Corporate and Business Update

(Issued in conjunction with the Quarterly Report for the Financial Quarter Ended 30 June 2022)

Kuala Lumpur, 24 August 2022 – 12.30pm

Financial Year 2022 Fuelled by Contribution from Recently Acquired Assets and High Oil Prices

Highlights

- Hibiscus Petroleum Berhad ("**Hibiscus Petroleum**" or the "**Group**") announced earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") of RM433.7 million and a profit after taxation ("**PAT**") of RM215.5 million for the financial quarter ended 30 June 2022 ("**Current Quarter**"), on the back of average realised oil prices approaching USD120 per barrel ("**bbl**").
- For the financial year ended 30 June 2022 ("**FY2022**"), we delivered an EBITDA of RM1.1 billion and a PAT of RM613.1 million, as compared to the financial year ended 30 June 2021 ("**FY2021**")'s EBITDA of RM380.8 million and PAT of RM103.7 million.
- In FY2022, the Group met its target and sold a total of 4.6 million bbl of oil equivalent ("**MMboe**") of oil, condensate and gas, comprising 3.5 million bbl ("**MMbbl**") of oil and condensate and 1.1 MMboe of gas, as compared to 3.7 MMbbl of oil sold in FY2021. For the Current Quarter, a total of 1.4 MMbbl oil and condensate and over 590,000 boe of gas were sold.
- For the financial year ending 30 June 2023 ("**FY2023**"), the Group is targeting to sell a total of approximately 7.2 to 7.5 MMboe of oil, condensate and gas, comprising 4.4 to 4.7 MMbbl of oil and condensate and 2.8 MMboe of gas.

This Corporate and Business Update covers business activities over the Current Quarter and provides commentary on the operational and financial performance of the Group.

Reserves and Resources Update

Through our indirect wholly-owned subsidiary, Peninsula Hibiscus Sdn Bhd, we completed the acquisition of the entire equity interest in Fortuna International Petroleum Corporation ("**FIPC**") ("**Acquisition**") from Repsol Exploración, S.A. ("**Repsol**") on 24 January 2022 ("**Completion Date**"). FIPC, through its wholly-owned subsidiaries, namely Hibiscus Oil & Gas Malaysia Limited ("**HML**") (formerly known as Repsol Oil & Gas Malaysia Limited), Hibiscus Oil & Gas Malaysia (PM3) Limited ("**HMPM3**") (formerly known as Repsol Oil & Gas Malaysia (PM3) Limited) and Talisman Vietnam Limited (collectively, "**FIPC Group**"), owns participating interests in five Production Sharing Contracts ("**PSC**"): 2012 Kinabalu Oil PSC, PM3 CAA PSC, PM305 PSC, PM314 PSC and Block 46 PSC (Cai Nuoc). The Group also assumed Repsol's operatorship in all five PSCs.

With these recently acquired assets being added to our portfolio, we had engaged RPS Energy Consultants Limited ("**RPS**") to perform an independent assessment of their reserves.

Figure 1 below depicts the updated net entitlement to 2P oil, condensate and gas reserves and 2C oil resources, as of 1 July 2022, within the licenses in which we have interests.

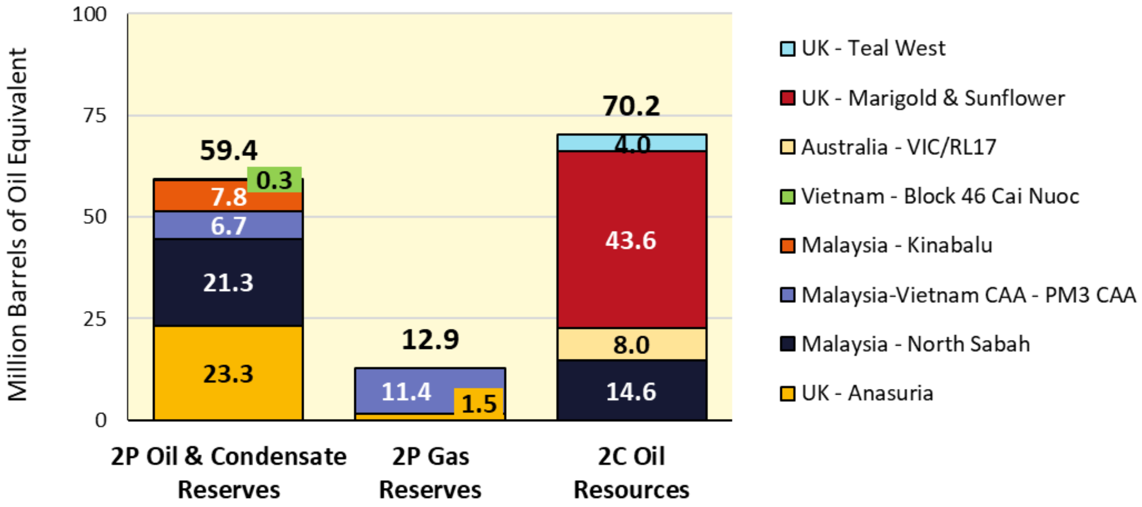

Figure 1: Hibiscus Petroleum's net oil, condensate and gas reserves and resources estimates.

<u>*Notes to Figure 1:*</u>

1 *Reserves and resources are as of 1 July 2022.*

2 *Anasuria 2P Reserves are based on Anasuria Hibiscus UK Limited ("**Anasuria Hibiscus UK**")'s interest and extracted from RPS' report in August 2021, adjusted for actual production in the 12 months ended 30 June 2022.*

3 *North Sabah 2P Reserves and 2C Contingent Resources are based on SEA Hibiscus Sdn Bhd ("**SEA Hibiscus**")'s current estimated net entitlement, based on RPS' report in August 2021, adjusted for actual production in the 12 months ended 30 June 2022.*

4 *PM3 CAA, Kinabalu, Block 46 Cai Nuoc 2P Reserves and 2C Contingent Resources are based on FIPC Group's current net entitlement, based on RPS' report in August 2022.*

5 *Marigold and Sunflower 2C Contingent Resources are based on Anasuria Hibiscus UK's interest and extracted from RPS' report in August 2020.*

6 *Teal West 2C Contingent Resources are based on Anasuria Hibiscus UK's interest and extracted from RPS' report in August 2021.*

7 *VIC/RL17 2C Contingent Resources are based on internal estimates.*

Operational Performance in the Current Quarter

Figure 2 below summarises the operational performance of the Group for the Current Quarter and incorporates the first full quarterly contribution of the FIPC Group.

	Unit	North Sabah	Anasuria Cluster	Recently Acquired Assets[1]	Total or Average
Average uptime	%	85	61	91	-
Average gross oil & condensate production	bbl/day	13,893	5,246	26,134	45,273
Average net oil & condensate production	**bbl/day**	**4,460**	**1,644**	**6,118**	**12,222**
Average gross gas export rate @	boe/day	-	1,079	33,447	34,526
Average net gas export rate	**boe/day**	**-**	**239**	**6,280**	**6,519**
Average net oil, condensate and gas production rate	**boe/day**	**4,460**	**1,884**	**12,398**	**18,742**
Total oil & condensate sold	Bbl	611,800	162,957	653,964	1,428,721
Total gas sold	MMscf	-	131	3,429	3,560
Total oil, condensate & gas sold	**Boe**	**611,800**	**184,790**	**1,225,430**	**2,022,020**
Average realised oil & condensate price	USD/bbl	119.80	127.91	117.91	119.86
Average gas price	USD/Mscf	-	27.62	8.00	8.72
Average realised oil, condensate and gas price	USD/boe	-	-	85.32	-
Average production OPEX per boe[2]	USD/boe	27.95	27.41	11.22	15.42

Figure 2: Summary of operational performance for the Current Quarter.

Notes to Figure 2:

[1] *Recently Acquired Assets include 2012 Kinabalu Oil PSC, PM3 CAA PSC, PM305 PSC, PM314 PSC and Block 46 PSC (Cai Nuoc).*

[2] *This is computed based on gross production OPEX divided by gross oil, condensate and gas production.*

@ *Conversion rate of 6,000 standard cubic feet ("**scf**") per boe.*

Mscf – thousand scf

MMscf – million scf

Figures are subject to rounding.

Q1 FY2023 and Q2 FY2023 Oil and Condensate Offtake Schedule and Gas Sales

Figure 3 below illustrates the latest estimate of the Group's oil and condensate offtake schedule and gas sales from our producing assets for the financial quarter ending 30 September 2022 ("**Q1 FY2023**") as well as the financial quarter ending 31 December 2022 ("**Q2 FY2023**"). During these periods, we estimate to sell a total of 1.6 MMboe and 2.6 MMboe of oil, condensate and gas respectively, net to the Group. In FY2023, we target to sell a total of between approximately 4.4 to 4.7 MMbbl of oil and condensate and 2.8 MMboe of gas.

		Total oil, condensate and gas sales volume (boe)							
		Latest Estimate – Q1 FY2023				**Latest Estimate – Q2 FY2023**			
		July 2022	**August 2022**	**September 2022**	**Total**	**October 2022**	**November 2022**	**December 2022**	**Total**
North Sabah	Oil	- @	294,000 @@	- @@	294,000 @@	250,000 @@	- @@	300,000 @@	550,000 @@
Kinabalu	Oil	- @	300,000 @@	- @@	300,000 @@	300,000 @@	- @@	300,000 @@	600,000 @@
PM305/ PM314	Oil	1,995 @	4,000 @@	3,800 @@	9,795 @@	3,800 @@	3,600 @@	3,700 @@	11,100 @@
PM3 CAA	Oil & Cond. Gas	93,478 @ 207,174 @	90,000 @@ 154,000 @@	98,000 @@ 228,000 @@	281,478 @@ 589,174 @@	- @@ 272,000 @@	106,000 @@ 261,000 @@	219,000 @@ 247,000 @@	325,000 @@ 780,000 @@
Anasuria Cluster	Oil Gas	- @ 4,115 @	- @ 9,200 @@	150,000 @@ 12,000 @@	150,000 @@ 23,515 @@	- @@ 10,000 @@	- @@ 9,600 @@	200,000 @@ 11,000 @@	350,000 @@ 30,600 @@
Block 46	Oil	- @	- @	- @@	- @@	- @@	125,000 @@	- @@	125,000 @@
Total		**306,762** @	**849,400** @@	**491,800** @@	**1,647,962** @@	**835,800**@@	**505,200** @@	**1,280,700** @@	**2,621,700** @@
	Oil & Cond. Gas	95,473 @ 211,289 @	688,000 @@ 161,400 @@	251,800 @@ 240,000 @@	1,035,273 @@ 612,689 @@	553,800 @@ 282,000 @@	234,600 @@ 270,600 @@	1,022,700 @@ 258,000 @@	1,811,100 @@ 810,600 @@

Figure 3: The Group's offtake schedule for Q1 FY2023 and Q2 FY2023.

Notes to Figure 3:

@ *Actual.*

@@ *Estimate.*

Operational Updates

Awards

With COVID-19 mitigation measures in place, our producing assets have been performing satisfactorily. We are pleased to disclose the following awards and achievements for safety and production operations in Malaysia and the United Kingdom ("**UK**"):

PETRONAS Malaysia Upstream Awards 2022:

- Most Improved Operator Award. Awarded to SEA Hibiscus for showcasing sustained and continuous improvement in overall performance for three consecutive years.

- Project Delivery Excellence – Bronze Award. Awarded to HML for tremendous performance and successful delivery of the H4 Development Facilities Project despite the unprecedented Covid-19 pandemic and volatile market conditions.

Anasuria Operations:

- Gold Award – Awarded by the Royal Society for the Prevention of Accidents ("**ROSPA**") for calendar year ("**CY**") 2021 health and safety performance of the Anasuria Floating Production Storage and Offloading ("**FPSO**") facility – 23rd consecutive annual award.
- Order of Distinction – Awarded by ROSPA for 23 consecutive Gold Awards.

Production

Malaysia South China Sea

North Sabah PSC: Production Operations

The table below provides a summary of key operational statistics for the North Sabah asset, based on the 50% participating interest held by SEA Hibiscus, for the Current Quarter and for the prior three financial quarters:

	Unit	April to June 2022[3]	January to March 2022	October to December 2021	July to September 2021
Average uptime	%	85	86	92	81
Average gross oil production	bbl/day	13,893	14,445	16,305	14,368
Average net oil production	bbl/day	4,460	4,482	5,937	5,185
Total oil sold	bbl	611,800	300,252	587,374	565,292
Average realised oil price[1]	USD/bbl	119.80	89.58	75.15	75.01
Average production OPEX per bbl[2]	USD/bbl	27.95	12.89	13.06	19.14

Figure 4: Operational performance for the North Sabah asset.

Notes to Figure 4:

1 *The average realised oil price represents the weighted average price of all Labuan crude oil sales from SEA Hibiscus.*

2 *This is computed based on gross production OPEX divided by gross oil production.*

3 *Figures for the period April 2022 to June 2022 are provisional and may change subject to the PSC Statement audit and PETRONAS's review.*

The average uptime of the North Sabah production facilities of 85%, achieved during the Current Quarter, is similar to that delivered for the financial quarter ended 31 March 2022 ("**Preceding Quarter**") due to planned shutdowns arising from the on-going annual planned major maintenance campaign for CY 2022, which commenced in March 2022 and is expected to complete in September 2022. Consequently, average gross oil production decreased by 3.8% during the Current Quarter when compared to the Preceding Quarter. Average OPEX per bbl for North Sabah increased to USD27.95 as compared to the Preceding Quarter's OPEX per bbl of USD12.89 mainly due to the ramping up of planned activities as part of the planned major maintenance campaign.

A total of 611,800 bbls of oil, net to SEA Hibiscus was sold at an average oil price of USD119.80 per bbl in the Current Quarter, representing an increase of 33.7% when compared to the Preceding Quarter's realised average oil price. It should be noted that as shown in Figure 3, SEA Hibiscus expects to sell approximately 294,000 bbls of oil in Q1 FY2023.

In terms of expenditure, costs related to seismic processing and interpretation, specialised studies, production maintenance and support services during the Current Quarter resulted in a capital expenditure of RM4.9 million net to SEA Hibiscus.

North Sabah PSC: South Furious 30 Water Flood Phase 2

On 2 June 2022, PETRONAS approved the Milestone Review 4 (MR4) for the South Furious 30 Water Flood Phase 2, which entails the drilling of 6 water injectors and 5 oil infill wells at the South Furious 30 field. The objective of the project is to increase production and reserves recovery via pressure support from water injection and sweep into existing and new oil producers. The 11 wells will be drilled from a newly installed well head platform, bridge linked to an existing jacket. The drilling campaign is tentatively planned to commence from September 2023, and a new water injection facility is expected to be introduced to the field in August 2024.

Kinabalu Oil PSC: Production Operations

The table below provides a summary of key operational statistics for the Kinabalu asset, based on the 60% participating interest held by HML, for the Current Quarter, as well as for the months of February and March 2022:

	Unit	April to June 2022[1]	February to March 2022
Average uptime	%	91	77
Average gross oil production	bbl/day	11,351	10,187
Average net oil production	bbl/day	3,157	2,946
Total oil sold	bbl	350,236	0[2]
Average realised oil price	USD/bbl	121.15	-
Average production OPEX per bbl[3]	USD/bbl	10.61	6.40

Figure 5: Operational performance for the Kinabalu asset.

Notes to Figure 5:

[1] *Figures for the period April 2022 to June 2022 are provisional and may change subject to the PSC Statement audit and PETRONAS's review.*

[2] *Oil offtake in January was conducted prior to the Completion Date.*

[3] *This is computed based on gross production OPEX divided by gross oil production.*

Average gross oil production increased by approximately 11% in the Current Quarter when compared to the Preceding Quarter, due to improved uptime and better well performance.

The good uptime metrics were the outcome of:

- Stable topside operations;
- Well optimisation; and
- A relatively high level of compressor reliability being achieved which allowed a consistent supply of gas for gas lift activities.

Average OPEX per bbl increased to USD10.61 when compared to the Preceding Quarter as a result of increased maintenance and well activities after mobilisation of an Accommodation Work Boat to support the activities. As shown in Figure 3, HML expects to sell approximately 300,000 bbls of oil in Q1 FY2023.

In terms of expenditure, costs related to Electrical Submersible Pump (ESP) Pilot Facilities and other minor production maintenance activities during the Current Quarter resulted in a capital expenditure of RM3.4 million net to HML.

Commercial Arrangement Area

PM3 CAA PSC: Production Operations

The table below provides a summary of key operational statistics for the PM3 CAA asset, based on the 35% participating interest held by HML and HMPM3, for the Current Quarter, as well as the months of February and March 2022:

	Unit	April to June 2022[1]	February to March 2022
Average uptime	%	91	96
Average gross oil & condensate production	bbl/day	14,033	14,293
Average net oil & condensate production	bbl/day	2,639	2,467
Average gross gas export rate	boe/day	33,447	36,217
Average net gas export rate	boe/day	6,280	7,212
Average net oil & condensate equivalent production rate	boe/day	8,919	9,679
Total oil & condensate sold	bbl	293,346	89,669
Total gas sold	MMscf	3,429	2,553
Average realised oil & condensate price	USD/bbl	113.99	123.69
Average realised gas price	USD/Mscf	8.00	6.98
Average production OPEX per boe[2]	USD/boe	11.34	7.86

Figure 6: Operational performance for the PM3 CAA asset.

Notes to Figure 6:

1 *Figures for the period April 2022 to June 2022 are provisional and may change subject to the PSC Statement audit and PETRONAS's review.*

2 *This is computed based on gross production OPEX divided by gross oil, condensate and gas production.*

Overall average gross oil and condensate production fell by approximately 2% in the Current Quarter. Oil production was higher due to strong oil performance throughout Current Quarter as a result of sustained water injection, well optimisation via gas lift and the sequencing of wells drilled as part of the H4 development project to accelerate first oil which commenced flowing on 30 April 2022. This increase was offset by lower condensate production due to lower gas production in the Current Quarter. The lower gas production was driven by rectification works on the permeate compressor and flash gas compressor during the quarter.

OPEX per boe increased compared to the Preceding Quarter primarily due to planned increases in operations related to well production enhancement, well maintenance and topside maintenance activities. The OPEX per boe is anticipated to further rise in Q1 FY2023 due to major maintenance works scheduled from July 2022 until September 2022. In Q1 FY2023, we expect to sell approximately 280,000 bbls of oil and condensate and 590,000 boe of gas.

In terms of expenditure, costs related to H4 Development drilling and other seismic inversion activities during the Current Quarter resulted in a capital expenditure of RM50.0 million net to HML and HMPM3.

United Kingdom

Anasuria Cluster: Production Operations

The table below shows the operational performance achieved by the asset, based on Anasuria Hibiscus UK's participating interest, for the Current Quarter and for the prior three financial quarters:

	Unit	April to June 2022	January to March 2022	October to December 2021	July to September 2021
Average uptime	%	61	68	75	69
Average net oil production rate	bbl/day	1,644	1,702	2,087	1,904
Average net gas export rate @	boe/day	239	281	310	301
Average net oil equivalent production rate	boe/day	1,884	1,983	2,396	2,206
Total oil sold	Bbl	162,957	74,304	256,224	191,770
Total gas exported (sold)	MMscf	131	152	171	166
Average realised oil price	USD/bbl	127.91	122.28	72.02	76.31
Average gas price	USD/Mscf	27.08∞/29.72#	29.11∞/35.62#	26.25∞/31.06#	6.07∞/13.74#
Average production OPEX per boe[1]	USD/boe	27.41	25.34	24.31	27.94

Figure 7: Operational performance for the Anasuria asset.

Notes to Figure 7:
1 This is computed based on gross production OPEX divided by gross oil and gas production.
*@ Conversion rate of 6,000 standard cubic feet ("**scf**") per boe.*
∞ For Cook field.
 # For Guillemot A, Teal and Teal South fields.
boe – bbl of oil equivalent.
Mscf – thousand scf.
MMscf – million scf.
Figures are subject to rounding.

The average uptime and average daily oil equivalent production rate achieved at the Anasuria Cluster for the Current Quarter of 61% and 1,644 boe per day, respectively, are lower than that recorded in the Preceding Quarter. One crude oil offtake was conducted at Anasuria during the Current Quarter, in which 162,957 bbls of oil net to Anasuria Hibiscus UK was sold at an average realised oil price at USD127.91 per bbl, the highest recorded realised oil price since we acquired the asset in 2016.

The average OPEX per boe achieved in the Anasuria Cluster for the Current Quarter of USD27.41 per boe is higher than USD25.34 per boe recorded in the Preceding Quarter.

Our operational performance for the Current Quarter was affected by a planned Offshore Turnaround of the Anasuria FPSO ("**2022 Turnaround**") which commenced on 17 June 2022 and was subsequently completed on 17 July 2022. The 2022 Turnaround was conducted with the objective of improving the reliability and integrity of the Anasuria FPSO in addition to ensuring a safe offshore working environment.

Additionally, the unavailability of the riser which malfunctioned in May 2021 continues to affect operational performance. The riser relates to a production riser that transports produced crude oil to the Anasuria FPSO. At this time, the riser has been isolated from the primary production system. The impact of this temporary isolation is a lower overall daily production rate from the Anasuria Cluster which will continue until the riser is replaced. Engineering, procurement and certain offshore activities are currently on-going on a fast-track basis with execution expected to be concluded in Q3 CY2022. Until the failed component is returned to service, we anticipate that there will be an impact on CY2022 offtake volumes and OPEX per boe.

In terms of capital expenditure, in the Current Quarter, Anasuria Hibiscus UK incurred approximately RM23.0 million primarily for the well intervention programme in the Guillemot A field and ongoing riser reinstatement project and subsea controls system upgrades.

United Kingdom – Teal West

Anasuria Hibiscus and NEO Energy (ZPL) Limited ("**NEO Energy**") (formerly known as Zennor Petroleum Limited) were awarded interest in Block 21/24d held under UK Petroleum Licence P2535 during the UK's 32nd Offshore Licensing Round. Anasuria Hibiscus UK currently has a 70% interest and is the appointed operator for Block 21/24d, containing the Teal West discovery, with NEO Energy holding the remaining 30% interest.

On 8 July 2022, NEO Energy advised Anasuria Hibiscus of its intention to withdraw from Licence 2535. Given the advanced state of the technical work that has been done and the value this project adds to the Anasuria Cluster, Anasuria Hibiscus has decided to proceed with activities related to the Licence on a 100% interest basis. The process of assigning NEO Energy's interest to Anasuria Hibiscus has commenced and is subject to the approval of the North Sea Transition Authority ("**NSTA**").

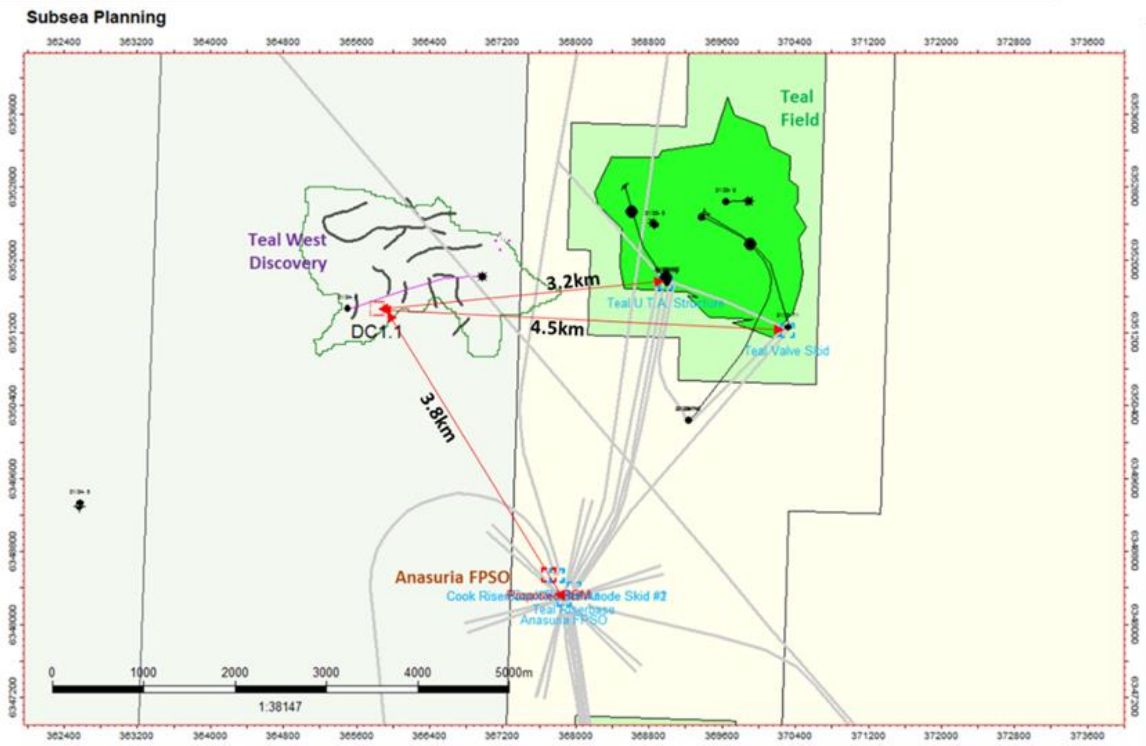

Figure 8: Teal West Tie-back to Anasuria FPSO

The base development plan for the Teal West field is to drill an oil producer well to the southeast of the geological structure, followed by the drilling of a water injector well at the west of the same structure (water injector to be drilled about 12 to 18 months after First Oil). The Teal West field is planned to be produced to the Anasuria FPSO – about 4km away – where the well fluids will be processed and exported via the Anasuria infrastructure.

On the commercial aspects of the Anasuria FPSO, the negotiation of the fully termed Agreement for a Transportation, Processing and Operating Services between the Anasuria Operating Company Limited and Anasuria Hibiscus UK based on the Heads of Terms signed on 4 August 2021, has been agreed. Advanced discussions are also on-going with the gas pipeline owners to extend the scope of the current Anasuria Hibiscus UK gas sales agreement for the Anasuria Cluster to include gas production from Teal West.

From a regulatory perspective, the Teal West Field Development Plan (FDP) was submitted to the NSTA on 2 August 2022 along with the submission of the Environmental Statement to the Department of Business, Energy and Industrial Strategy's Offshore Petroleum Regulator for Environment and Decommissioning on 29 July 2022. These are the documents which require UK regulatory consent to proceed with the field development. This consent is expected to be delivered within about 6 months.

Given supply chain constraints, Anasuria Hibiscus UK is optimising the project schedule so that implementation risks are minimised.

United Kingdom – Marigold Area

The Marigold Cluster comprises the following licenses and fields with discoveries:

- 87.5% interest in Licence No. P198 - Block 15/13a ("**Marigold**");
- 87.5% interest in Licence No. P198 - Block 15/13b ("**Sunflower**");
- 100% interest in Licence No. P2518 - Block 15/17a ("**Kildrummy**");

In November 2021, the NSTA requested that Anasuria Hibiscus UK work with Ithaca, holder of Licence No. P2158 (Block 15/18b) which is adjacent to the Marigold field and contains the Yeoman discovery, and jointly develop the resources found in both licences via a tieback to the Piper B platform. A validation and pre-FEED study has commenced led by an alliance between Repsol Sinopec Resources UK Limited, TechnipFMC Plc and Petrofac Limited with the objective of confirming the techno-economic feasibility of a development via Piper B. The study will also provide a detailed cost estimate for the common infrastructure to be used for the development. The study is expected to be completed in October 2022.

The NSTA has also requested that Ithaca and Anasuria Hibiscus UK enter into a unitisation and unit operating agreement for the joint development and this agreement is currently being negotiated. A joint project team comprising Anasuria Hibiscus UK and Ithaca has been established in Aberdeen to manage the project and to progress the development to first oil. The first oil date for phase 1 of the joint development is now expected to be late 2024 at the earliest. The development of the Sunflower and Kildrummy discoveries are planned as tiebacks to the Marigold infrastructure in subsequent project phases.

Australia

The Australia segment comprises the following:

- 100% direct interest in the VIC/RL17 Petroleum Retention Lease for the West Seahorse field ("**VIC/RL17**") (previously known as the VIC/L31 Production Licence);
- 75.1% direct interest in the VIC/P57 Exploration Permit ("**VIC/P57**"); and
- 50% direct interest in the VIC/P74 Exploration Permit ("**VIC/P74**").

In addition, we have a 11.68% interest in 3D Oil Limited ("**3D Oil**"), a company listed on the Australian Stock Exchange.

A Retention Lease application for VIC/RL17 was submitted to the Australian National Offshore Petroleum Titles Administrator ("**NOPTA**") on 4 December 2018. On 5 November 2021, NOPTA granted approval of this application subject to the work program stated in the title instrument and associated conditions to be met.

Given this development on VIC/RL17, the Group has, during the Current Year, assessed the impact this reclassification of the licence has on the recoverable amount of VIC/RL17. This was done with the assistance of third-party experts.

In addition, upon the completion of the FIPC Acquisition, the profile of the Group's oil and gas portfolio is now dominated by producing assets primarily in Southeast Asia and to a lesser degree, in the UK. Material financial and human resources are being applied to these assets. As a result of this and together with the abovementioned development on VIC/RL17, the Group also assessed the recoverable amounts of the intangible assets relating to both VIC/P57 and VIC/P74.

Following the assessments, the Group recognised a provision for impairment totalling RM44.9 million on its assets in Australia (RM38.5 million for VIC/RL17, RM4.5 million for VIC/P57 and RM1.9 million for VIC/P74) in the Preceding Quarter. In addition to this, the Group further impaired the balance of VIC/RL17's recoverable amount of RM2.0 million in the Current Quarter, as a further assessment was conducted with the assistance of third-party experts on the options available for its development plan. Following the assessment, the likelihood of the Group developing VIC/RL17 is remote.

As at to date, the Group has submitted the following application to NOPTA for VIC/P57 and VIC/P74:

- VIC/P57 - On 4 February 2022, both Carnarvon Hibiscus Pty Ltd ("**CHPL**") and 3D Oil submitted an application to surrender the VIC/P57 permit to NOPTA. Approval of the surrender was received from The Commonwealth – Victoria Offshore Petroleum Joint Authority on 4 August 2022. Subsequently, NOPTA provided its approval for the surrender on 11 August 2022. The surrender of the permit will take effect on the day the notice of surrender is published in the Australian Government Gazette.

- VIC/P74 - On 7 July 2022, 3D Oil submitted an application of "Approval of Transfer of a Petroleum Title" to NOPTA to seek approval for a 100% transfer of VIC/P74 from CHPL to 3D Oil. The Group has agreed to transfer the 50% interest to 3D Oil at no cost. The approval from NOPTA has not been received yet. The Group elected to exit VIC/P74 at the end of Year 3 of the work program as the 3D Seismic showed that the 4 identified leads in the block were high risk exploration prospects and are unlikely to attract a farminee to drill the well commitment in Year 6 of the work program.

Financial Performance

The financial performance of the Group has been boosted significantly by the recently acquired assets that comprise the FIPC Group.

The contribution of these assets to the Group's financial performance for a full quarter are reported for the first time in this Current Quarter. During the Current Quarter, the recently acquired assets contributed RM444.5 million (51.2% of the Group's total), RM199.9 million (46.1% of the Group's total) and RM120.2 million (55.8% of the Group's total) to the Group's revenue, EBITDA and PAT respectively. The contribution is significant.

In addition to this, strong oil, condensate and gas price levels contributed positively to the profitability levels in all our producing assets.

Updates of key financial based performance metrics are shown in the charts below.

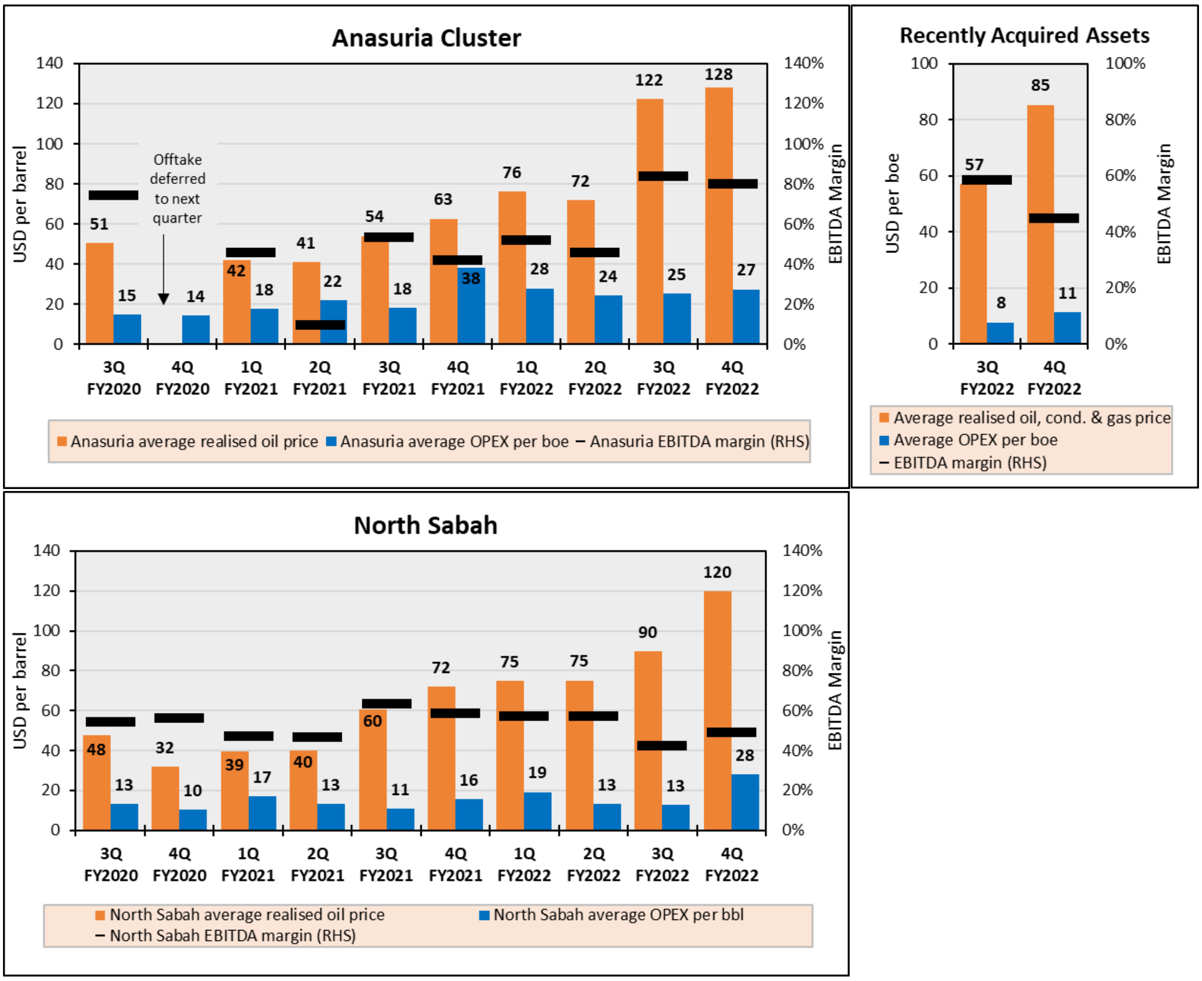

Figure 9: OPEX per boe, average realised oil, condensate and gas price and EBITDA margin by asset.

Notes to Figure 9:

1. *Anasuria Cluster's EBITDA margin in 2Q FY2021 was affected by (unusual) significant unrealised foreign exchange losses caused by the relatively significant appreciation of the GBP against the USD which affected the period-end retranslation of GBP-denominated balances and one-off provisions recognised.*
2. *North Sabah's EBITDA margin in 4Q FY2020 excludes the reversal of unrecovered recoverable costs of RM78.2 million.*
3. *Recently Acquired Assets' EBITDA margin in 3Q FY2022 excludes negative goodwill of RM317.3 million.*
4. *Opex per boe is computed based on gross production OPEX divided by gross oil, condensate and gas production.*
5. *Recently Acquired Assets' average realised oil, condensate and gas price is the weighted average realised price of both oil and condensate offtakes and gas sales in that quarter. Anasuria Cluster's average realised oil price does not include gas prices as gas production in Anasuria is not material.*

For the quarter ended	Unit	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021	FY2022	FY2021
Revenue	RM Mil	868.4	297.1	284.4	246.7	253.0	1,696.5	804.8
EBITDA	RM Mil	433.7	434.7	139.9	123.6	129.9	1,131.9	380.8
PAT	RM Mil	215.5	307.5	48.5	41.5	49.6	613.1	103.7
Basic earnings per share	sen	10.71	15.32	2.42	2.07	2.49	30.52	5.91

Figure 10: Highlights from the Group's Profit or Loss Statement for the last five financial quarters, FY2022 and FY2021.

As at	Unit	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021
Total assets	RM Mil	5,508.9	4,506.8	3,099.6	2,880.4	2,788.0
Shareholders' funds	RM Mil	2,160.5	1,874.2	1,553.0	1,529.5	1,473.9
Cash and bank balances *	RM Mil	544.7	273.4	552.0	204.0	173.9
Total debt	RM Mil	(88.8)	Nil	(2.4) **	(2.7) **	(5.7) **
Net current (liabilities)/assets	RM Mil	(193.2)	(310.0)	336.2	226.9	186.2
Net assets per share	RM	1.07 ***	0.93 ***	0.77 ***	0.76 ***	0.74 ***

Figure 11: Highlights from the Group's Balance Sheet for the last five financial quarters.

Notes to Figure 11:

* *Excludes restricted cash and bank balances.*

** *Total debt balance as at 30 June 2022 relates to the outstanding balance of a revolving credit facility drawn down during the Current Quarter to aid working capital requirements. The balances as at 31 December 2021 and prior relate to recognition of the liability component of the Islamic Convertible Redeemable Preference Shares ("**CRPS**") upon the issuance of its two tranches in November 2020.*

*** *Total ordinary shares increased from 2,000,137,151 as at 30 June 2021 to 2,012,418,743 as at 30 June 2022 as a result of the conversion of the CRPS. As at 30 June 2022, all CRPS issued have been converted into ordinary shares.*

The net current liabilities position as at 30 June 2022 is mainly due to the effect of consolidating the FIPC Group effective 24 January 2022. For information, the Group's current liabilities as at 30 June 2022 consist mainly of (i) operational-related payables of RM753.2 million; (ii) provision for taxation of RM493.7 million; and (iii) amount owing to Trafigura Pte Ltd of RM176.4 million and (iv) outstanding balance of a revolving credit facility drawn down during the Current Quarter to aid working capital requirements of RM88.8 million.

Oil Market Outlook

Brent oil prices have hit levels above USD120/bbl at certain points in the Current Quarter. These prices have not been seen in close to ten years, due to structural supply issues, limited refinery capacity and increasing demand as the world has opened up their economies. This has been exacerbated by the Russian invasion of Ukraine and the subsequent sanctions placed on them.

As shown in Figure 12 below, Rystad Energy's outlook for liquids balances show builds towards the end of the year caused by recession fears, lower GDP expectations, and lingering impacts of COVID-19.

Oil demand for 2022 is now estimated to rise by 2.1 million bbl/day year-on-year to settle at 100 million bbl/day, just short of pre-pandemic highs. Rystad sees potential upside of 700,000 bbl/day in oil demand during the winter months as expensive natural gas prices may prompt gas-to-oil switching. In terms of balances, Rystad finds that strong growth will resume in 2023, especially in the second half, reaching 3.3 million bbl/day year-on-year with a bounce-back in economic activity and the expectation that global aviation demand will eventually return to pre-pandemic levels.

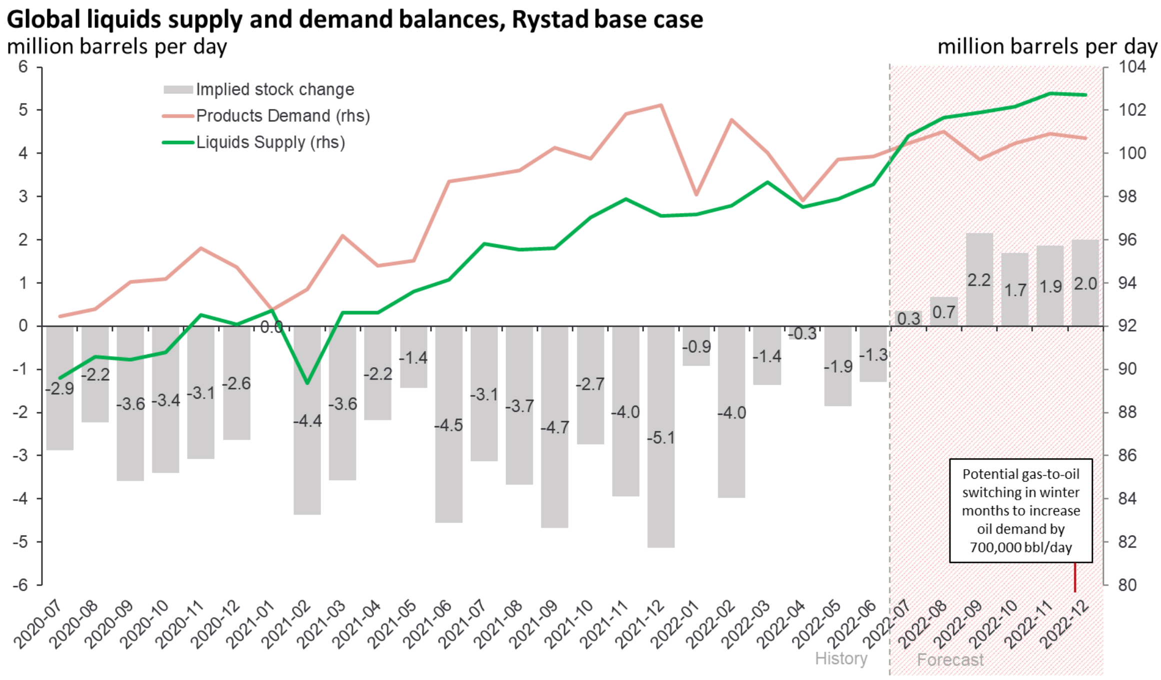

Figure 12: Rystad Energy global liquids supply and demand, as of 29 July 2022.

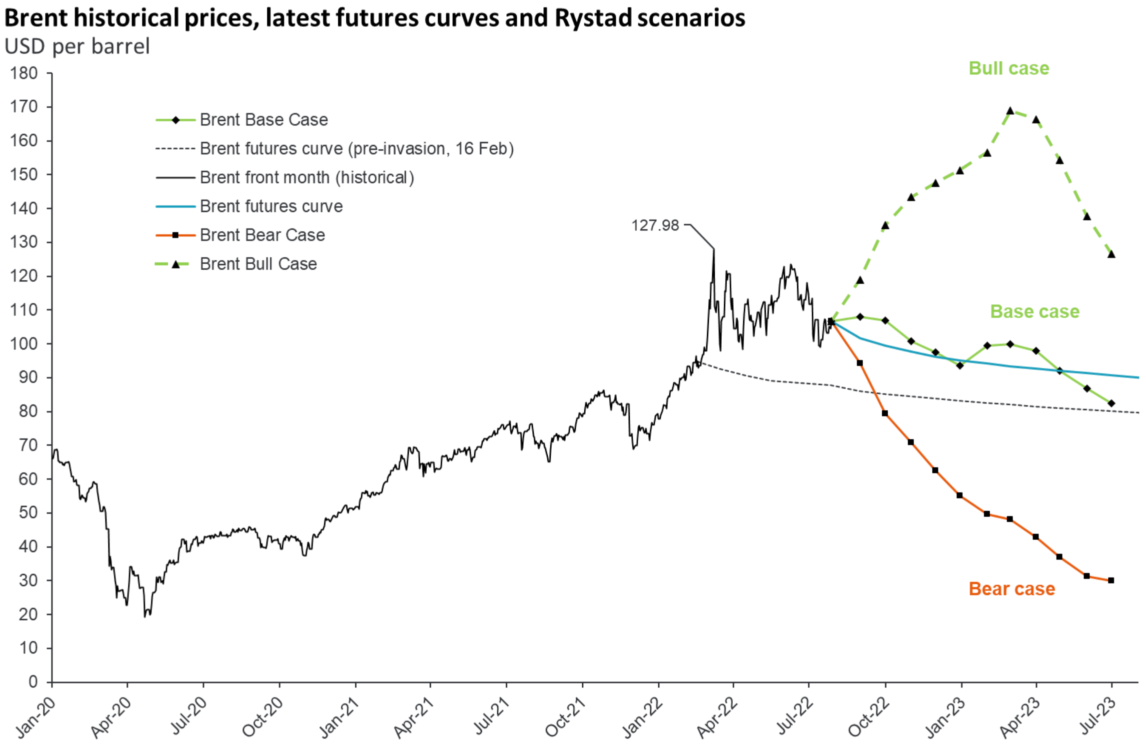

Figure 13: Rystad Energy Brent Oil Price Outlook, as of 29 July 2022.

Figure 13 shows Rystad Energy's oil price outlook under their base, bull and bear cases. According to their analysis, Brent prices are expected to remain in the range of USD95-110/bbl into CY2023 under their base case. Their Bull case is based on the assumption that recession fears remain unrealised, and Russia follows through on its threats to cut natural gas supply to Europe, driving up gas demand and Brent prices if users switch from gas to oil.

For their Bear case, Rystad assumes a severe drop in oil consumption affecting oil prices as demand drops which could be attributed to China's continuing lockdowns, amongst other assumptions.

Concluding Remarks

We closed off FY2022 on a strong note, during which we sold 1.4 MMbbl of oil and condensate and over 590,000 boe of gas in a quarter. Overall, for FY2022, we sold 4.6 MMboe of oil, condensate and gas, made up of 3.5 MMbbl of oil and condensate and 1.1 MMboe of gas as compared to 3.7 MMbbl of oil sold in FY2021.

Our increased volumes sold in the Current Quarter combined with the high oil prices have resulted in a very positive financial performance, delivering an EBITDA of RM433.7 million and a PAT of RM215.5 million. For FY2022, we delivered an EBITDA of RM1.1 billion and a PAT of RM613.1 million.

Going forward, we expect to sell a total of approximately 1.6 MMboe in Q1 FY2023 from our producing assets and a total of 2.6 MMboe in Q2 FY2023.

For FY2023, we target to sell a total of approximately 7.2 to 7.5 MMboe of oil, condensate and gas, comprising 4.4 to 4.7 MMbbl of oil and condensate and 2.8 MMboe of gas.

An important milestone to be pursued and delivered over Q1 FY2023 is the reinstatement of the failed riser at the Anasuria Cluster. This item malfunctioned in May 2021 and with its reinstatement, we hope to see an improved performance going forward.

We are also continuing to work tirelessly to amicably resolve issues pertaining to claims by the Sabah State government relating to State Sales Tax.

Overall, we are pleased with the progress and performance of the Group.

By Order of the Board of Directors
Hibiscus Petroleum Berhad
24 August 2022