Corporate and Business Update

(Issued in conjunction with the Quarterly Report for the Quarter Ended 30 September 2019)

Kuala Lumpur, 21 November 2019 – 5.00pm

Highlights

- Hibiscus Petroleum Berhad ("**Hibiscus Petroleum**" or the "**Company**" or the "**Group**") is positioning for further acquisitions of producing assets with a focus on adding to our existing portfolio in Southeast Asia;
- The Group is maintaining its 2021 target for:
    - the Anasuria asset to deliver 5,000 bbl/day;
    - the North Sabah asset to deliver 7,000 bbl/day;
- The Group is also maintaining its target for the final Field Development Plan for the Marigold development to be secured by the end of 2020; and
- The Group has been recognised for operational, safety and business performances in Malaysia and the United Kingdom.

Introduction

This Corporate and Business Update covers the following:

- an overview of targets and key initiatives being pursued by the Management of the Group;
- a brief review of key operational initiatives and business achievements by Hibiscus Petroleum during the calendar year 2019; and
- an operational update for the First Quarter of Financial Year 2020 ended 30 September 2019.

Management Targets and Key Initiatives

Production

Our key target for the current financial year ending 30 June 2020 is to deliver approximately 3.3 to 3.5 million bbls of oil, safely and efficiently from our two producing assets.

Cost Management

The Group's business performance is underpinned by several factors, predominantly the price of the Brent crude oil benchmark at approximately the time of a scheduled offtake from our crude oil storage facilities. The Group has seen oil prices at various price levels, on some occasions lower and at other times, higher than at the current time, but the Group has managed to remain profitable throughout these fluctuations. The careful management of costs to maintain low operational expenditure and the successful execution of production enhancement projects are, therefore, key towards achieving low unit production costs and the continued delivery of a healthy EBITDA. Prudent cost management will remain a priority business initiative.

Fundraising

All our activities and acquisitions to-date have been funded with equity and internally generated funds. Over the course of the next six months, we anticipate that we shall undertake certain fundraising activities to ensure that projects and opportunities that we have in hand, which are expected to enhance production and create value, may be executed smoothly.

The Group currently has no debt and we are in a position to gear up to a conservative level as the need arises. Based on our projected activities, we envisage that some borrowings may be required and we are currently considering various debt options that are on offer, bearing in mind factors such as long term capital requirements, preference for the Group to maintain a certain level of agility and financial flexibility and overall weighted average cost of capital, etc. We shall make the relevant disclosures as our plans mature.

Mission (2017 – 2021)

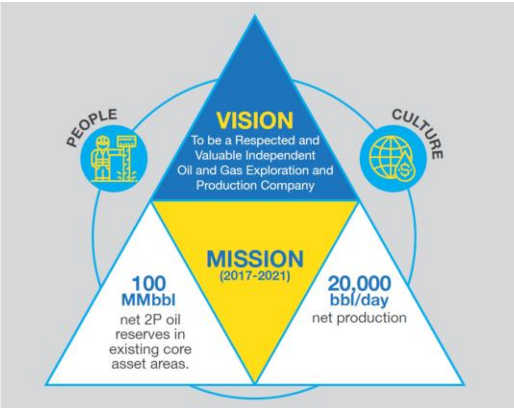


Figure 1: Hibiscus Petroleum's strategic vision and mission for 2021.

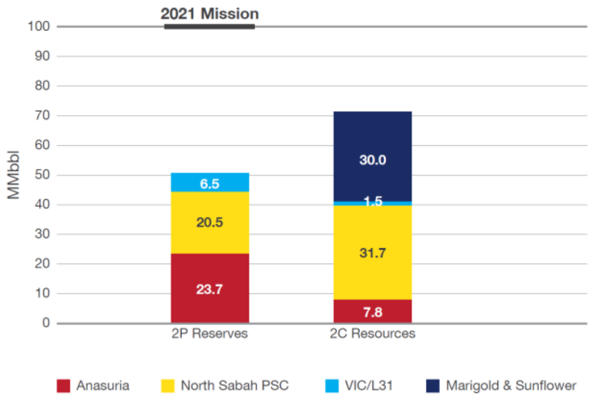


Figure 2: Hibiscus Petroleum's net reserves and resources estimates.

Notes to Figure 2:

1. *Reserves and resources are as of 1 January 2019.*
2. *Anasuria 2P Reserves and 2C Resources are based on Anasuria Hibiscus UK Limited's interest and derived from LEAP ENERGY Partners Sdn Bhd's report, as of 1 July 2018, less actual production until 31 December 2018.*
3. *North Sabah 2P Reserves and 2C Resources are based on SEA Hibiscus Sdn Bhd's net entitlement and derived by RISC Operations Pty Ltd's report dated January 2019 for the PSC life.*

Delivery of our 2021 Mission as shown in Figure 1 is foremost in our mind. There are two elements to our 2021 Mission:

- to secure assets with proven and probable (2P) Reserves of 100 million barrels; and
- to deliver a daily production of circa 20,000 bbls per day of oil or oil equivalent.

Figure 2 depicts our net entitlement to reserves and resources, as of 1 January 2019, within the licenses in which we have interests. As can be seen, achievement of our 2P Reserves target of 100 million barrels is within sight.

Identified projects within our two producing assets should provide a production platform of approximately 12,000 bbls of oil per day by 2021. The gap to achieve our target of 20,000 boe/day could be materially reduced by either:

- acquisition of a producing asset on a selective basis in, or around our areas of geographic focus; or
- development of our Marigold and Sunflower fields in the United Kingdom (UK) to first oil.

Acquisition of a Producing Asset

Successful acquisition of an appropriate producing asset will be dependent on our ability to identify and deliver superior value from the target that we pursue. We believe that:

- There will be high quality opportunities emanating in Malaysia and the surrounding countries as the fields in the area mature and established players review their portfolios; and
- Climate change activism will cause some large companies to review their portfolios and choose to exit assets in which they have large exposure to carbon emissions. Again, this type of approach may cause new opportunities to come to market.

Marigold and Sunflower Development

For the next twelve months, our goal remains to high grade the contingent resources of the Marigold and Sunflower discovered fields into producible 2P Reserves through the preparation of a Field Development Plan.

Key Operational Initiatives and Business Achievements: Calendar Year 2019

Operational Initiatives

Major operational activities carried out during calendar year 2019 include the following:

Malaysia South China Sea – North Sabah Production Sharing Contract ("North Sabah PSC")

We have successfully planned, executed and completed our first development project which involved the drilling of three infill wells in the Saint Joseph field. We are now also at the tail-end of our second development project which involves the drilling of three infill wells in the SF30 field. In parallel, drilling activities have commenced on our third development project which involves the drilling of a water injection well in the SF30 field as part of a wider waterflood development strategy in this field.

Figure 3 below shows the impact of these new wells to the monthly net oil production rate from the North Sabah Production Sharing Contract ("**North Sabah PSC**"). The net oil production rate is now, as recorded in October 2019, approximately 6,200 barrels per day. When we assumed the role of Operator of this asset in April 2018, the net oil production rate recorded in March 2018 was approximately 5,700 barrels per day. From preliminary data obtained, we have seen a net increase in production, demonstrating that we have been successful in arresting natural decline and enhancing production.

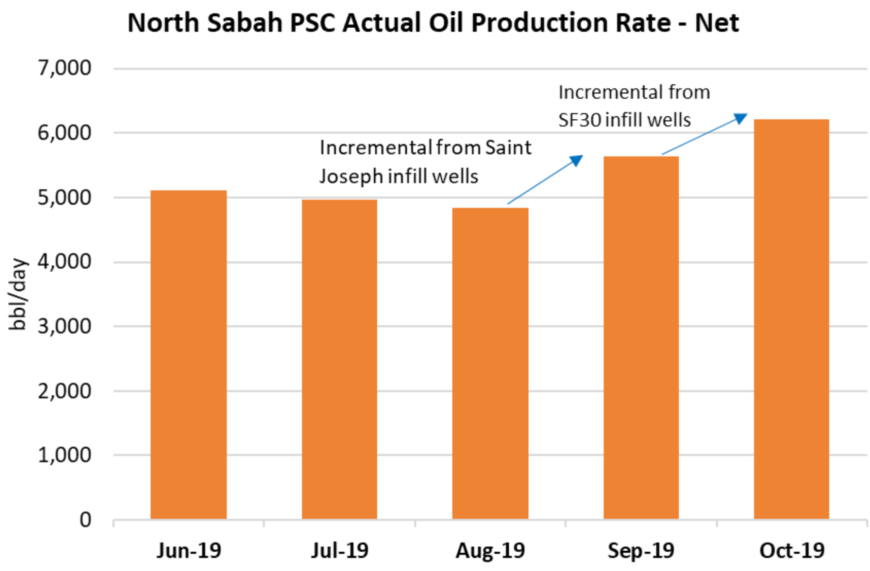


Figure 3: Actual monthly oil production rate net to SEA Hibiscus Sdn Bhd ("SEA Hibiscus") demonstrating the increase in production from the Saint Joseph and SF30 infill wells drilled and brought online to-date.

United Kingdom North Sea: Anasuria Cluster

We have completed two major projects this year in the United Kingdom Continental Shelf ("**UKCS**"). In August 2019, we completed the planning and execution of the GUA-P1 side-track project which involved the drilling of a side-track from the existing GUA-P1 well to drain additional volumes of oil and gas. The well commenced production in September 2019. The final scope of this project which entailed installing a gas-lift jumper to enhance production, was conducted as part of a diving campaign in October 2019.

We believe that new data, obtained from drilling this well, will allow us to reset our geological model of the Guillemot field after a wider and more detailed subsurface study. We look forward to such work resulting in further value accretion of the asset.

The Cook Water Injection project was another major capital project that was implemented this year. The Cook field Operator completed the drilling of the water injection well in May 2019. Subsequently, the installation of subsea facilities to connect the well to the Anasuria FPSO to allow the injection of water was completed in October 2019. In drilling the water injection well, the reservoir pressure at the injection well location was found to be as predicted. Additionally, the oil water contact is deeper than originally anticipated. The implication of a deeper oil water contact is positive and is anticipated to increase our 2P Reserves of the Cook field.

Business Achievements

Major business achievements include the following:

Safety Awards

The Group received the following safety awards and achievements over the course of 2019:

- Malaysia South China Sea - North Sabah Operations
    - Gold Class 1 Award from the Malaysian Society for Occupational Safety and Health ("**MSOSH**") for calendar year 2018 operations under the category of Petroleum, Gas, Petrochemical & Allied Sectors for the St Joseph Platform.
- United Kingdom North Sea - Anasuria Cluster Operations
    - Gold Award from the Royal Society for the Prevention of Accidents ("**ROSPA**") for calendar year 2018 health and safety performance of the Anasuria Floating Production Storage and Offtake ("**FPSO**") facility - 20th consecutive annual award.
    - Order of Distinction from ROSPA for 20 consecutive Gold Awards.
    - Five years without a Lost Time Incident on the Anasuria FPSO achieved on 6 October 2019.

Operational Awards

The Group also received the following awards for operational performance over the course of 2019:

- 2018 Production Delivery Award from Petroliam Nasional Berhad ("**PETRONAS**") for "Outstanding achievements and continuous contribution towards the oil and gas development and production in Malaysia Field", and
- Focused Recognition Award from PETRONAS for Demonstrating prudent Deferment Management of the North Sabah PSC which "Ensured the highest standards of Asset Integrity and ensuring successful collaboration with PETRONAS to meet Deferment Management WPB targets in 2018 and 2019".

Capital Markets

Hibiscus Petroleum was included in the MSCI Global Small Cap Index as of 30 November 2018. Following on from this, we were pleased to also be included in the FTSE Bursa Malaysia Mid 70 Index from 24 December 2018. These index inclusions represent significant milestones in management's efforts to institutionalise Hibiscus Petroleum's shareholder base. As of 31 October 2019, approximately 47.2% of the company's shareholder base is comprised of corporate and institutional shareholders of which approximately 21.1% are foreign institutional shareholders.

Being a pure play E&P player in the oil and gas industry, the company's revenue and profit generation are dependent on the price of oil hence the company's share price is also highly correlated to the oil price. We show in the charts below the performance of Hibiscus Petroleum's share price relative to the Brent oil price as well as against the FBM KLCI and FBM Mid 70 indices on a year-to-date basis.

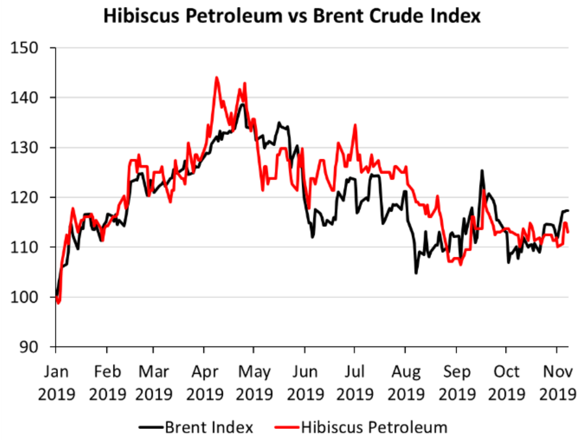


Figure 4: Movement of Hibiscus Petroleum's year-to-date share price in tandem with the price of oil (Brent) demonstrating a clear positive correlation.

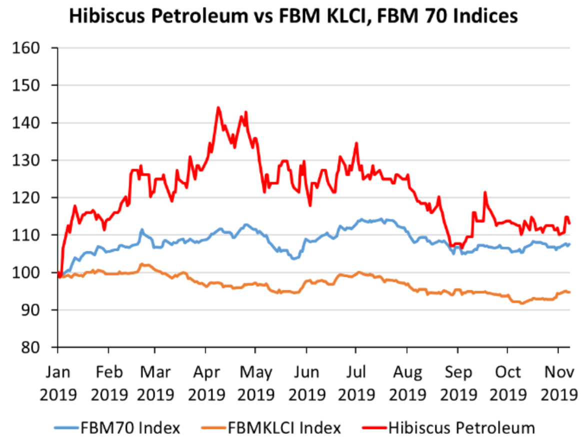


Figure 5: Movement of Hibiscus Petroleum's year-to-date share price vs the FBMKLCI Index and the FBM70 Index. Since the beginning of the year, Hibiscus Petroleum's share price has increased by 13.1% vs -5.2% and 7.6% for the FBMKLCI and FBM 70 respectively.

Figure 6: 19 September 2019 - Hibiscus Petroleum was honoured to receive the award for "Highest returns to shareholders over three years" in the Energy Sector at The Edge Billion Ringgit Club Corporate Awards 2019.

Operational Update for the First Financial Quarter Ended 30 September 2019

United Kingdom North Sea - Anasuria Cluster: Production Operations

As of 30 September 2019, the Company's indirect wholly-owned subsidiary, Anasuria Hibiscus UK Limited ("**Anasuria Hibiscus UK**") has been involved in the joint operations of the Anasuria asset for over three years. The table below shows the operational performance achieved by the asset, based on Anasuria Hibiscus UK's 50% participating interest, for the Current Quarter, as well as for the prior three financial quarters:

	Units	**July to September 2019**	**April to June 2019**	**January to March 2019**	**October to December 2018**
Average uptime	%	77	87	71	94
Average daily oil production rate	bbl/day	2,386	2,662	2,504	3,962
Average daily gas export rate @	boe/day	204	390	274	454
Average daily oil equivalent production rate	boe/day	2,589	3,053	2,778	4,416
Total oil sold	bbl	272,345	302,139	249,116	274,015
Total gas exported (sold)	mmscf	112	390	148	251
Average realised oil price	USD/bbl	58.41	66.84	60.39	58.08
Average gas price	USD/mmbtu	1.04 ∞/ 2.52 #	1.42 ∞/ 3.39 #	2.63 ∞/ 5.98 #	3.22 ∞/ 7.25 #
Average OPEX per boe	USD/boe	26.04	20.93	23.27	15.05

Figure 7: Operational performance for Anasuria.

Notes to Figure 7:
@ 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.
mmscf – million standard cubic feet.
mmbtu – million British thermal units.

The average uptime and average daily oil equivalent production rate at the Anasuria asset achieved for the Current Quarter of 77% and 2,589 boe per day is lower than that of the Preceding Quarter. One crude oil offtake was conducted at Anasuria in August 2019, in which 272,345 bbls of oil net to Anasuria Hibiscus UK was sold at an average realised oil price of USD58.41 per bbl. The average OPEX per boe in Anasuria for the Current Quarter was USD26.04 per boe, higher than USD20.93 per boe in the Preceding Quarter.

Operational performance for the Current Quarter was affected by several one-off activities such as the planned replacement of critical machinery and the planned 2019 Offshore Turnaround which commenced at the end of June 2019 and subsequently completed in July 2019. During this period the FPSO facilities were completely shut down to allow for planned maintenance activities to be carried out to improve performance and to ensure that we continue to provide a safe workplace for our offshore personnel.

To recap, a similar programme was conducted in 2017 for one month ("**2017 Offshore Turnaround**"). Subsequent to the conduct of the 2017 Offshore Turnaround, the average uptime recorded for each quarter of the 2018 calendar year was as follows:

	Units	**January to March 2018**	**April to June 2018**	**July to September 2018**	**October to December 2018**
Average uptime	%	82	94	88	94

It is hoped that subsequent to the conduct of the 2019 Offshore Turnaround, average uptime levels will be maintained or further improved for the financial year ending 30 June 2020.

In the Current Quarter, Anasuria Hibiscus UK invested approximately RM66.6 million in capital expenditure in the Anasuria Cluster which is primarily attributed to two production enhancement projects. The first project is the Cook WI project which was executed by Ithaca Energy UK Limited ("**Ithaca**"), the operator of the Cook field. The first phase of this project – which entailed the drilling of the water injection well – commenced early in the financial quarter ended 31 March 2019 and was completed on 25 May 2019. The next phase of connecting the water injection well to the Anasuria FPSO was subsequently completed on 3 October 2019.

The second project which has significantly contributed to the capital expenditure invested in the Current Quarter is the drilling of GUA-P1 ST. This project commenced execution in May 2019 and was completed in August 2019.

<u>United Kingdom North Sea – Anasuria Cluster: Cook Water Injection Project Update</u>

Anasuria Hibiscus UK together with its partners in the Cook field had, in May 2018, sanctioned the Cook WI project. Ithaca is the operator of the Cook field. This project involved the drilling of a water injection well into the Cook field to increase its reservoir pressure. It is expected that an increased reservoir pressure will result in an improved oil and gas production rate as well as an improved recovery of hydrocarbons from this field.

The execution of the water injection well drilling operations commenced on 25 March 2019. The well was drilled to a total depth of 13,045-ft measure depth (-12,248-ft true vertical depth subsea ("**TVDSS**")) on 2 May 2019. In drilling the water injection well, the reservoir pressure at the injection well location was found to be as predicted. Additionally, the oil water contact is deeper than originally anticipated. The implication of a deeper oil water contact is positive and is anticipated to increase our net proven and probable oil reserves ("**2P Reserves**") in the Cook field. A further announcement will be made when the detailed work has been completed to establish the latest reserves estimates.

The water injection well was completed as planned on 25 May 2019. Subsequently, the installation of a subsea pipeline to link the water injection well to the Anasuria FPSO was carried out in the Current Quarter and injection of water into the Cook field reservoir commenced on 3 October 2019. The total capital expenditure net to Anasuria Hibiscus UK estimated for this project is RM61.0 million. Of this amount, RM49.6 million has been incurred up to the end of the Current Quarter, with a remaining RM11.4 million to be incurred for the rest of calendar year 2019.

<u>United Kingdom North Sea – Anasuria Cluster: GUA-P1 Side-Track Project Update</u>

The GUA-P1 ST project is an opportunity to re-enter the existing GUA-P1 wellbore and drain additional volumes of hydrocarbons from the Guillemot A field. This project targeted the unlocking of approximately 1.7 million bbls of oil from Anasuria Hibiscus UK's current net 2P Reserves. Operations on GUA-P1 ST commenced with the Stena Spey drilling rig being mobilised to location and deploying anchors on 17 May 2019.

On 28 July 2019, the well reached a total depth of 11,615-ft measured depth and encountered approximately 445-ft TVDSS of oil-bearing sands with a net pay of 190-ft TVDSS in the targeted reservoirs of the Guillemot A field. The relevant hydrocarbon bearing zones were perforated on 16 August 2019. The well was subsequently cleaned-up and hydrocarbons were flowed to surface at the end of August 2019. The well achieved a stabilised gross production flow rate to the Anasuria FPSO of approximately 1,800 bbls per day (900 bbls per day net to Anasuria Hibiscus UK).

Whilst the well has commenced production, the final scope of this project to install a gas-lift jumper to enhance production was conducted as part of a diving campaign executed in October 2019. The total capital expenditure net to Anasuria Hibiscus for this project is estimated to be RM97.7 million. Of this amount, RM93.3 million has been incurred up to the end of the Current Quarter, with a remaining RM4.4 million to be incurred for the rest of calendar year 2019.

United Kingdom North Sea – Marigold Cluster

On 17 October 2018, the Group announced that its indirect wholly-owned subsidiary, Anasuria Hibiscus UK, had completed the transaction to acquire a 50% interest in the UK Continental Shelf Petroleum Production Licence No. P.198 Block 15/13a and Block 15/13b (collectively referred as "**Blocks**") from Caldera Petroleum (UK) Ltd for a purchase consideration of USD37.5 million. The Blocks are located offshore, in 140 meters water depth, in the UK sector of the North Sea, approximately 250km northeast of Aberdeen.

On 7 October 2019, the Group announced that Anasuria Hibiscus UK had signed a conditional Sale and Purchase Agreement ("**SPA**") to acquire 100% interest in Blocks 15/18d and 15/19b (Licence No. P2366).

The Group has defined the Marigold Cluster to currently include the following licenses (and fields):

- P198 - Block 15/13a (Marigold Discovery);
- P198 - Block 15/13b (Sunflower Discovery); and
- P2366 - Blocks 15/18d and 15/19b (Crown Discovery).

Block 15/13a contains a significant oil-bearing discovered field ("**Marigold**"), whilst Block 15/13b which lies northeast of Block 15/13a contains a smaller discovered field ("**Sunflower**"). Based on an independent report by AGR TRACS International Limited (which was conducted as part of the due diligence exercise to acquire the Blocks in October 2018), 2C Resources in the Blocks is estimated to be 60.0 million bbls of oil (30.0 million bbls of oil net to Anasuria Hibiscus UK).

We were appointed Exploration Operator of Licence P198, Blocks15/13a and 15/13b effective 12 February 2019 and ahead of the 31 March 2019 target date set by the UK Oil and Gas Authority ("**OGA**"). A dedicated project team, located in Kuala Lumpur with a modest presence in Aberdeen, Scotland, has been established. The project team has been tasked to conduct the subsurface field development engineering studies and, with the support of third-party contractors, execute the concept select phase as part of the effort to establish a field development plan for Marigold and Sunflower by the end of calendar year 2020. Development options that have been considered include a fixed platform, a floating solution, as well as a tieback to existing, nearby infrastructure solutions.

Thirty-four development scenarios were studied to determine the optimum solution for development of the Marigold and Sunflower resources and select the concept that provided the best balance of cost, value and risk. The selected concept is to drill and complete subsea wells that are tied back to a Floating Production Storage and Offloading unit ("**FPSO**") via flexible flowlines and umbilicals. This concept provided the highest project value with the lowest execution and commercial risk. It will also facilitate a phased development approach to further mitigate project risks. The project is expected to proceed in two phases to mitigate subsurface uncertainties and minimise capital outlay required to achieve first oil production.

It is anticipated that in phase 1 of the development, three Marigold wells will be drilled, completed and tied back to the FPSO via a production manifold. Additional wells in Marigold, along with wells in the Sunflower discovered field and the recently acquired Crown discovered field (pending acquisition completion), could be developed in a second project phase. It is envisaged that wells in these fields will also be tied back to the FPSO.

On 7 October 2019, the Group announced that Anasuria Hibiscus UK had signed a conditional SPA to acquire 100% interest in Blocks 15/18d and 15/19b (Licence No. P2366) from United Oil and Gas Plc ("**United**") and Swift Exploration Ltd. ("**Swift**") for a total cash consideration of up to USD5.0 million, to be paid based on a combination of a series of milestones and an overriding royalty scheme ("**Proposed Acquisition**").

Licence No. P2366 is located offshore in the UK sector of the North Sea, approximately 250km northeast of Aberdeen and 12km southeast of the Marigold field, and includes the Crown discovered field which consists of 2C Resources of between 4 to 8 million bbls of oil, subject to an independent third-party expert's assessment.

The rationale for this transaction is to secure the opportunity to aggregate 2C Resources (from the Crown discovery) at a competitive unit cost per barrel and integrate these contingent resources as part of the Marigold area-wide development with the objective of reducing overall unit development and production costs.

The Proposed Acquisition is subject to the receipt of regulatory approvals for the assignment of the licence to Anasuria Hibiscus UK and the appointment of Anasuria Hibiscus UK as operator. If the conditions have not been fulfilled or waived by the parties by 31 December 2019 (or such later date no later than 31 March 2020 as the parties may mutually agree), the Proposed Acquisition will be terminated according to the terms of the SPA. In terms of capital expenditure, approximately RM2.4 million has been incurred in the Current Quarter on progressing activities on the Marigold Cluster.

A concept select report for the development of Marigold and Sunflower fields was submitted to the Oil and Gas Authority ("**OGA**") on 31 August 2019. A letter of no objection to the selected concept was issued by the OGA on 15 October 2019.

<u>Malaysia South China Sea - North Sabah PSC: Production Operations</u>

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

	Unit	July to September 2019 [2]	April to June 2019	January to March 2019	October to December 2018
Average uptime	%	85	94	95	85
Average gross oil production	bbl/day	14,234	14,873	14,651	13,400
Average net oil production	bbl/day	5,138	5,057	4,801	4,958
Total oil sold	Bbls	334,613	490,753	578,487	293,624
Average realised oil price [1]	USD/bbl	63.63	72.59	67.87	71.30
Average OPEX per bbl (unit production cost)	USD/bbl	16.72	13.60	11.77	22.74

Figure 8: Operational performance for the North Sabah asset.

Notes to Figure 8:

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

2 *Figures for the period July 2019 to September 2019 are provisional and may change subject to the PSC Statement audit and that they are pending Petroliam Nasional Berhad ("**PETRONAS**")'s review.*

The average uptime of the North Sabah production facilities of 85%, achieved during the Current Quarter, is lower when compared to the Preceding Quarter due to planned shutdowns for maintenance and infill drilling activities. Consequently, average gross oil production declined by approximately 4% during the Current Quarter. Some of the production losses were offset by new crude oil production from the completion of the St Joseph Infill Drilling project and continuing production enhancement activities.

One crude oil offtake was conducted in the North Sabah asset in the Current Quarter with a total of 334,613 bbls of oil net to SEA Hibiscus sold at an average oil price of USD63.63 per bbl.

Average OPEX per bbl for North Sabah increased to USD16.72 per bbl when compared to the Preceding Quarter primarily due to lower production and higher production OPEX from planned maintenance activities during the Current Quarter.

In terms of capital expenditure, the North Sabah asset incurred approximately RM91.2 million (net to SEA Hibiscus) during the Current Quarter due to the ramp-up of the St Joseph Infill Drilling and the South Furious 30 Infill Drilling projects, with the St Joseph Drilling project completed in the Current Quarter. The Company expects capital expenditure to decrease in the next financial quarter.

Malaysia South China Sea - North Sabah PSC: St Joseph Infill Drilling

PETRONAS had on 21 December 2018 approved the St Joseph Infill development plan intended to increase production and reserves of the St Joseph field. This project entails the drilling of 3 infill producers utilizing a triple splitter wellhead on the St Joseph Jacket-A platform with minimal modifications to topside facilities.

Drilling operations commenced when the rig mobilised to location on 22 May 2019 and the project completed in August 2019. The three infill wells reported a combined stabilised flowrate of over 3,200 bbls per day gross, exceeding our pre-drill expectations of 2,600 bbls per day. In addition, this project will add 2.77 million stock tank bbls of gross 2P Reserves to the asset.

Malaysia South China Sea - North Sabah PSC: South Furious 30 Infill Drilling

PETRONAS had on 1 July 2019 approved the South Furious 30 Infill Drilling project development plan intended to increase production and reserves of the South Furious 30 field. The total capital expenditure of allocated for this project of RM126.8 million will be shared equally with our joint venture partner. Three wells were spudded from the South Furious Jacket-C ("**SFJT-C**") via the remaining conductor slot. The envisaged production from these wells require minimal topside facilities modifications and drilling commenced in August 2019.

We have successfully completed and brought online two out of the three infill wells planned in the South Furious 30 Infill Drilling project. The first well, SF30-2, was brought online and produced its first oil on 8 October 2019. The well was tested at approximately 1,100 bbls per day, with the production choke at 38/64 setting and no indications of water or sand production at surface. The SF30-2 well is being monitored closely and the production choke will continue to be gradually increased to maximise production potential. The second well brought online, SF30-4, produced its first oil on 26 October 2019. This well be monitored closely for sand and water production prior to increasing the production choke to maximum capacity. Drilling and completion of the third South Furious 30 well is currently in progress. We will disclose the performance of the wells in due course.

Malaysia South China Sea - North Sabah PSC: South Furious 30 Water Flood Phase 1

PETRONAS had on 17 October 2019 approved the South Furious 30 Water Flood Phase 1 project development plan which entails the drilling and completion of one infill water injection well intended for reservoir re-pressurization to scope out the effectiveness of water injection pressure support as an assessment of the viability for a full field water injection project. The total capital expenditure of RM50.7 million will be shared equally with our joint venture partner. Topside modification was required and entailed deck strengthening and extension works.

Australia – Bass Strait Cluster

The Group has operatorship of two licenses located in the Bass Strait of Australia. In addition, we have a 11.68% interest in 3D Oil Limited ("**3D Oil**"), a company listed on the Australian Stock Exchange ("**ASX**"). Details and the status of our licences are as follows:

License	Direct Interest	Status
VIC/L31 Production License	100.0%	Retention Lease application was submitted on 4 December 2019. However, discussions are ongoing with NOPTA on whether to maintain the existing Production License or continue the application for a Retention License. The decision will be dependent on the outcome of upcoming discussions with nearby infrastructure owners on the potential to tieback the West Seahorse field.
VIC/P57 Exploration Permit	75.1%	**Minimum Guaranteed Work Programme:** Years 1-3 (March 2018 – March 2021) • Geological and geophysical studies including petroleum systems analysis/modelling • Reprocessing of 230 km^2 of the Northern Fields 3D seismic data • Seismic interpretation and depth conversion The Minimum Guaranteed Work Programme has been completed and we are approximately 2 years ahead of schedule. Two key prospects have been identified, the first being Felix, with a best estimate prospective resources of gross 30 million bbls of oil, and the second being Pointer, with a best estimate prospective resources of gross 170 billion cubic feet of gas. A process to farm out the block for a carry on a well to be drilled in 2021/2022 commenced in the Preceding Quarter whereby a data room was put in place and interested companies assessed the opportunities. The Group will continue its efforts to farm-out this permit. **Secondary Work Programme (Optional):** Year 4 (March 2021 – March 2022) • One exploration well Year 5 (March 2022 – March 2023) • Geological and geophysical studies
VIC/P74 Exploration Permit	50.0%	On 26 July 2019, the Group announced that 3D Oil has been awarded the VIC/P74 Exploration Permit in the offshore Gippsland Basin by the National Offshore Petroleum Titles Administrator ("**NOPTA**"). VIC/P74 spans an acreage of 1,006 km^2 which is located on the southern side of the Gippsland Basin. Under the terms of a pre-bid agreement, the Group has thirty days to elect to enter into a joint venture with 3D Oil for up to a 50% non-operated interest in this permit on a ground floor basis. Since then, the Group has completed farming-in to VIC/P74 for a 50% non-operated interest. 3D Oil is currently undertaking geological and geophysical studies in this permit.

Claims Against Rex Companies and Other Parties

In 2016, the Group fully impaired its early investments in the Lime Group and HIREX. However, the rights and legal position of the Group are fully reserved against the Rex Companies and all other parties in connection with those investments. The Group will continue to pursue appropriate legal, regulatory and other avenues to (among others) seek compensation for wrongs committed against the Group. Such avenues may, or may not, be successful due to a number of factors (including those outside the Group's control) and we will provide relevant updates in this regard from time to time (as may be applicable).

Concluding Comments

Financial Performance

The Group's revenue base has grown stronger since we completed the acquisition of a 50% participating interests in the 2011 North Sabah EOR PSC on 31 March 2018, to add to the contribution from the Anasuria Cluster in the United Kingdom, which has resulted in consistent profitability levels, as clearly demonstrated in both the Group's earnings before interest, taxes, depreciation and amortization ("**EBITDA**") and profit after taxation ("**PAT**") in each of the most recent five financial quarters highlighted below.

The careful management of costs to maintain low operational expenditure and the delivery of production enhancement projects have been key towards obtaining a low unit production cost structure. In addition, we wish to highlight we continue to operate without debt.

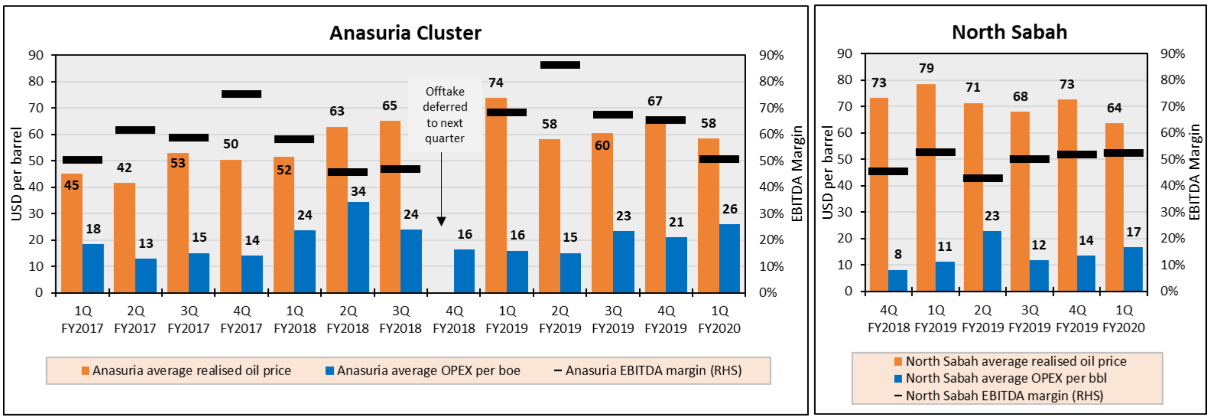


Figure 9: Comparison between the OPEX per barrel and the average realised oil price, and the resulting EBITDA margin for the respective quarters.

Note to Figure 9: North Sabah EBITDA margin in 4Q FY2018 excludes the impact of negative goodwill of RM93.8m.

For the quarter ended	30 Sep 2019 (RM)	30 Jun 2019 (RM)	31 Mar 2019 (RM)	31 Dec 2018 (RM)	30 Sep 2018 (RM)
Revenue	159.3m	237.1m	226.1m	165.2m	360.0m
EBITDA	77.1m	127.1m	115.1m	98.0m	209.2m
PAT	16.2m	24.7m	55.2m	50.1m	100.0m
Basic earnings per share	1.02	1.56	3.47	3.15	6.30

Figure 10: Highlights from the Company's Profit and Loss Statement for the last five financial quarters.

As at	30 Sep 2019 (RM)	30 Jun 2019 (RM)	31 Mar 2019 (RM)	31 Dec 2018 (RM)	30 Sep 2018 (RM)
Total assets	2,553.2m	2,393.1m	2,222.6m	2,189.4m	2,216.7m
Shareholders' funds	1,261.6m	1,237.5m	1,201.4m	1,158.0m	1,114.9m
Cash and bank balances	253.1m	273.5m	221.2m	203.8m	302.2m
Total debt	Nil	Nil	Nil	Nil	Nil
Net current assets	(30.3m)	80.8m	151.8m	94.0m	226.0m
Net assets per share	0.79	0.78	0.76	0.73	0.70

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

Safe and Stable Production Operations

Both the Anasuria and North Sabah assets have been performing satisfactorily. We track three controllable operational indicators, and these are specified in Figure 12 below. In both assets, all key indicators show that despite volatility seen in quarterly operational performance, annualised metrics are relatively stable.

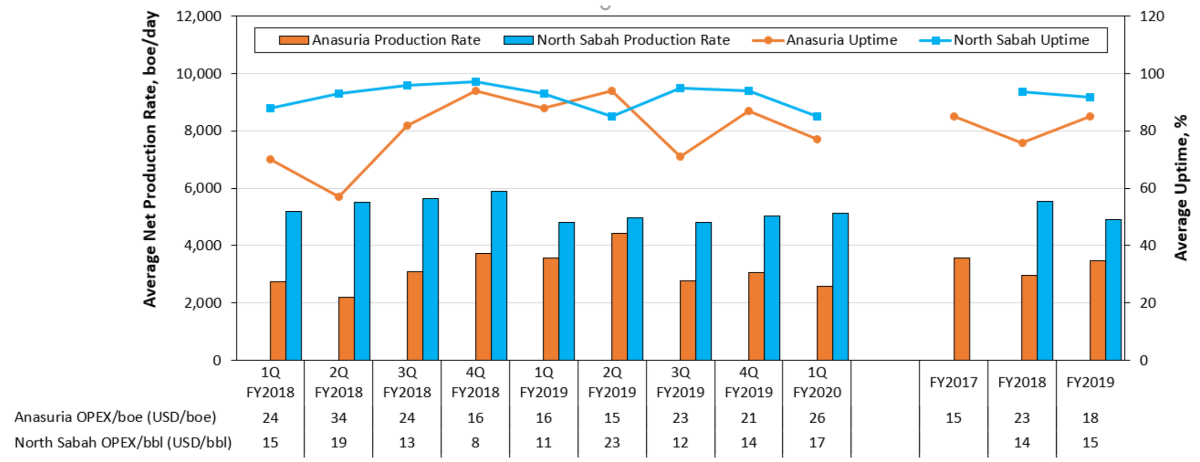
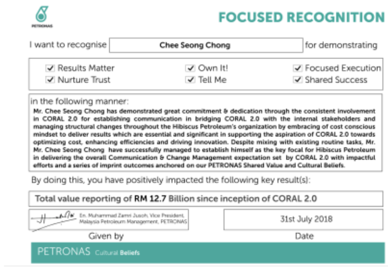


Figure 12: Operational performance of the producing assets in the Group.

We are also pleased by our performance in the area of Health, Safety, Security and care for the Environment ("**HSSE**"). On 31 July 2019, the Group launched a Safety Day event involving more than 1,000 company and contractor personnel at all work sites and offices in Kuala Lumpur, Kota Kinabalu, Labuan and offshore facilities. Senior management representatives from the Group, PETRONAS and contractors participated in this important event at the Labuan Crude Oil Terminal, St Joseph offshore platform, offshore work barge and drilling rig. Under the 2018/2019 theme of "I care for your safety", we rolled out formal Life Saving Rules to enhance the Group's focus on incident prevention and safety.

In addition, we are pleased to disclose the awards and recognitions received for safety and production operations in Malaysia and the United Kingdom as shown below.

1. In April 2019, the North Sabah PSC was awarded the Production Delivery Award from PETRONAS for "Outstanding achievements and continuous contribution towards the oil and gas development and production in Malaysia Field".



PETRONAS

FOCUSED RECOGNITION

I want to recognise Chee Seong Chong for demonstrating

- [x] Results Matter
- [x] Nurture Trust
- [x] Own It!
- [x] Tell Me
- [x] Focused Execution
- [x] Shared Success

in the following manner:

Mr. Chee Seong Chong has demonstrated great commitment & dedication through the consistent involvement in CORAL 2.0 for establishing communication in bridging CORAL 2.0 with the internal stakeholders and managing structural changes throughout the Hibiscus Petroleum's organization by embracing of cost conscious mindset to deliver results which are essential and significant in supporting the aspiration of CORAL 2.0 towards optimizing cost, enhancing efficiencies and driving innovation. Despite mixing with existing routine tasks, Mr. Mr. Chee Seong Chong have successfully managed to establish himself as the key focal for Hibiscus Petroleum in delivering the overall Communication & Change Management expectation set by CORAL 2.0 with impactful efforts and a series of imprint outcomes anchored on our PETRONAS Shared Value and Cultural Beliefs.

By doing this, you have positively impacted the following key result(s):

Total value reporting of **RM 12.7** Billion since inception of CORAL 2.0

En. Muhammad Zamri Jusoh, Vice President, Malaysia Petroleum Management, PETRONAS — Given by

31st July 2018 — Date

PETRONAS Cultural **Beliefs**

2. In July 2019, PETRONAS recognized SEA Hibiscus COO, Chong Chee Seong for his contributions towards cost optimisation, operational efficiency enhancements and innovations.

3. In August 2019, the North Sabah PSC was awarded the MSOSH Occupational Safety & Health Gold Class 1 award for 2018, under the category of Petroleum, Gas, Petrochemical & Allied Sectors.

PETRONAS

FOCUSED RECOGNITION

I want to recognise SEA Hibiscus Sdn. Bhd. for demonstrating

- [x] Results Matter
- [ ] Nurture Trust
- [x] Own it!
- [ ] Tell Me
- [x] Focused Execution
- [x] Shared Success

in the following manner:

Demonstrating prudent Deferment Management of Late Life Asset (North Sabah PSC) after assuming operatorship role on 31st March 2018 by "Shielding" Planned Deferment and "Combating" Unplanned Deferment. Continuous syndication and coordination with PETRONAS and all stakeholders to ensure Bad Actors are addressed timely and RCFA conducted comprehensively.

By doing this, you have positively impacted the following key result(s):

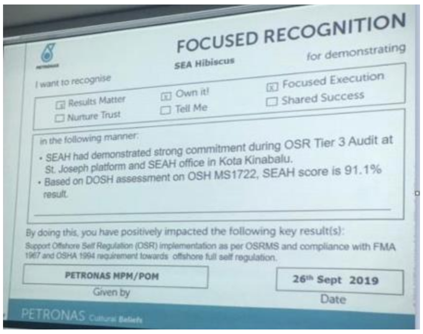
Ensured the highest standards of Asset Integrity and ensuring successful collaboration with PETRONAS to meet Deferment Management WPB targets in 2018 and 2019

Asset Integrity, MPM, PETRONAS — Given by

24/9/2019 — Date

PETRONAS Cultural Beliefs

4. In September 2019, PETRONAS recognized SEA Hibiscus for their efforts in reducing planned and unplanned downtime of the aging North Sabah facilities. Our facilities enjoy some of the highest uptime metrics for mature assets in Malaysia.



FOCUSED RECOGNITION

I want to recognise SEA Hibiscus for demonstrating

- [x] Results Matter
- [ ] Nurture Trust
- [x] Own it!
- [ ] Tell Me
- [x] Focused Execution
- [ ] Shared Success

in the following manner:

- SEAH had demonstrated strong commitment during OSR Tier 3 Audit at St. Joseph platform and SEAH office in Kota Kinabalu.
- Based on DOSH assessment on OSH MS1722, SEAH score is 91.1% result.

By doing this, you have positively impacted the following key result(s):

Support Offshore Self Regulation (OSR) implementation as per OSRMS and compliance with FMA 1967 and OSHA 1994 requirement towards offshore full self regulation.

PETRONAS MPM/POM — Given by

26th Sept 2019 — Date

PETRONAS Cultural Beliefs

5. In September 2019, the Department of Occupational Safety and Health (DOSH) and PETRONAS conducted a joint Tier 3 audit for the Offshore Self-Regulation Management System (OSRMS) for the asset, in compliance with the OSH MS1722 standard. This audit was successfully completed, with a resulting score of 91.1%.

6. In September 2019, the Anasuria FPSO received the Order of Distinction for 20 consecutive years of receiving the Gold Award for safety performance in 2018 by the Royal Society for Prevention of Accidents (ROSPA).

Whilst there may be fluctuations in our quarterly results, barring unforeseen circumstances, we anticipate delivering between 3.3 million and 3.5 million bbls during the 2020 financial year.

By Order of the Board of Directors
Hibiscus Petroleum Berhad
21 November 2019