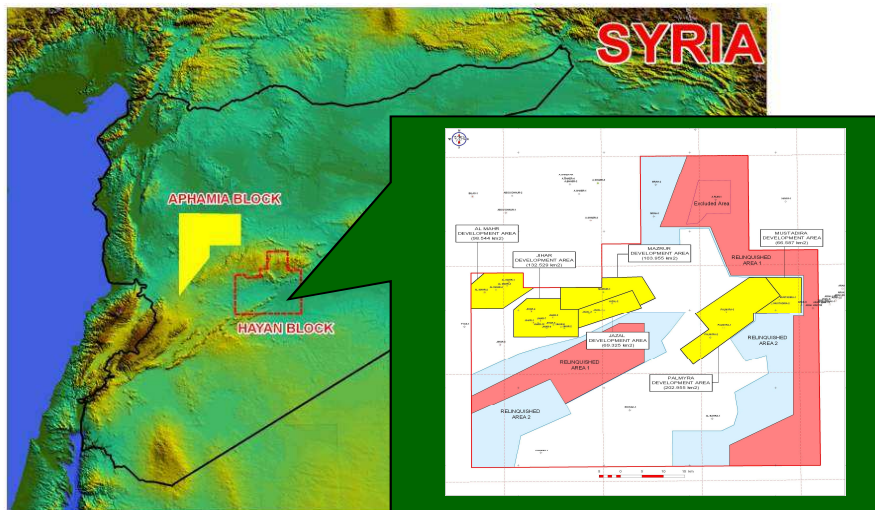


- Well IKA SW-2Dir Post Well Evaluation
- Project IVANA C SW thin layers, Exploration Potential Evaluation
- Evaluation of Mid and South Adriatic exploration potential



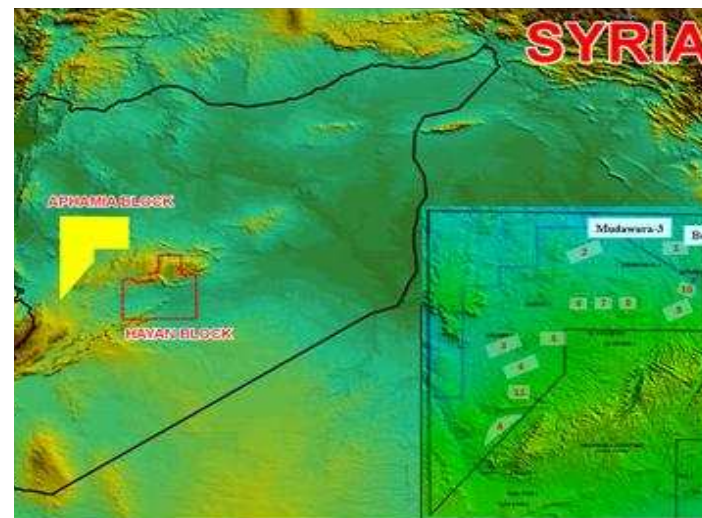
Production & Development: Hayan Block

- 100 % Interest; Area: 4,873 km²
- Exploration activities started in 1998 and were completed in 2007
- Discovery of 6 oil, gas and condensate fields – Jihar, Al Mahr, Jazal, Palmyra, Mustadira and Mazzur
- Production started in 2005 on Jihar Field
- Jihar Field-oil and gas-condensate field
- From 2009 oil and gas production, upon finishing of Gas Treatment Plant in 2011 production of LPG will start
- Al Mahr Field – gas-condensate field-production will start in 2011
- Jazal Field – oil field – production started in 2007 with one well, in 2009 started production from second well
- Palmyra Filed – gas field – in production from 2006 with two wells
- Mustadira Field – gas field – production started in 2008
- Mazzur Field – oil and gas-condensate field – production from one well started in 2009



Exploration activities: Aphantia Block

- 100% interest
- Area: 4,574 km²
- Block is located between Palmyrides highs on the south, Aleppo plateau on the north and Homes depression on the west.
- Current Phase: 1st Extension (until August 2010)
- Initial Phase – four years (2004-2008)
 - 504 km 2D seismic
 - Jaddua-1 (dry well)
 - Mudawara-2 (oil and gas shows)
- 1st extension - two years (2008-2010)
 - 3D seismic 270 km² (acquired)
 - 2 exploration wells (will be spudded in 2010.)
- 2nd extension – two years
 - two wells



Development Concession Ras Qattara

- Operator: IEOC – 75%
- Partners: INA - 25%
- Concession consists of two oil fields: El Faras & Zarif.
- Start of production: 1994.
- License expiry: 2017.
- Produce and sell till the licence expiry: 1.53 MM bbls oil

Development Concession North Bahariya

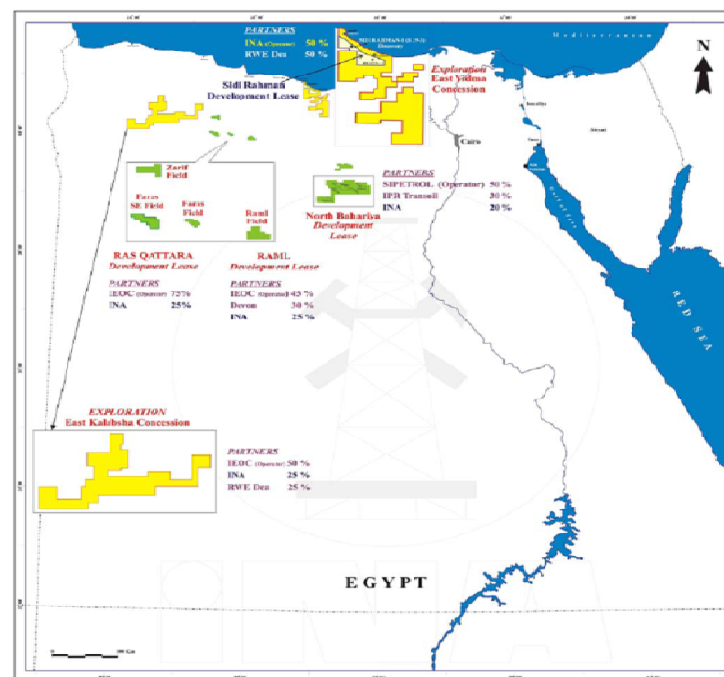
- Operator Sahara Oil & Gas - 50%
- Partners: IPR – 30% & INA - 20%
- Concession consists of 5 oil fields: Abrar, Ganna, Ferdaus, Rayan & Rawda
- Start of production: 2004
- License expiry: 2019.
- Produce and sell till the licence expiry: 0.30 MM bbls oil

Development Concession Sidi Rahman

- Operator INA – 50%
- Partners: RWE DEA - 50%
- Sidi Rahman oil field in production
- Start of production: 2007
- License expiry: 2025.
- Produce and sell till the licence expiry: 0.52 MM bbls oil

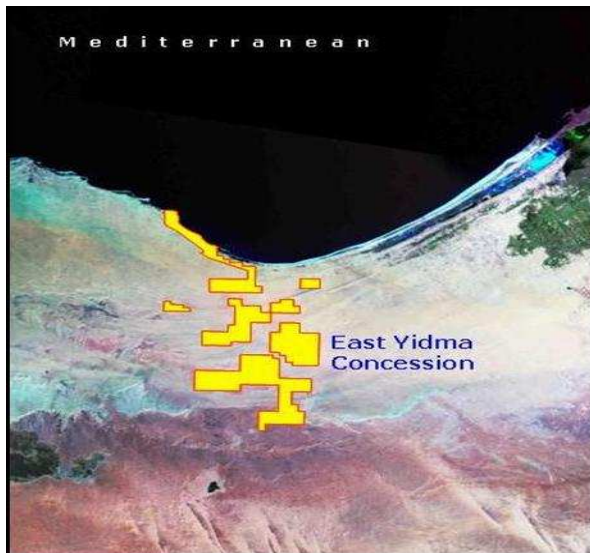
Development Concession West Abu Gharadig

- Operator IEOC - 45%
- Partners: Devon - 30% & INA - 25%
- Concession consists of oil fields: Raml & Raml SW.
- Start of production: 1997..
- License expiry: 2021.
- Produce and sell till the licence expiry: 0.75 MM bbls of oil



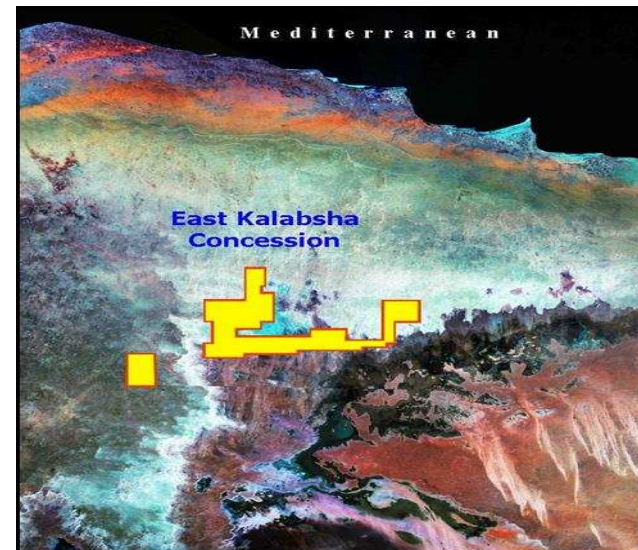
East Yidma Exploration Concession

- Operator: INA - 50%
- Partner: RWE Dea - 50%
- Effective date: March 24th, 2004.
- Exploration periods: 2.5 +2+2 years
- Current status: Third exploration period
- Expiry date: September 24th, 2010.
- Current activities: Drilling of the exploration well Rizk East-1
- Objectives: Discovery of new commercial hydrocarbon reserves in
 - Cretaceous and Jurassic reservoirs



East Kalabsha Exploration Concession

- Operator: IEOC - 50%
- Partners: RWE Dea - 25%, INA - 25%
- Effective date: May 26th, 2005.
- Exploration periods: 3+2 years
- Current status: Second exploration period
- Expiry date: May 26th, 2010.
- Current activities: Operator is preparing geological study that includes
 - reviewing based on new well data.
- Objectives: Discovery of new commercial hydrocarbon reserves in
 - Cretaceous and Jurassic reservoirs.



Development Concession 3/05

- Operator: Sonangol - 25%
- Partners: China Sonangol - 25%, AJOCO - 20%, ENI - 12%,
Somoil - 10%, NIS - 4% and INA - 4%.
- Concession consists of 6 oil fields: Palanca, Pacassa, Bufalo, Impala, Impala SE and Pambi 3/05.
- Start of Production: 1985.
- License expiry: 2025.
- Produce and sell till the license expiry: 3.9 MM bbls of oil

Exploration Concession 3/05A

- Operator: Sonangol - 25%
- Partners: China Sonangol - 25%, AJOCO - 20%, ENI - 12%, Somoil - 10%, NIS - 4% and INA - 4%.
- Effective date: July 13th, 2005.
- Exploration periods: 3 +2 years
- Current status: Second exploration period
- Expiry date: December 1st, 2010
- Discoveries: Punja field & Caco - Gazela field
- Current activities: After reprocessing of new 3D seismic (shot in 2007.) plan is to drill one exploration well in 2nd Quarter of 2010.
- Objectives: Discovery of new commercial hydrocarbon reserves in Miocene & Oligocene reservoirs.

Development Concession 3/85

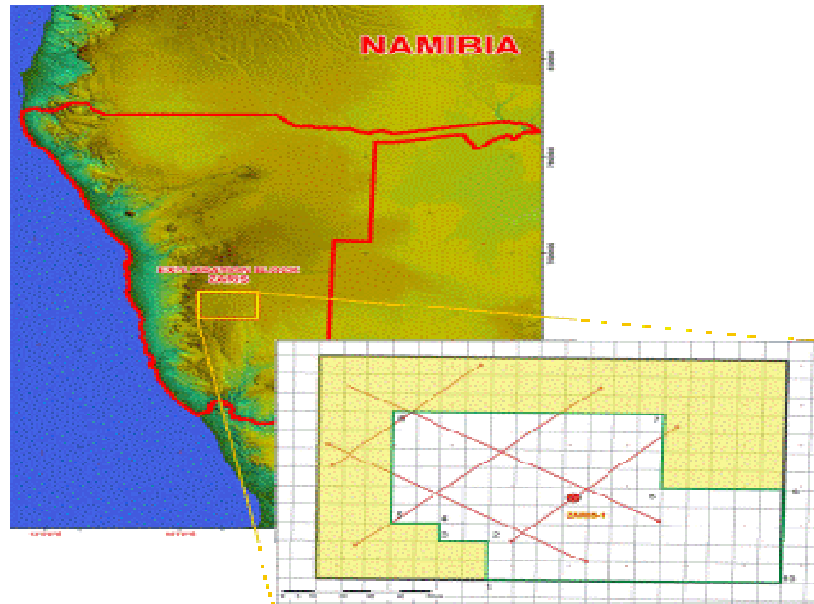
- Operator: Total - 50%
- Partners: ENI - 15%, AJEX -12,5%, SVENSKA - 6,25%,
Sonangol - 6,25%, NIS - 5% and INA - 5%.
- Concession consists of 2 oil fields: Cobo & Pambi 3/85
- Start of Production: 1990
- License expiry: Cobo – December 2010,
Pambi 3/85 – July 2011.
- Expected the license extension till: 2031
- Produce and sell till the license expiry: 0.6 MM bbls of oil

Development Concession 3/91

- Operator: Total - 50%
- Partners: ENI - 15%, AJOCO 91 -12,5%, SVENSKA - 6,25%,
Sonangol - 6,25%, NIS - 5% and INA - 5%.
- Concession consists of 1 oil field: Oombo
- Start of Production: 1996.
- License expiry: December 2012.
- Expected the license extension till: 2032.
- Produce and sell till the license expiry: 0.9 MM bbls of oil

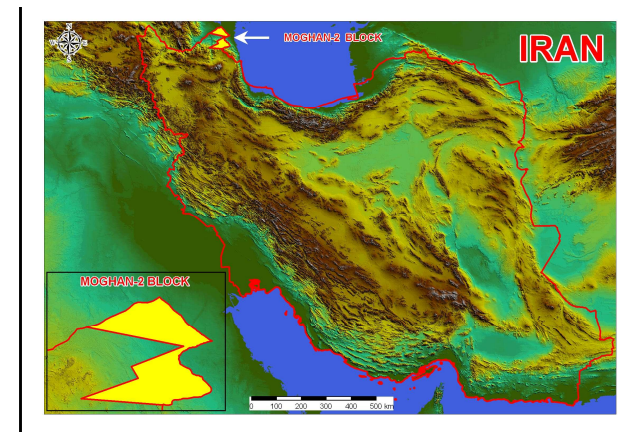
Namibia, Zaris Exploration Concession

- Operator: INA – 100%
- Partner: farm – out in progress
- Effective date: November 23rd, 2005.
- Exploration periods: extension of first initial period (5 years)
- Current status: Initial exploration period
- Expiry date of Initial exploration period: November 23rd, 2010.
- Current activities: Continue new farm-out process and decision weather to continue or terminate the Zaris project will be highly dependent on successful farming out.
- Objectives: Discovery of new commercial hydrocarbon reserves in Proterozoic reservoirs.



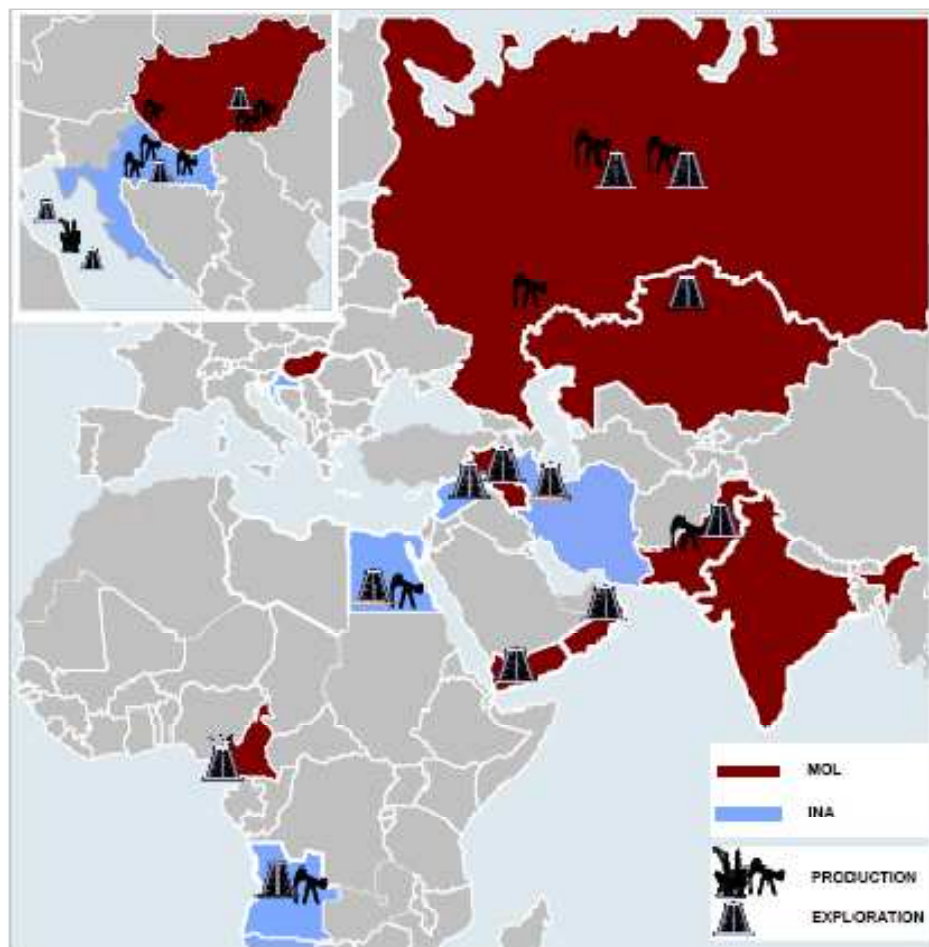
Iran, Block Moghan-2

- Contract Service Agreement for Exploration and Development
- Contract Terms:
 - Effective Date 01.06.2008
 - Exploration phase: 4 years
 - Appraisal phase: 2 years
 - Development phase: according to master development plan
 - Work Commitments for exploration phase: acquisition of 2D and 3D seismic and drilling one well
- Block is situated in the north-western part of Iran, in the Caspian region near the border with Azerbaijan
- Area: 3,230 sqm
- Main targets: sandstones of Middle Oligocene and Upper Eocene formations
- Potential Cretaceous play is under investigation
- Seismic Acquisition of 326 km 2D seismic should commence in July, 2010.



Existing upstream portfolio: solid basis for further growth

Exploration activities in 16 countries, Producing assets in 7 countries*



- ▶ Balanced and focused portfolio: Hungary/Croatia, Russia, Middle East and Africa
- ▶ Strengthened Central European reserve and production base with good exploration potential
- ▶ Well-positioned in the ME/Central Asia with major development projects in Pakistan and Syria
- ▶ In-house drilling and oil service companies

▶ **MOL GROUP**

Operational responsibility enables value creation

Nov 2003

MOL acquired 25% plus one vote stake in INA (for USD 505 mn)

2003-2008

Restructuring with strong minority position provided by the Shareholders' Agreement (SHA)

Oct 2008

MOL became the largest shareholder of INA (47.16%) via voluntary public offer for EUR 873 mn

Jan 2009

Amendment to the SHA provides management control for MOL and full IFRS consolidation of INA

June 2009

The European Commission's unconditional approval, and the Croatian Competition Agency's conditional approval to the Amendment of the SHA

10 June 2009

Closing the Amendment to the SHA via the election of the new Supervisory Board of INA at the AGM with MOL majority

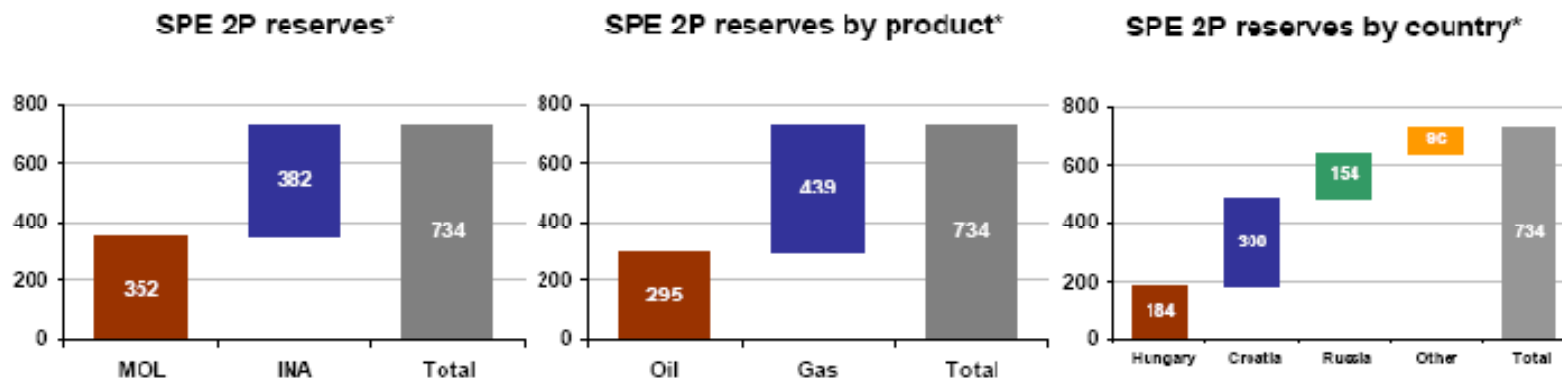
30 June 2009

Full consolidation of INA into MOL's financial statements

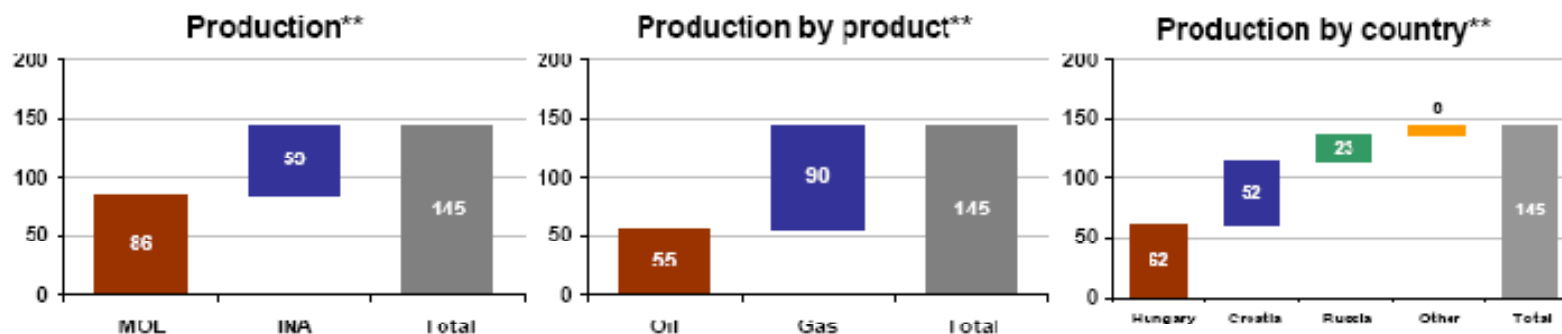
These steps open up the way for the improvement of efficiency and profitability as well as realization of upside potential

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Doubling proved and probable reserves, end-2008 (MMboe)



68% increase in Hydrocarbon production, 2008 (Mboe/d)



a

+h

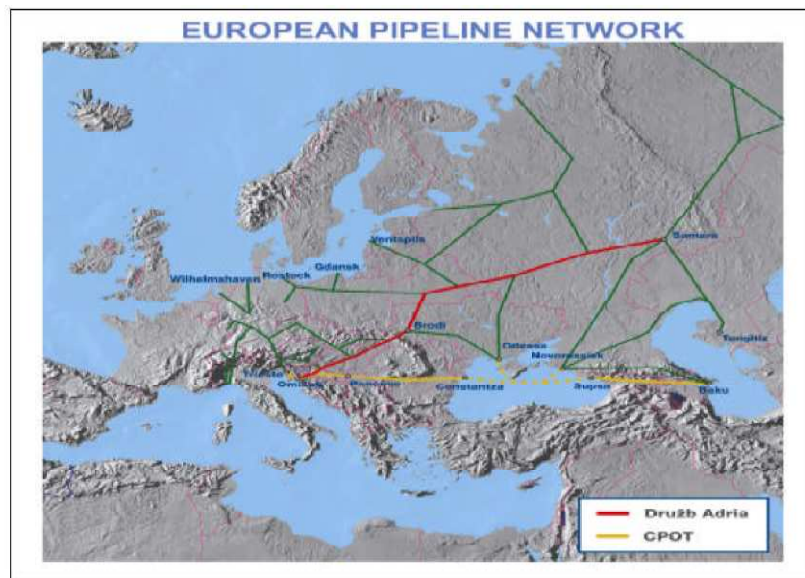
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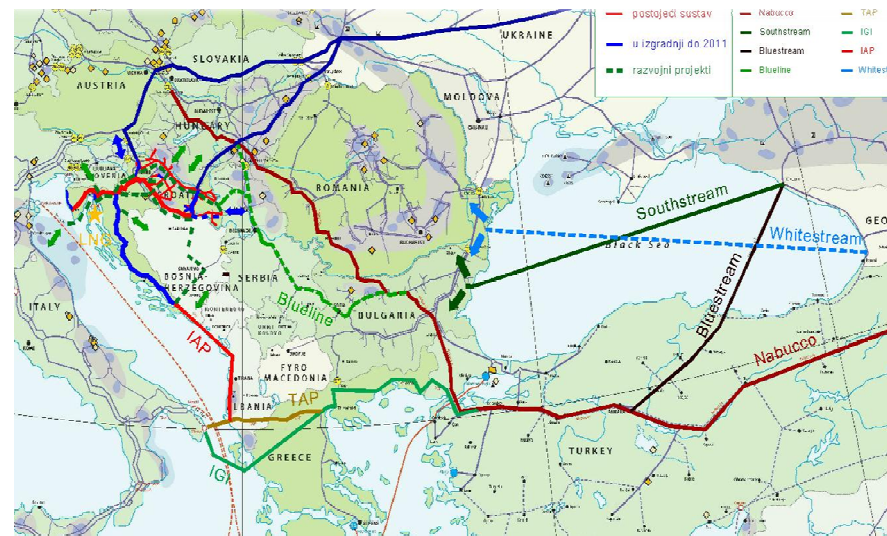
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Oil Route



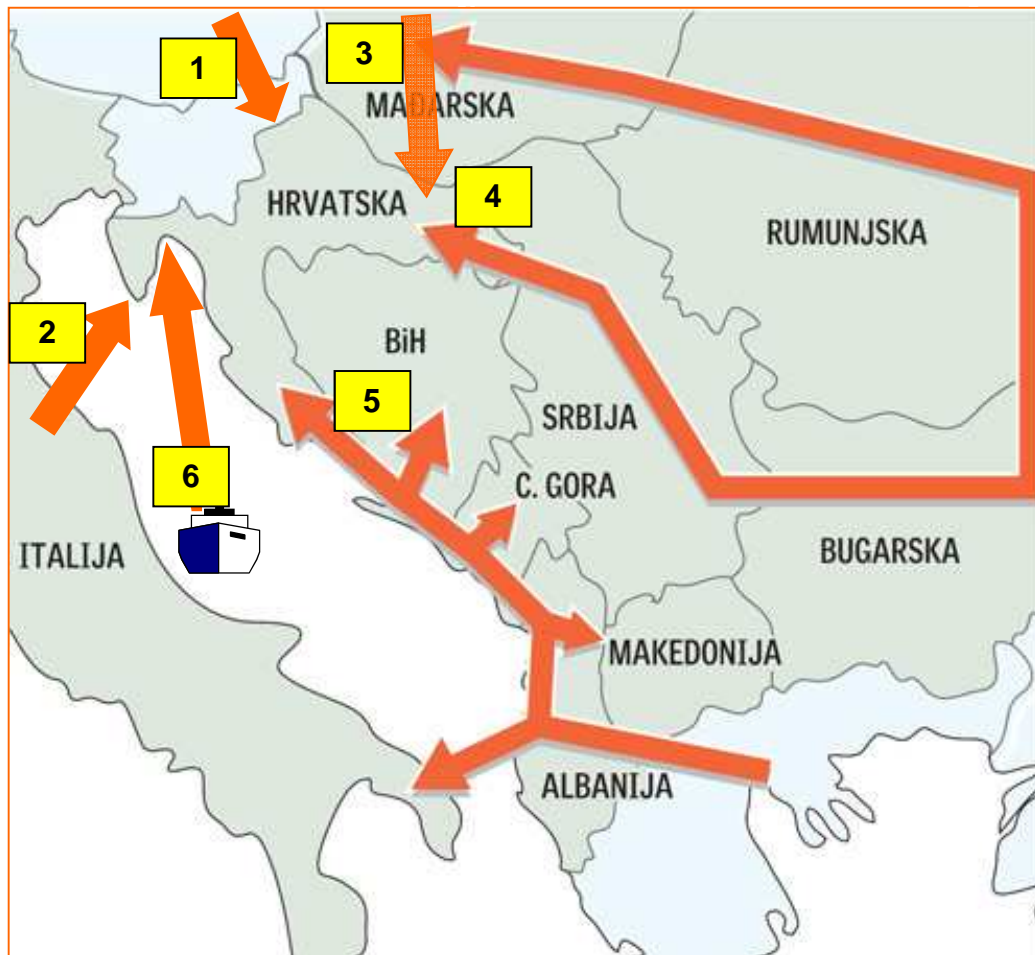
- The role of Janaf
- Druzhba pipeline
- CPOT oil line

Gas Route



- South Stream
- Nabucco
- Link with Hungary

► **MOL GROUP**



1. Slovakia-Austria-Slovenia (existing route)
 - capacity 1,2 bcm/y
 - year 2010 (increased capacity).
2. Adriatic
 - capacity 1,5 bcm/y
 - after end of gas production from Adriatic fields, after 2020.
3. Mađarska
 - capacity 1,5 bcm/y (optional: 6.5bcm/y) - year 2012./2013.
4. South Stream
 - capacity not defined yet (2,5 bcm/y)
 - year 2013.
5. Jonsko-Jadranski
 - capacity 2,5 bcm/y
 - year 2011./2012. ?
6. LNG terminal
 - capacity
7.
 - 1.phase 2,5 mlrd m3/g
 - 2.phase 4,0 mlrd m3/g
 - year
 - 1.phase 2012.
 - 2.phase 2015.



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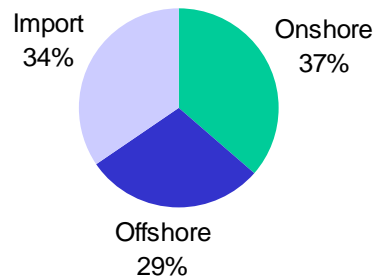
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Supply

- **Upstream production: 2.035 bcm**
 - 1.128 bcm On Shore
 - 0.906 bcm Off Shore
- **Import (Russia): 1.065 bcm**

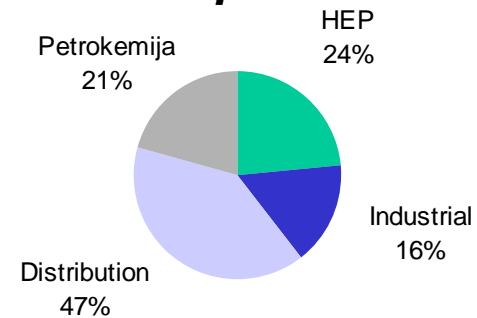
Total Gas Supply = 3.1 bcm



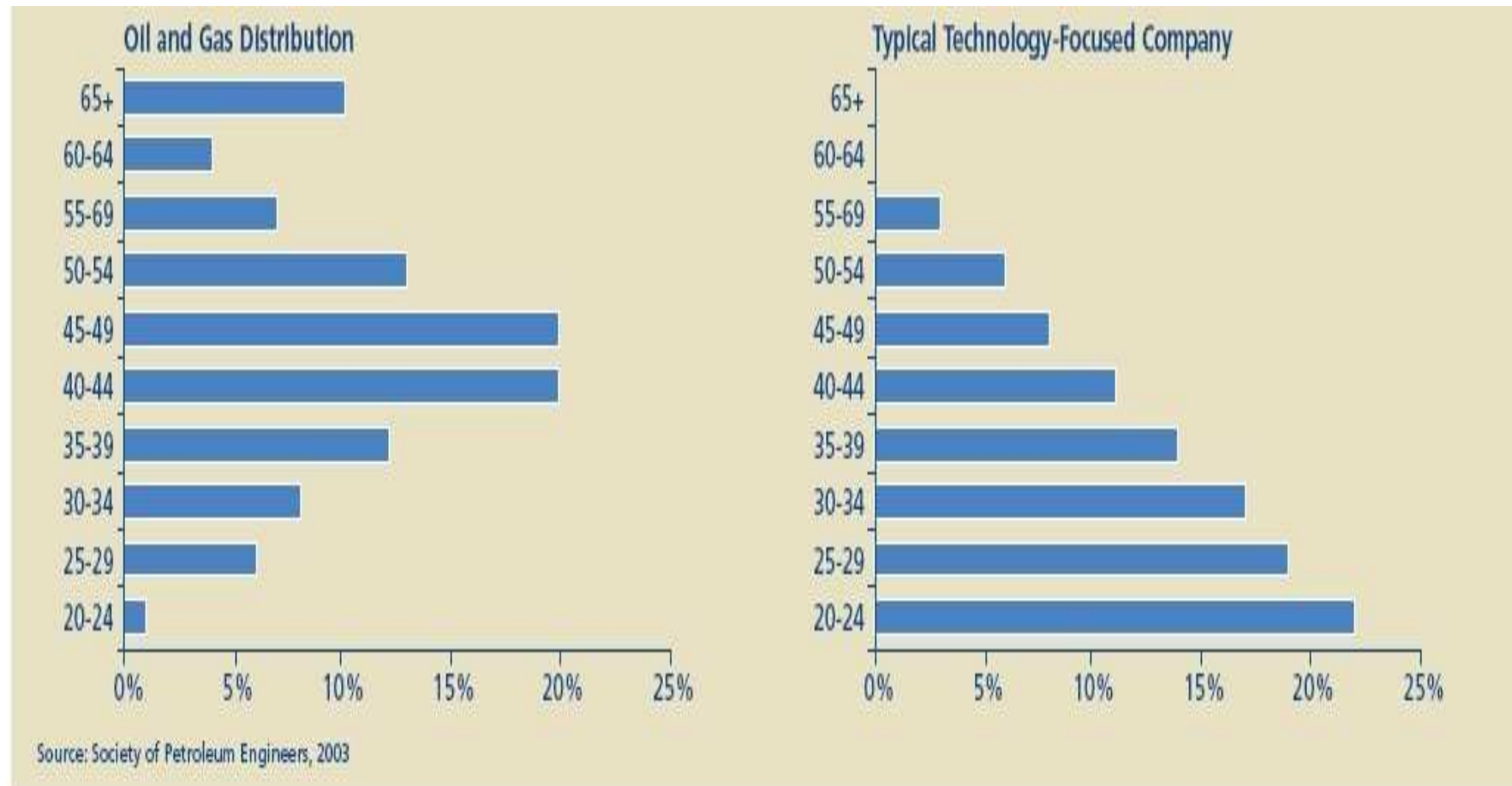
Customers

- HEP Electricity generation: **0.71 bcm**
- Industrial consumers Own Use: **0.47 bcm**
- Distribution companies Households & own industry: **1.30 bcm**
- Petrokemija Feedstock for fertilizers: **0.62 bcm**

Total Consumption = 3.1 bcm



Oil industry mega mergers produced new categories of players (supermajors, IOCs), which further reduced the employment pool. The consolidation wave completed, and the industry lost app. 1 million jobs from 1980s.



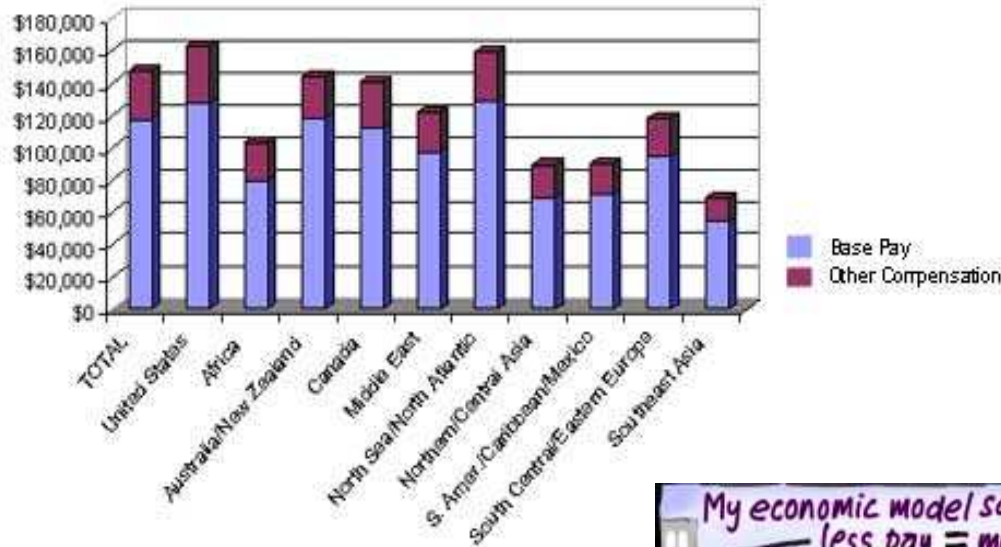
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The number of petroleum engineering diplomas awarded in the United States in 2002 was just one-quarter the number awarded annually in the 1980s. China, India, and even Europe currently outpace the U.S. in actual numbers of engineering graduates.



Traditionally, SPE has conducted a salary survey biennially, using a random sample of SPE members. More than 10,000 SPE members participated in the 2007 survey.

Base Pay and Other Compensation by Work Region



Total years of experience	Earth Sciences
	Base Pay
0 to 10	\$95,878
11 to 15	\$117,154
16 to 20	\$151,630
21 to 25	\$129,974
26 +	\$148,244
Total (average)	\$135,390



C-H-Hc

-H-H

- INA, d.d. is a vertically integrated oil corporation which plays a major role in the oil, oil products and gas markets in Croatia and neighboring countries
- INA, d.d. is committed to creating higher value by continuously improving its business and quality of products and services
- INA is acting as IOC and NOC at the same time.
- INA can assure fulfilling of Croatia oil and gas demand in the future.

- **Petroleum industry will close demand - supply gap**

- **The real technical difficulty is around the “energy” storage**

▶ **MOL GROUP**