Corporate and Business Update

(Issued in conjunction with the Quarterly Report for the Financial Quarter Ended 30 June 2021)

Kuala Lumpur, 26 August 2021 – 5.00pm

Financial Year 2021 Ends on A Robust Note with a Full Year PAT of RM103.7 million

Highlights

- Hibiscus Petroleum announced earnings before interest, taxes, depreciation and amortisation (“**EBITDA**”) of RM380.8 million and a profit after taxation (“**PAT**”) of RM103.7 million for the financial year ended 30 June 2021 (“**FY2021**”), on the back of revenue of RM804.8 million.
- The Group sold 862,951 barrels (“**bbls**”) of crude oil in the financial quarter ended 30 June 2021 (“**Current Quarter**”). Three offtakes were conducted; two from the North Sabah asset and one from Anasuria. The Group exceeded its initial FY2021 target and delivered a total of 3.7 million bbls of oil from 13 offtakes, with nine from North Sabah and a further four from Anasuria.
- Repsol Asset Acquisition: Transformative acquisition expected to almost triple the Group’s average net daily oil, gas and condensate production to 26,800 bbl of oil equivalent per day in 2022.

Introduction

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

Repsol Asset Acquisition

On 1 June 2021, the Group’s wholly-owned subsidiary, Peninsula Hibiscus Sdn Bhd (“**Peninsula Hibiscus**”) entered into a conditional sale and purchase agreement (“**SPA**”) with Repsol Exploración, S.A. (“**Repsol**”) for the proposed acquisition by Peninsula Hibiscus of the entire equity interest in Fortuna International Petroleum Corporation for a total cash consideration of USD212.5 million (“**Proposed Acquisition**”).

The Proposed Acquisition is transformative to the Group and is a unique opportunity to acquire a high-quality asset portfolio, comprising five production sharing contracts (“**PSC**”) in Malaysia and Vietnam. Peninsula Hibiscus also assumes Repsol’s role as operator in the five PSCs. It is anticipated that the transaction will be completed by the end of calendar year (“**CY**”) 2021. However, given that the effective date of the Proposed Acquisition is 1 January 2021, all economic benefits and risks from that date will accrue to the Group upon completion of the transaction.

Reserves and Resources Update

As part of the Group's regular update of our Reserves and Resources, we undertook independent assessments of the reserves of various assets. Competent Person's Reports were prepared for the North Sabah, Anasuria and Teal West assets by RPS Energy Consultants Limited. Figure 1 below depicts our updated net entitlement to oil and gas reserves and resources, as at 1 July 2021, within the licenses in which we have interests.

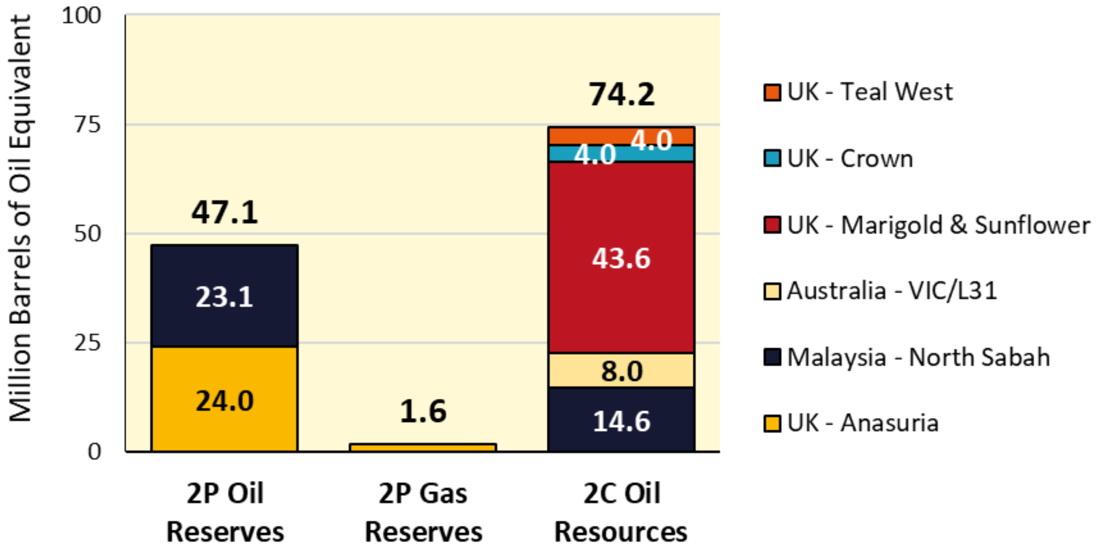


Figure 1: Hibiscus Petroleum's net oil and gas reserves and resources estimates.

Notes to Figure 1:

1 *Reserves and resources are as of 1 July 2021.*

2 *Anasuria 2P Reserves are based on Anasuria Hibiscus UK Limited ("**Anasuria Hibiscus UK**")'s interest and extracted from RPS Energy Consultants Limited's report dated August 2021.*

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 Energy Consultants Limited's report dated August 2021.*

4 *Marigold and Sunflower 2C Contingent Resources are based on Anasuria Hibiscus UK's interest and extracted from RPS Energy Consultants Limited's report dated August 2020.*

5 *Teal West 2C Contingent Resources are based on Anasuria Hibiscus UK's interest and extracted from RPS Energy Consultants Limited's report dated August 2021.*

6 *VIC/L31 and Crown 2C Contingent Resources are based on internal estimates.*

Operational Updates

Health Safety Security & Environment ("HSSE")

Our initiatives to combat the spread and impact of COVID-19 within our organisation continue, with various measures taken both on land and offshore at North Sabah and Anasuria. These include "work-from-home" rotations for office-based staff and our offshore teams being subject to strict protocols whilst conducting operations. There is also a focus on having a reasonable level of backup resources to ensure business continuity. Safety procedures while transporting personnel by helicopter and crew boats are also being practised. In the United Kingdom ("**UK**"), vaccination programmes are driving a drop in infection rates whilst in Malaysia, an increasing number of cases are being reported daily. Risks to personnel and plant due to COVID-19 continue to be assessed regularly at all locations, and immediate actions are taken to address emerging issues to safeguard the health, safety and well-being of our personnel.

Awards

With measures in place, both the North Sabah and Anasuria assets have been performing satisfactorily. We are pleased to disclose the following awards and achievements for safety and production operations in Malaysia and the UK:

North Sabah Operations:

- Petronas Focused Recognition Award – Awarded in April 2021 for successfully initiating the 1st Integrated CTU Catenary Campaign, resulting in safe catenary operations with an estimated potential instantaneous production gain of 1,350 bbls per day.

Anasuria Operations:

- Gold Award – Awarded by the Royal Society for the Prevention of Accidents ("**ROSPA**") for CY2020 health and safety performance of the Anasuria Floating Production Storage and Offloading ("**FPSO**") facility – 22nd consecutive annual award.
- Order of Distinction – Awarded by ROSPA for 22 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 2021 [2]	January to March 2021	October to December 2020	July to September 2020
Average uptime	%	95	95	92	86
Average gross oil production	bbl/day	17,255	17,796	17,700	16,895
Average net oil production	bbl/day	6,384	6,585	6,549	6,251
Total oil sold	bbl	608,006	599,948	870,874	592,453
Average realised oil price [1]	USD/bbl	72.07	60.46	39.91	39.46
Average OPEX per bbl (unit production cost)	USD/bbl	15.69	10.91	13.29	17.08

Figure 2: Operational performance for the North Sabah asset.

Notes to Figure 2:

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

2 *Figures for the period April 2021 to June 2021 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 95%, achieved during the Current Quarter, is consistent with that reported for the financial quarter ended 31 March 2021 ("**Preceding Quarter**"). Average gross oil production however, is marginally lower during the Current Quarter when compared to volumes delivered for the Preceding Quarter partly due to a lower than expected performance from South Furious field. Average OPEX per bbl for North Sabah increased to USD15.69

due to the lower production in the Current Quarter on the back of higher OPEX from planned major maintenance activities which commenced in May 2021, when compared to USD10.91 in the Preceding Quarter. OPEX in both the Current and Preceding Quarters have also been impacted by COVID-19 restrictions and government standard operating procedures that have been imposed. This trend is expected to continue through to the financial quarter ending 30 September 2021 ("**Next Quarter**").

Two crude oil offtakes were conducted in the North Sabah asset in the Current Quarter with a total of 608,006 bbls of oil, net to SEA Hibiscus, sold at an average oil price of USD72.07 per bbl.

In terms of capital expenditure, RM8.8 million net to SEA Hibiscus was incurred during the Current Quarter, mainly attributable to the execution of post-drill activities at the Saint Joseph 2020 Drilling Programme. Capital expenditure is expected to be of a similar quantum in the Next Quarter as production maintenance activities ramp up.

UK North Sea

Anasuria Cluster: Production Operations

As of 30 June 2021, Anasuria Hibiscus UK has been involved in the joint operations of the Anasuria asset for over five years. Figure 3 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:

	Unit	April to June 2021	January to March 2021	October to December 2020	July to September 2020
Average uptime	%	53	91	95	94
Average net oil production rate	bbl/day	1,402	2,463	2,726	2,753
Average net gas export rate @	boe/day	240	354	383	330
Average net oil equivalent production rate	boe/day	1,642	2,816	3,109	3,084
Total oil sold	bbl	254,945	274,996	252,289	250,337
Total gas exported (sold)	mmscf	131	191	212	182
Average realised oil price	USD/bbl	62.67	54.04	40.85	41.99
Average gas price	USD/mmbtu	2.60∞/5.80#	2.30∞/5.36#	1.48∞/3.87#	0.44∞/ 1.45#
Average OPEX per boe	USD/boe	38.22	18.15	22.00	17.53

Figure 3: Operational performance for the Anasuria asset.

Notes to Figure 3:
*@ 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.
Figures are subject to rounding.

The average uptime and average daily oil equivalent production rate achieved at the Anasuria asset for the Current Quarter of 53% and 1,642 boe per day, respectively, are lower than recorded in the Preceding Quarter. One crude oil offtake was conducted at Anasuria during the Current Quarter, in which 254,945 bbls of oil net to Anasuria Hibiscus UK was sold at an average realised oil price at USD62.67 per bbl. The average OPEX per boe in Anasuria for the Current Quarter of USD38.22 per boe is higher than USD18.15 per boe in the Preceding Quarter.

Operational performance for the Current Quarter was affected by several planned and unplanned activities. The planned offshore turnaround of the Anasuria FPSO ("**2021 Offshore Turnaround**") commenced on 15 April 2021, coinciding with the planned turnaround of the SEGAL pipeline, and subsequently completed in early May 2021. The 2021 Offshore 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.

In the process of bringing the Anasuria FPSO back to full production upon completion of the 2021 Offshore Turnaround, a malfunction of a critical component of the subsea infrastructure was identified which required it to be isolated from the primary production system. The impact of this temporary isolation will result in lower overall production from the Anasuria asset until this component is replaced. The targeted offtake volume for CY2021 is not expected to be materially impacted. Engineering and procurement activities are currently on-going on a fast-track basis but we anticipate that there will be some impact on the CY2022 (first half of the year) offtake volumes. We will provide guidance on the production impact once the project schedule for rectification works has been finalised.

In terms of capital expenditure, in the Current Quarter, Anasuria Hibiscus UK incurred approximately RM1.6 million primarily for the upgrade and replacement of facilities on the Anasuria FPSO.

<u>UK North Sea – Marigold Cluster</u>

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

- 87.5% interest in P198 - Block 15/13a ("**Marigold**");
- 87.5% interest in P198 - Block 15/13b ("**Sunflower**");
- 100% interest in P2366 - Blocks 15/18d and 15/19b ("**Crown**"); and
- 100% interest in P2518 - Block 15/17a ("**Kildrummy**").

In January 2021, the UK Oil and Gas Authority ("**OGA**") requested that Anasuria Hibiscus UK work with Ithaca Energy Limited ("**Ithaca**"), holder of Licence P2158 (Block 15/18b) which is adjacent to the Marigold field and contains the Yeoman discovery, and propose a common development solution for the resources found in both licences. Ithaca and Anasuria Hibiscus UK have agreed in principle to jointly develop the Marigold resources in Block 15/13a and Block 15/18b which includes the resources in Yeoman (now renamed Marigold East) however detailed terms have yet to be finalised. Anasuria Hibiscus UK has concluded its technical and commercial work related to the use of an FPSO as a development solution and has submitted our findings to the OGA. Ithaca has continued to pursue an alternative development solution which examines the technical and commercial viability of a tieback of the combined resources to the RepsolSinopec Piper B platform which is located in close proximity. The decision of which concept to select will likely be made in 2022.

The OGA has indicated that it will allow Ithaca until the end of 2021 to finalise its tieback proposal. At that point, it is expected that the OGA, Ithaca and Anasuria Hibiscus UK will decide on the next steps to be pursued. It is highlighted that the Anasuria Hibiscus UK development solution is predicated on the use of a specific FPSO and our exclusivity over the use of this FPSO for the Marigold Cluster will expire in September 2021. The OGA has been made aware of these timelines.

<u>UK North Sea – Eagle</u>

In February 2021, we announced the potential acquisition of an 85% interest in Licence P238 Block 21/19a Eagle Pre-Producing Area ("**Eagle Field**") through Anasuria Hibiscus UK from EnQuest Heather Limited ("**EnQuest**"). The Eagle Field is a potential subsea tie back to the nearby Anasuria FPSO jointly owned by Anasuria Hibiscus UK. The contemplated transaction under the Eagle SPA required the OGA's approval to EnQuest's request to prolongate the Eagle Field licence. The OGA has disapproved

EnQuest's request. The parties are currently working towards amending the Eagle SPA (i) to abort the contemplated transaction with a relinquishment of the Eagle Field licence by EnQuest, and (ii) extend the tenure of the Eagle SPA for a one-year period to allow for the award of the Eagle Field licence to Anasuria Hibiscus UK during the extension term of the Eagle SPA whilst retaining the fundamental principles of the current commercial arrangements.

Australia – Bass Strait Cluster

The Bass Strait Cluster comprises the following:

- 100% direct interest in the VIC/L31 Production License;
- 75.1% direct interest in the VIC/P57 Exploration Permit ("**VIC/P57**"); and
- 50% direct interest in the VIC/P74 Exploration Permit.

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

On 17 May 2021, the Australian National Offshore Petroleum Titles Administrator granted a 12-month suspension of the VIC/P57 permit conditions with a corresponding 12-month extension to the VIC/P57 permit term. This was accorded in recognition of the significant impact of the COVID-19 pandemic on the petroleum sector and to provide additional flexibility for titleholders to manage and plan their way through the current pandemic. Pursuant to this, the VIC/P57 permit term will end on 6 March 2024, compared to the previous permit term expiry on 6 March 2023. For clarity, there is no additional work programme arising from this development.

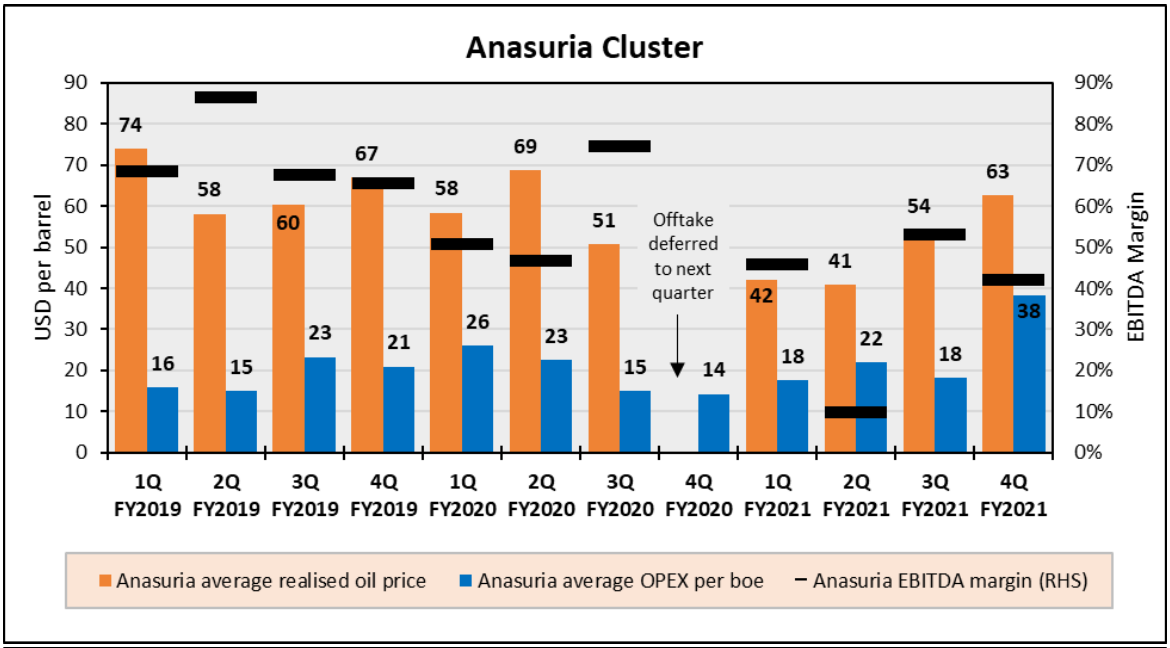
Financial Performance

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. This second operated, producing asset has provided a greater level of balance sheet resilience for the Group.

Our growing enhanced financial stability has allowed the Group to reward loyal shareholders. On 22 February 2021, we declared a maiden interim single-tier dividend of 0.50 sen per ordinary share, which was paid on 8 April 2021 to shareholders of ordinary shares whose names appeared on the Record of Depositors on 9 March 2021.

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 both the North Sabah and Anasuria assets. To activate such projects on a timely basis, operatorship is key. In 2020, the Group activated various plans to mitigate the effects of low oil prices. Some of these measures involved the deferral of non-safety critical OPEX related activities. To ensure long term asset integrity and safe conduct of operations, some of the activities deferred last year are gradually being reinstated into our current and future work programs and to ensure smooth operations.

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



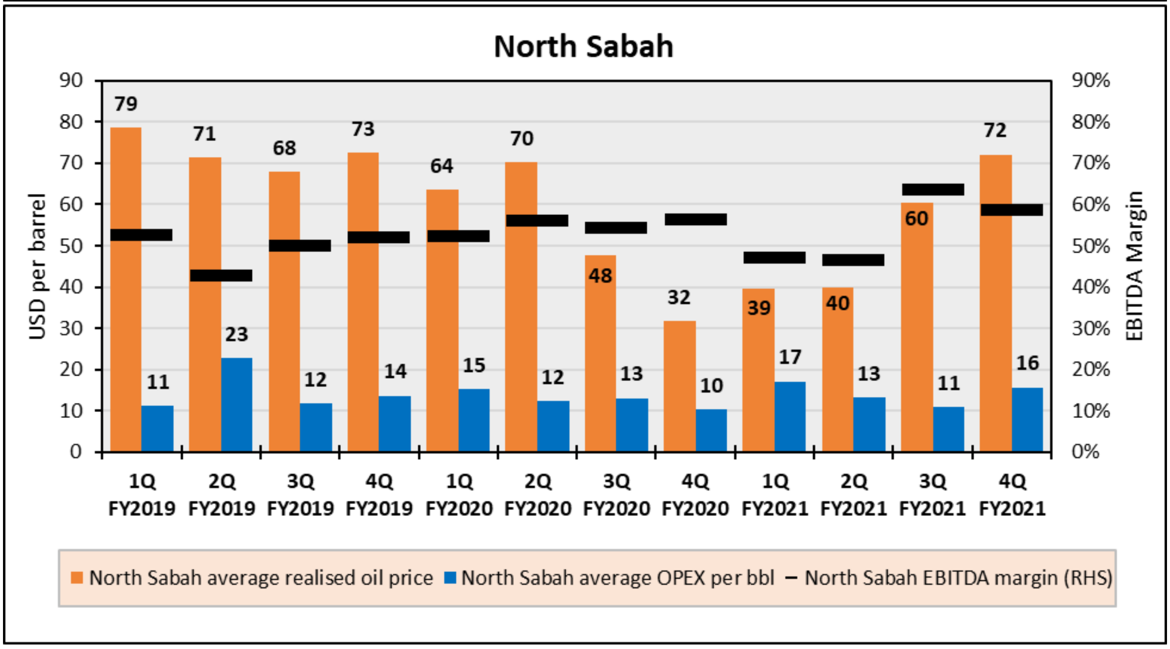


Figure 4: OPEX per bbl, average realised oil price and EBITDA margin by asset.

Notes to Figure 4:

1. *Anasuria Cluster's EBITDA margin in 2Q FY2021 was affected by period-end retranslation of GBP-denominated balances which resulted in significant unrealised foreign exchange losses due to the appreciation of GBP against USD 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.*

For the quarter ended	Unit	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Jun 2020
Revenue	RM Mil	253.0	216.0	190.3	145.5	39.5
EBITDA/(LBITDA)	RM Mil	129.9	122.4	63.2	65.3	(100.8)
PAT/(LAT)	RM Mil	49.6	32.0	12.0	10.0	(145.2)
Basic earnings/(loss) per share	sen	2.49	1.76	0.74	0.63	(9.14)

Figure 5: Highlights from the Group's Profit or Loss Statement for the last five financial quarters.

Note to Figure 5: Includes provisions for impairment of oil and gas assets of RM196.3 million in 4Q FY2020 (quarter ended 30 June 2020).

As at	Unit	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Jun 2020
Total assets	RM Mil	2,788.0	2,722.3	2,615.2	2,492.3	2,426.2
Shareholders' funds	RM Mil	1,473.9	1,418.4	1,241.0	1,196.8	1,221.3
Cash and bank balances *	RM Mil	173.9	105.5	102.7	96.3	77.3
Total debt	RM Mil	(5.7) **	(11.0) **	(128.6) **	Nil	(49.2)
Net current assets/(liabilities)	RM Mil	186.2	151.5	174.8	(91.2)	(48.8)
Net assets per share	RM	0.74 ***	0.71 ***	0.72	0.75	0.77

Figure 6: Highlights from the Group's Balance Sheet for the last five financial quarters.

Notes to Figure 6:

* *Excludes restricted cash and bank balances.*

** *Total debt balances as of 30 June 2021, 31 March 2021 and 31 December 2020 relate to recognition of the liability component of the Islamic Convertible Redeemable Preference Shares ("**CRPS**") upon the issuance of the first two tranches in November 2020.*

*** *Total ordinary shares increased from 1,722,492,120 as at 31 December 2020 to 1,988,185,904 as at 31 March 2021 to 2,000,137,151 as at 30 June 2021 mainly as a result of the conversion of the CRPS. As at 30 June 2021, 97% of the total CRPS issued has been converted into ordinary shares.*

Oil Price Outlook

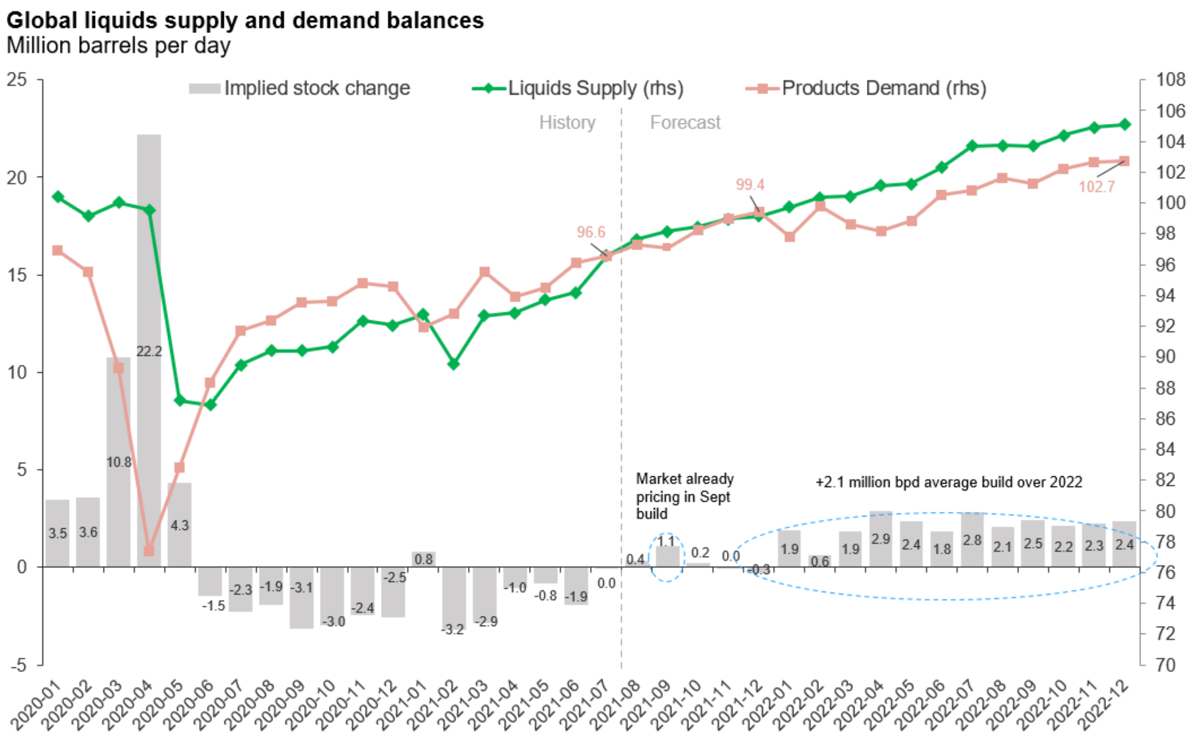


Figure 7: Rystad Energy global liquids supply and demand, as of 20 August 2021.

In summary, as shown in Figure 7 above, increasing demand will be balanced by the expected increase in production by OPEC+ throughout the remainder of CY2021. In CY2022, Rystad Energy see a potential oversupply if OPEC+ follow their new supply targets, but expect that OPEC+ will scale back their production increases to better match demand and avoid a future oil price correction.

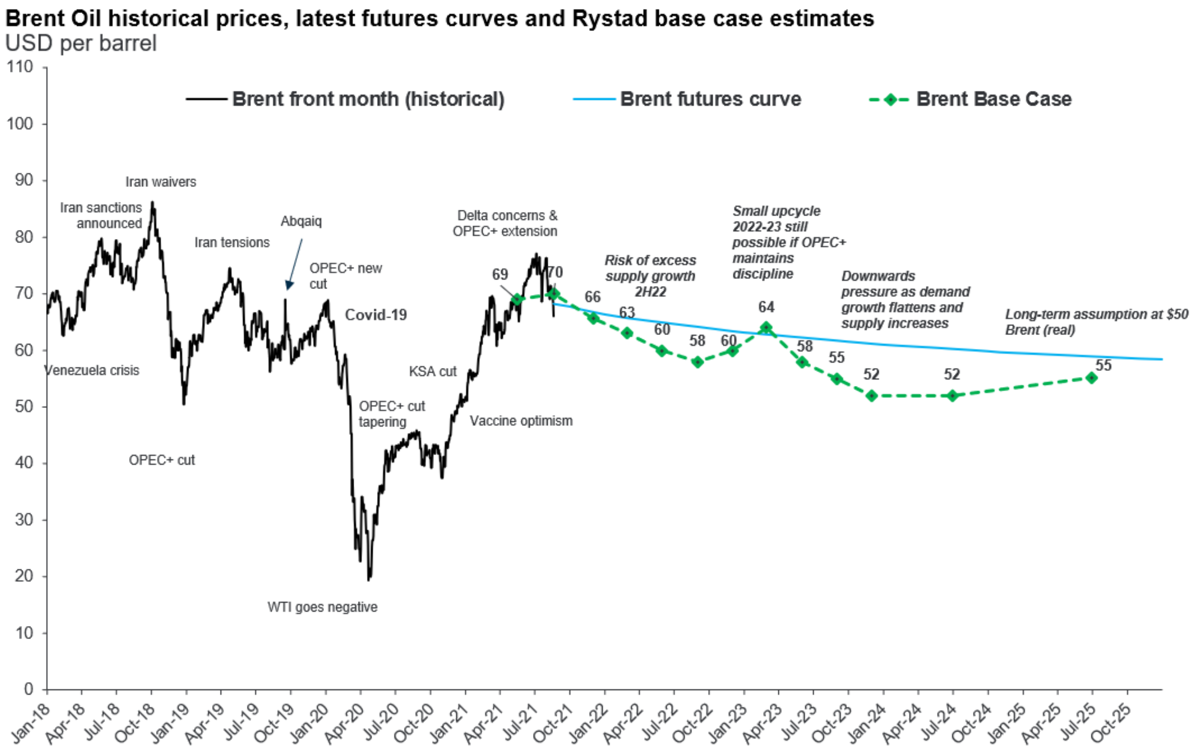


Figure 8: Rystad Energy Brent Oil forecast, as of 20 August 2021.

Based on the analysis by Rystad Energy (as shown in Figure 8), oil prices recovered to levels not seen since late 2018 mainly driven by the COVID-19 vaccine rollout spurring demand and continuing OPEC+ production cuts. Oil price downside risks are present due to the spread of the Delta variant of the virus which causes COVID-19. In summary, Rystad Energy maintain their forecast of USD66 per bbl for the fourth quarter of CY2021.

Energy Transition Strategy

As a responsible energy company, we have recently published our Sustainability Policy. We have developed our ESG pillars so that we contribute to the relevant United Nation's Sustainable Development Goals ("**UN SDG**"). We look forward to the future through the lens of sustainability framed by our Sustainability Policy which has been aligned with the UN SDG and we will respond to their call to a Decade of Action.

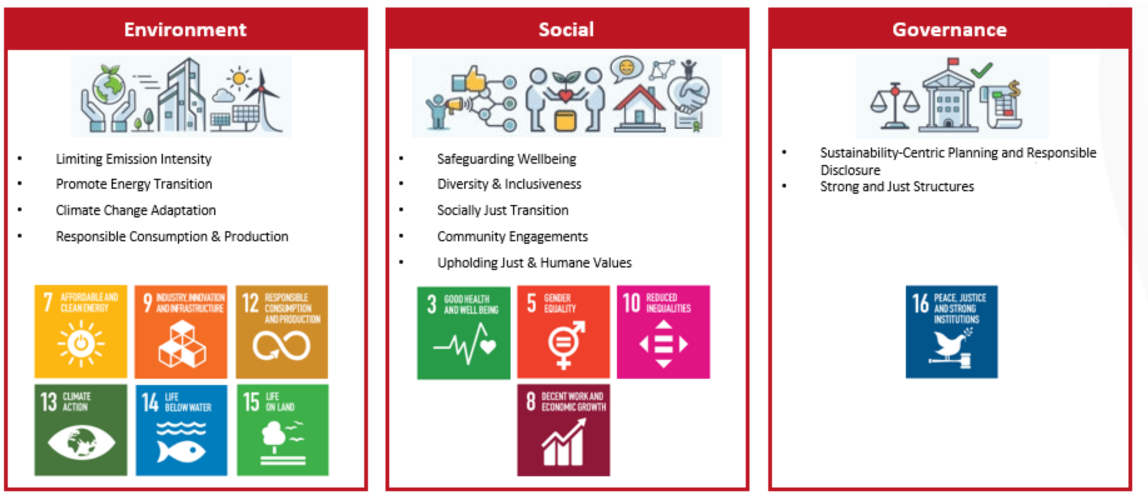


Figure 9: ESG Pillars of Sustainability Policy.

The environment pillar of the Sustainability Policy places much emphasis on the climate change agenda, given the urgency of the issue. In order to mitigate climate change, we are committed to our energy transition strategy in which we have aspired to be a Net Zero Emissions Producer by 2050. We will limit our emission intensity through decarbonising efforts and we have incorporated energy transition as one of our nine key business drivers. To this effect, we will also explore investments in green opportunities in a disciplined and progressive manner, in collaboration with industry and technology partners.

Concluding Remarks

There have been positive developments in the Group over the Current Quarter. Conditional agreements for a transformative acquisition were executed. In addition, the continued higher level of oil prices seen since the onset of CY2021, driven by aggressive vaccine roll-out programs, careful management of costs and concerns of the tightening future supply of oil and gas, has positively impacted the financial performance of the Group.

In FY2021, we conducted 13 offtakes, which resulted in sales of circa of 3.7 million bbls of oil, thus exceeding our initial estimates of 12 offtakes and 3.4 million bbls of oil for FY2021.

We are continuing to work on potential merger and acquisition opportunities, focusing on producing assets in the Southeast Asia region.

Overall, we are cognisant of various uncertainties caused by the continuing COVID-19 pandemic but we remain focused delivering optimal performance in an improving oil price environment.

By Order of the Board of Directors
Hibiscus Petroleum Berhad
26 August 2021