THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, please consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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This Circular is issued to our shareholders solely for the purpose of convening the Extraordinary General Meeting ("**EGM**") and seeking their approval for the resolution to be considered at such meeting. Shareholders are authorised to use this Circular solely for the purpose of considering the approvals sought. Persons to whom a copy of this Circular has been issued shall not circulate to any other person, reproduce or otherwise distribute this Circular or any information herein for any purpose whatsoever nor permit or cause the same to occur.

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The Placement Shares (as defined herein) have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**U.S. Securities Act**") or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to U.S. persons except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with the applicable securities laws of any state or other jurisdiction of the United States. The Placement Shares (as defined herein) will be offered and sold only (i) within the United States to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 4(a)(2) thereunder, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

HIBISCUS PETROLEUM BERHAD

(Company No. 798322-P)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED PLACEMENT OF UP TO 326,935,484 NEW ORDINARY SHARES OF RM0.01 EACH IN HIBISCUS PETROLEUM BERHAD ("HIBISCUS PETROLEUM"), REPRESENTING UP TO 25% OF THE ENLARGED ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF HIBISCUS PETROLEUM

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

CIMB Investment Bank Berhad (18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of Hibiscus Petroleum together with the Form of Proxy are enclosed in this Circular.

Last day and time for lodging the Form of Proxy	:	Sunday, 11 October 2015 at 4.00 p.m.
Date and time of the EGM	:	Tuesday, 13 October 2015 at 4.00 p.m. or at any adjournment
Venue of the EGM	:	Auditorium, Level 3A, Connexion@Nexus, Bangsar South City, No.7 Jalan Kerinchi, 59200 Kuala Lumpur

This Circular is dated 28 September 2015

DEFINITIONS

The following definitions shall apply throughout this Circular unless the context requires otherwise:

Act	:	Companies Act, 1965 and includes any amendments from time to time and any re-enactment thereof
Anasuria Cluster	:	Comprises a geographically focused package of operated producing fields and associated infrastructure located in the UK North Sea, as follows: (i) 100% interest in Guillemot A field and the related field facilities; (ii) 100% interest in Teal field and the related field facilities; (iii) 100% interest in Teal South field and the related field facilities; (iv) 38.65% interest in Cook field and the related field facilities; and (v) 100% ownership in the common infrastructure known as the Anasuria Floating Production Storage and Offloading unit and the related equipment.
Board or Directors	:	Board of Directors of our Company
Bursa Securities	:	Bursa Malaysia Securities Berhad
CIMB	:	CIMB Investment Bank Berhad
EGM	:	Extraordinary General Meeting
EPS	:	Earnings per share
Esso	:	Esso Exploration and Production UK Limited
FPE	:	Financial period ended
FYE	:	Financial year ended/ending, as the case may be
Group	:	Collectively, Hibiscus Petroleum and its subsidiaries
Hibiscus Petroleum or Company	:	Hibiscus Petroleum Berhad
Hibiscus Petroleum Shares	:	Ordinary shares of RM0.01 each in Hibiscus Petroleum
HUSB	:	Hibiscus Upstream Sdn Bhd
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities and includes any amendments from time to time and any re-enactment thereof
LPD	:	28 August 2015, being the latest practicable date before the printing of this Circular
NA	:	Net assets

O&G	:	Oil and gas
OPEC	:	Organization of the Petroleum Exporting Countries
Placement Shares	:	Up to 326,935,484 new Hibiscus Petroleum Shares to be issued pursuant to the Proposed Placement
Proposed Placement	:	Proposed placement of up to 326,935,484 new Hibiscus Petroleum Shares, representing up to 25% of the enlarged issued and paid-up ordinary share capital of the Company
Shell	:	Shell U.K. Limited and Shell EP Offshore Ventures Limited, collectively
UK	:	United Kingdom
US	:	United States of America
VWAMP	:	Volume weighted average market price

CURRENCIES

RM and sen	:	Ringgit Malaysia and sen, respectively, the lawful currency of Malaysia
USD	:	United States Dollar

All references to "**we**", "**us**", "**our**" and "**our Company**" are to our Company, or where the context otherwise requires, our Company and our subsidiaries. Our "**Group**" collectively refers to our Company and our subsidiaries.

All references to "**you**" in this Circular are to our shareholders who are entitled to attend and vote at our forthcoming EGM.

Unless otherwise stated, the exchange rate of USD1.00:RM4.2000 being the middle rate quoted by Bank Negara Malaysia at 5:00 p.m. on 28 August 2015, is used throughout this Circular.

CONTENTS

HIBISCUS PETROLEUM BERHAD
(Company No. 798322-P)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

28 September 2015

Board of Directors:

Zainul Rahim bin Mohd Zain *(Non-Independent Non-Executive Chairman)*
Dr. Kenneth Gerard Pereira *(Managing Director)*
Datuk Zainol Izzet bin Mohamed Ishak *(Senior Independent Non-Executive Director)*
Datin Sunita Mei-Lin Rajakumar *(Independent Non-Executive Director)*
Roushan Arumugam *(Independent Non-Executive Director)*
Sara Murtadha Jaffar Sulaiman *(Independent Non-Executive Director)*

To: Our shareholders

Dear Sir/Madam,

PROPOSED PLACEMENT

---

1. INTRODUCTION

On 11 September 2015, we announced through CIMB that we are proposing to undertake the Proposed Placement.

On 23 September 2015, we announced through CIMB that Bursa Securities had vide its letter dated 23 September 2015, approved the listing of and quotation for the Placement Shares, subject to the conditions as set out in Section 9 below.

The purpose of this Circular is to provide you with the details of the Proposed Placement and to seek your approval for the resolution pertaining to the Proposed Placement which will be tabled at our forthcoming EGM. We enclose the notice of EGM together with the Form of Proxy in this Circular.

WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED PLACEMENT AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED PLACEMENT

2.1 Size of placement

Based on our issued and paid-up ordinary share capital as at the LPD of RM9,808,064.54 comprising 980,806,454 Hibiscus Petroleum Shares, the Proposed Placement will involve the placement of up to 326,935,484 new Hibiscus Petroleum Shares, representing up to 25% of the enlarged issued and paid-up ordinary share capital of our Company immediately upon implementation of the Proposed Placement, to placees to be identified at a later date.

2.2 Placement arrangement

The precise terms and conditions such as the identity of the placees, number of Placement Shares allocated and the issue price for the Placement Shares can only be determined and finalised at later date(s) when the Proposed Placement is implemented.

We will only be offering the Placement Shares to persons who are not our Directors, major shareholders and/or persons connected with them.

Subject to prevailing market conditions and investors' interest, the Proposed Placement may be implemented in multiple tranches within 6 months from the date of approval of Bursa Securities for the listing of and quotation for the Placement Shares or any extended period as may be approved by Bursa Securities. In this regard, there may potentially be several price fixing dates depending on the number of tranches and timing of implementation of the Proposed Placement. Our Board believes the implementation in tranches may provide some flexibility to our Company in its efforts to identify and secure investors and maximise the number of Placement Shares to be placed out under the Proposed Placement.

The Placement Shares will not be underwritten and the Proposed Placement will be conducted on a best effort basis. The Placement Shares will be listed and quoted on the Main Market of Bursa Securities.

2.3 Ranking of the Placement Shares

The Placement Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Hibiscus Petroleum Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, unless the allotment and issue of the Placement Shares were made on or prior to the entitlement date of such dividends, rights, allotments and/or other distributions.

2.4 Basis and justification in arriving at the issue price of the Placement Shares

The issue price(s) of the Placement Shares will be fixed at date(s) to be determined and announced later following the receipt of all requisite approvals for the Proposed Placement ("**Price Fixing Date(s)**"). The issue price(s) of the Placement Shares shall be fixed at:

(i) a premium to the 5-day VWAMP of Hibiscus Petroleum Shares immediately prior to the Price Fixing Date(s); or

(ii) a discount of not more than 20% to the 5-day VWAMP of Hibiscus Petroleum Shares immediately prior to the Price Fixing Date(s).

The maximum discount of 20% will allow flexibility for our Board to accommodate fluctuations in market conditions when implementing the Proposed Placement.

While premium(s) or discount(s) offered may differ from tranche to tranche, except in the case of strategic investors as explained below, we do not envisage different premium(s) or discount(s) being offered to different investors within the same tranche of placement under the Proposed Placement.

Key determinants of the premium(s) or discount(s) include:

(i) the prevailing market conditions on the relevant Price Fixing Date(s);

(ii) in respect of strategic investors, the extent of the benefits or contribution these investors may bring to our Group;

(iii) the size of block placed out to each placee;

(iv) whether a moratorium will be imposed;

(v) potential investors' interest in the Proposed Placement; and

(vi) timing of the funding requirements of our Group as set out in Section 2.5 below.

2.5 Proposed utilisation of proceeds

We are unable to determine the actual amount of proceeds to be raised from the Proposed Placement at this juncture as it will depend on, among others, the issue price and actual number of Placement Shares to be issued.

For illustrative purposes, assuming the issue price of RM0.636 per Placement Share, representing a 10% discount to the 5-day VWAMP of Hibiscus Petroleum Shares up to and including 28 August 2015 of RM0.7063, the Proposed Placement is expected to raise gross proceeds of up to RM207.9 million ("**Illustrative Proceeds**").

We will prioritise the use of the potential proceeds raised in order that our Group's commitments are fulfilled. We will also take into account and assess future opportunities that may arise in the course of business of our Group.

Assuming the Illustrative Proceeds are raised, we propose to utilise such proceeds in the following manner:

	Estimated timeframe for utilisation	**Illustrative Amount**
		RM mil
Ongoing projects(1)	Within 12 months	105.0
Future developments and/or investments and working capital(2)	Within 12 months	96.6
Estimated expenses for the Proposed Placement(3)	Within 3 months	6.3
Total		**207.9**

Notes:

*(1) Approximately RM105.0 million of the proceeds are intended to be utilised to support our Group's ongoing projects which include the development of the West Seahorse oilfield in the offshore Gippsland Basin, Victoria, Australia pursuant to the award of the VIC/L31 production license by the Australian National Offshore Petroleum Titles Administrator ("**NOPTA**") including the drilling of the Sea Lion exploration well.*

The status of our ongoing projects as at the LPD is as follows:

Location	***Prospect / License(s)***	***Status***
Australia	*Sea Lion (VIC/P57)*	*Pending the handover of the drilling rig for spudding and drilling of the Sea Lion well*
Australia	*West Seahorse (VIC/L31)*	*Final investment decision dependent on Sea Lion's results*
Norway	*Lime Petroleum Norway AS (PL338C, PL591, PL616, PL708 and PL544)*	*Exploration wells drilled for PL338C, PL591 and PL616 licenses. Firm exploration and appraisal wells planned for PL708 and PL338C licenses, respectively. PL544 license is under evaluation for possible drilling to commence in the first quarter of 2016*
Middle East	*Offshore Sharjah, United Arab Emirates*	*Efforts to farm-out a portion of our interests in this prospect is still ongoing*
Middle East	*Block 50, Oman*	*Subsurface studies ongoing to determine if it is viable to commence drilling activities*

The West Seahorse oilfield is a small offshore oil field, located approximately 14km from the coast and in water depth of 40m. A discovery was made in 1981 and four reservoirs, namely N1u, N1, N2.6 and P1 were found to be oil bearing. The field is located within the Production License VIC/L31. An independent geological and geophysical consultant has reviewed all technical data and estimated reserves for the field in January 2014. Proven and probable reserves (2P) for the West Seahorse oilfield have been estimated at 6.5 million barrels and contingent resources (2C) of 1.5 million barrels. We intend to develop the field using a mobile offshore production unit and a floating, storage and offloading vessel. The field development plan was approved by NOPTA in November 2013 and consequently a production license was granted by NOPTA in December 2013. The overall development cost is estimated to be approximately USD70 million and this will be funded from both debt and equity sources.

Sea Lion is a robust exploration prospect on trend with similar reservoir and depths, close to West Seahorse and some 4km from shore and approximately 7km from the West Seahorse field. An independent oil and gas consultancy firm has estimated P50 (having a 50% certainty of being produced) prospective resources of Sea Lion at 10.6 million barrels. On the basis that Sea Lion is successful with a commercial discovery made, it would be tied-back to the West Seahorse production infrastructure. The tie-in to West Seahorse will help to reduce operating cost per barrel and hence, it will increase the economic life of the West Seahorse field from 3 years to 6 years. The potential enhancement to the economic life of the field would potentially enhance the opportunity to monetise the asset.

If the finalised amount for the ongoing projects is lower than the estimated amount above, the excess will be allocated to working capital and vice versa.

(2) *We propose to utilise up to approximately RM96.6 million of the proceeds to be raised from the Proposed Placement to fund our future developments and/or investments. This would include potential projects in Europe and the Middle East. We will from time to time identify and evaluate these investment opportunities, with a view to strengthen and grow our businesses. Our strategy is to have a diversified portfolio of assets from exploration to production. Whilst there is a focus towards producing assets, we may invest in development / exploration assets provided they are value accretive to us. An example of the type of project our Company would assess include producing and cash generating assets such as the Anasuria Cluster of which we announced the proposed acquisition on 6 August 2015.*

The breakdown of proceeds to be allocated for future developments and/or investments and working capital will depend on the operating and funding requirements of our Group. In the event that no suitable developments and/or investments are identified by our Group, the entire amount will be utilised for working capital purposes.

The working capital requirements of our Group include, among others, payment to trade creditors and for administrative expenses.The administrative expenses of our Group include, among others, business development and staff related expenses, and corporate and statutory expenses.

As the actual utilisation will depend on our operating needs at or near the time the proceeds are received, we have not shown a breakdown of proposed utilisation of proceeds for each category of working capital.

(3) *The estimated expenses include, among others, professional fees, placement fees and fees to the relevant authorities. If the actual expenses related to the Proposed Placement are lower than the estimated amount above, the excess will be allocated to working capital and vice versa.*

Any variation between the Illustrative Proceeds and the actual gross proceeds raised from the Proposed Placement will be adjusted against the amount allocated for future developments and/or investments and working capital.

3. RATIONALE FOR THE PROPOSED PLACEMENT

The Proposed Placement will enable us to raise the necessary funds to partly or fully finance some of the ongoing projects as well as future developments and/or investments and working capital of our Group as elaborated in Section 2.5.

After due consideration of the various options available, our Board is of the view that the Proposed Placement is the most appropriate avenue to raise funds for our Group, as the Proposed Placement will:

(i) raise equity capital for our Group and strengthen our capital base;

(ii) enable our Company to raise funds without incurring interest expenses as compared to bank borrowings;

(iii) improve the liquidity and financial flexibility of our Group by strengthening our financial position; and

(iv) enable our Group to raise funds for ongoing projects, future developments and/or investments and working capital, which is expected to contribute positively to the earnings potential of our Group in the future.

We favour the Proposed Placement over a pro-rata issuance of Hibiscus Petroleum Shares via a rights issue exercise as our shareholder base currently comprises mainly retail investors. While there is no certainty that we will be able to procure institutional investors to subscribe for the Placement Shares, the Proposed Placement would present us with an opportunity to do so. Having institutional investors as our shareholders would broaden our shareholder base which may enhance our fund raising capabilities in the future. Besides, the Proposed Placement would enable us to raise funds more expeditiously than a rights issue exercise.

One of the specific considerations in undertaking the Proposed Placement is the added value that the Proposed Placement potentially brings to our Group as it allows us to proceed with our existing projects, the completion of which enhances the asset value of the projects and permits the future monetisation of the projects. The Proposed Placement also broadens our shareholder base for future funding options.

We currently have no debt facilities and the near-term financial impact of the Proposed Placement would be to strengthen our balance sheet and cash position. The effect of any dilution to our existing shareholders is as set out in Section 6 below.

Should we successfully place out the entire Placement Shares, the proceeds to be raised from the Proposed Placement is expected to be sufficient to meet our commitments over the next 12 to 15 months. The completion of specific projects such as the proposed acquisition of 50% interest in the Anasuria Cluster is expected to provide the necessary base for us to generate positive cash flows.

4. RISK FACTORS

Our Group is involved in exploration and production ("**E&P**") operations in the upstream segment of the O&G value chain. Accordingly, our Group is exposed to the risks faced by E&P players which are inherent in the upstream segment of the O&G value chain. These risks include but are not limited to the following:

4.1 Risks in relation to the operating environment

Our current portfolio of assets is located outside of Malaysia and as such, we are subject to special considerations or risks associated with operating in the respective assets' home jurisdiction, including any one or more of the following:

(i) changes in laws and policies governing foreign investments, exchange control and repatriation of funds;

(ii) tariffs and trade barriers;

(iii) securing and renewal of government approvals/permits;

(iv) regulations relating to customs and import/export matters;

(v) longer payment cycles;

(vi) tax issues specific to the jurisdiction of our assets or companies;

(vii) currency fluctuations;

(viii) expropriation by governments;

(ix) challenges in collecting amounts receivable;

(x) cultural and language differences; and

(xi) employment regulations.

If we are unable to adequately address these risks, the expected benefits to be derived from our assets may not be fully realised.

4.2 Exposure to E&P operational risks

We are exposed to operational risks in the drilling, extraction, transmission/transportation and processing activities of O&G fields. These risks are directly driven by the strength in design, selection, procurement and installation standards applied to the O&G infrastructure as well as operating procedures and emergency response contingency planning. Weaknesses such as poor design and procedures may materially affect our business.

The exploration for O&G is inherently associated with a high degree of uncertainty including the possibility of non-discoveries, i.e. 'dry wells', or the discovery of an insufficient quantity of O&G to be commercialised. This risk is associated with the inherent geological nature of the earth and the existence (or non-existence) of O&G in the sub-surface reservoir rocks and its characteristics in the given geological trapping mechanisms and structure to warrant conductive extensive data gathering, such as a seismic survey before embarking on further investigation, like drilling an exploration well. As this process requires financial capital which may be significant, there is exposure to the risk of financial loss in the event of non-discoveries or a discovery of insufficient quantity of O&G to be commercialised.

There can be no assurance that the above adverse operational factors will not materially and adversely affect the business and financial performance of our Group.

4.3 Cashflow insufficiency and liquidity risks

Our business plans require substantial additional capital from time to time, which we may be unable to raise sufficiently on acceptable terms or at all in the future, which may in turn limit our ability to execute our business plans and could lead to a loss of assets and have a material adverse effect on our production, reserves and results of operations.

Based on our current estimates, we need to raise about USD35 million (or equivalent to RM147 million) via the Proposed Placement and/or any alternative funding options in order for us to meet our short-term contractual commitments and working capital needs over the next 12 months. The alternative funding options that are being considered by our Company include shareholder advances, bridging loans as well as standard and convertible debt instruments. In the event we are unable to raise sufficient funding and/or have in place financing facilities for such amount by end October 2015, it may affect the ability of our Group to meet its financial commitments as and when they fall due and/or to continue its business without a significant curtailment of its operations or as a going concern.

4.4 Reserve and resource estimates depend on many assumptions that may turn out to be incorrect

The process of estimating hydrocarbon reserves and resources is complex, requiring interpretation of available technical data and many assumptions made in a particular hydrocarbon price environment. Any significant deviations from these interpretations, prices or assumptions could materially affect the estimated quantities of hydrocarbons reported. Understanding of the subsurface conditions is based on the interpretation of the best data available but due to the uncertainty of such interpretation, the conclusion may be incorrect.

4.5 Insurance coverage risk

O&G operations are subject to various risks inherent in exploration, development and production operations, which may lead to personal injury, loss of life, severe damage to or destruction of property and environmental pollution. These events may result in suspension of operations and the imposition of civil or criminal penalties. Future insurance policies may not cover, and insurance may not be commercially available, to cover all potential risks to which our Group is or may be exposed.

4.6 Dependence on skilled professionals and experienced staff

The business and activities conducted by our Group require highly skilled personnel. The pool of qualified personnel is limited and competition for the employment of such personnel is high. This may present a challenge to us to recruit skilled and experienced manpower, which may have a material and adverse effect on our operations.

4.7 Disputes with strategic partners and/or third parties

Our Group has entered into joint venture arrangements and formed strategic alliances with its partners as well as acquired stakes and operatorship in companies for the development and/or production of O&G assets.

We could be exposed to the risks associated with such collaborations as we have limited influence and control over the behavior and decision of our joint venture and/or strategic partners. Disputes with our partners and/or stakeholders may arise due to non-alignment on strategic decisions or business directions. Our partners or members of a joint venture may also not be able to meet their financial or other obligations to the project, threatening the viability of the projects. These disputes may result in operational or production inefficiencies or delay that could adversely affect our business growth, financial performance and operations.

In addition, disputes could arise in relation to other transactions and proposals, including those which have been terminated. For example, the conditional share sale agreement entered into by Timor Hibiscus Limited (a wholly-owned subsidiary of our Company), our Company and Talisman Oil & Gas (Australia) Pty Limited in relation to a proposed acquisition of the entire equity interest in Talisman Resources (JPDA 06-105) Pty Limited has been terminated and, as elaborated (among others) in our Company's announcement dated 4 June 2015, there is a difference of views between our Group and the counterparty in relation to certain aspects of that transaction.

4.8 Reliance on the infrastructure of third party providers

We do not own or maintain the entire infrastructure that produce, process and transport O&G. Such infrastructure, which includes pipelines and storage tanks, is often leased from third party providers and we do not have complete control over the quality, capacity and availability of this infrastructure. We may, from time to time, face interruptions due to logistical complications.

4.9 Fluctuation in revenue and profit due to the changes in O&G prices

The business, revenue and profit derived from our Group's assets will be substantially dependent upon the prevailing prices of, and demand for, O&G. The markets for O&G are volatile in nature and this is expected to continue in the future. Any potential fluctuations in the price of O&G may adversely affect the business, revenue and profit of our Group's assets. The price received for any oil and/or gas produced will depend on changes in the supply of, and demand for, O&G in the global markets, market uncertainty and a variety of additional factors that are beyond control, including, *inter alia*:

(i) the ability of the OPEC and other petroleum producing nations to set and maintain production levels and prices;

(ii) the level of global O&G E&P activity;

(iii) technological advances affecting energy consumption;

(iv) the price and availability of alternative fuels;

(v) weather conditions and natural disasters;

(vi) global economic growth;

(vii) geopolitical uncertainty; and

(viii) unexpected events beyond our Group's control.

Hence, there can be no assurance that any fluctuations in the prices of O&G will not materially affect the future business, revenue and profit derived from our Group's assets.

4.10 High standards of health and safety management

The O&G industry requires high standards of health, safety and environment ("**HSE**") practices in view of the nature of the industry which deals with flammable and toxic hydrocarbons and operates under extreme environments such as operating under high pressures and high temperatures to extract O&G from the fields. As such, E&P operations may have an adverse impact on the people and the surrounding environment, particularly in the event of major disasters such as oil spills, blowouts or fires.

Governments worldwide subject the O&G industry to stringent HSE regulations and laws. Compliance with these regulations and laws could require substantial cost while failure to comply due to unforeseen oversights could result in the imposition of severe penalties. These costs and liabilities could materially and adversely affect our business.

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

5.1 Overview and prospects of the global economy

The global economy expanded at a moderate pace in the second quarter of 2015. In the major advanced economies, growth in the US and the UK continued to improve while the pace of economic activity in the euro area and Japan was more modest. Growth in most Asian economies moderated in the second quarter. Domestic demand continued to support growth in an environment of weak export performance. Several central banks in major and emerging economies lowered policy rates amid rising growth concerns and low inflation.

Brent crude oil prices improved to an average of USD63 per barrel in the second quarter (first quarter of 2015: USD55 per barrel). This is due to a decline in US shale oil production and the Federal Reserve System's (the "**Fed**") decision to not raise interest rates in June, both of which helped improve sentiments in the oil market during the first two months of second quarter of 2015. Price hit a year high of USD68 per barrel on 4 May 2015. However, the Fed's indication of a possible interest rate hike sometime in the second half of 2015 triggered a minor sell-off in the oil markets towards the end of the quarter, causing oil prices to moderate to USD62 per barrel on 29 June 2015.

(Source: Quarterly Bulletin Second Quarter 2015, Bank Negara Malaysia)

The global economy is expected to strengthen in 2015 given the continued policy mix of fiscal and monetary measures undertaken by major economies, aimed at spurring growth. The advanced economies are expected to grow 2.3% in 2015 (2014: 1.8%) led by the US and the UK, while the euro area and Japan are expected to improve. The US growth is forecast to remain strong at 2.2% (2014: 2.2%) supported by strong capital investment, particularly in the O&G sector as well as the stronger performance in the manufacturing and services sectors. These sectors are expected to create more jobs. Despite an anticipated upward revision of interest rates by the Fed in 2015, the relatively low interest rate regime and a more sustainable level of household debt will continue to spur capital investment and consumer spending. The euro area is forecast to grow 1.3% in 2015 (2014: 0.8%) supported by accommodative fiscal and monetary policies as well as structural adjustments which are expected to boost capital spending and stimulate private consumption.

Emerging markets and developing economies are expected to expand 5% in 2015 (2014: 4.5%), with developing Asia continuing to drive growth. China's gross domestic product is projected to moderate to 7.1% (2014: 7.4%) towards a more sustainable growth path. India is expected to grow 6.4% (2014: 5.6%) on account of improvements in business sentiment coupled with investment liberalisation measures after the elections in May 2014. Association of Southeast Asian Nations (ASEAN) economies are also envisaged to strengthen further contributed by strong domestic demand and an improving external sector as world trade is expected to increase.

Overall, the global economy is expected to register a strong growth of 3.9% in 2015 (2014: 3.3%). The stronger expansion is expected to be driven by growth in world trade by 5% (2014: 3.9%), and increase in investment flows at 12.5% to USD1.8 trillion (2014: 10.3%; USD1.6 trillion). However, downside risks that may affect the projected growth include insufficient structural reforms and failure to manage disinflationary pressures in the euro area, tighter fiscal and monetary policies in the US and Japan as well as geopolitical tension in Middle East and North Africa (MENA) region and Eastern Europe.

(Source: Economic Report 2014/2015, Ministry of Finance Malaysia)

5.2 Overview and prospects of the O&G industry

The US Energy Information Administration ("**EIA**") estimates that global consumption of petroleum and other liquids grew by 1.2 million barrels ("**bbl**") per day ("**b/d**") in 2014, averaging 92.4 million b/d for the year. EIA expects global consumption will grow by 1.2 million b/d in 2015 and by 1.3 million b/d in 2016. World real gross domestic product (GDP) weighted for oil consumption increased by 2.8% in 2014, and is projected to grow by 2.3% and 2.9% in 2015 and 2016, respectively.

Consumption of petroleum and other liquids outside of the Organisation for Economic Co-operation and Development ("**OECD**") countries grew by 1.4 million b/d in 2014, and is projected to grow by 0.7 million b/d and 1.1 million b/d in 2015 and 2016, respectively. Despite signs of slowing economic growth, China continues to be a driver of non-OECD oil consumption growth. China's growth in oil consumption is expected to average slightly less than 0.3 million b/d in 2015 and 2016, below the 0.4 million b/d in 2014.

OECD countries' consumption of petroleum and other liquids, which fell by 0.3 million b/d in 2014, is expected to grow by 0.4 million b/d and by 0.3 million b/d in 2015 and 2016, respectively, reaching an average of 46.4 million b/d, the highest annual average level of OECD consumption since 2010. US consumption is expected to grow by an average of 0.3 million b/d and 0.1 million b/d in 2015 and 2016, respectively. Several European countries saw economic conditions improve as they emerged from recessions, which, combined with colder-than-normal weather early 2015 across Europe, contributes to a projected 0.1 million b/d increase in consumption in OECD Europe in 2015.

It is estimated that the non-OPEC production grew by 2.4 million b/d in 2014, which mainly reflects production growth in the US. The non-OPEC production is expected to grow by 1.4 million b/d in 2015, but to remain roughly flat in 2016, as declining US production is offset by modest growth in other non-OPEC producers.

The EIA estimates that OECD commercial crude oil and other liquids inventories totalled 2.70 billion bbl at the end of 2014, equivalent to roughly 59 days of consumption. The projected OECD crude oil and other liquids inventories are expected to rise to 2.99 billion bbl and 3.11 billion bbl at the end of 2015 and 2016, respectively.

Brent crude oil spot prices decreased by USD10 per bbl in August 2015, to a monthly average of USD47 per bbl, driven by continued growth in global liquids inventories and expectations of weakening global economic activity.

The Brent crude oil price is projected to average USD54 and USD59 per bbl in 2015 and 2016, respectively. However, this price projection remains subject to significant uncertainties as the oil market moves toward balance. During this period of price discovery, oil prices could continue to experience periods of heightened volatility. The oil market faces many uncertainties heading into 2016, including the pace and volume at which Iranian oil re-enters the market, the strength of oil consumption growth, and the responsiveness of non-OPEC production to low oil prices.

(Source: Short Term Energy Outlook (STEO), US EIA, September 2015)

5.3 Prospects of our Group

With the current volatility in oil prices, our Group has revisited its overall business strategy with the following highlights:

(i) to progress with the proposed acquisition of a 50% interest in the Anasuria Cluster of assets following the signing of the sale and purchase agreements on 6 August 2015 with Shell and Esso, respectively. This proposed acquisition would be a milestone in our Company's strategy to acquire a producing asset and is expected to become positively cash generative in 2016;

(ii) deferral of the development of the discovered West Seahorse field. Previously, our plan was to reach a final investment decision by the fourth quarter of 2014 and achieve first oil by the first quarter of 2016. As a result of the volatility in oil prices, and the ensuing difficulty in raising debt funding for the development, we have elected to:

  (a) initially proceed with the drilling of the Sea Lion exploration well in September 2015 or October 2015. The Sea Lion exploration well would be tied-back to the West Seahorse production infrastructure upon commercial discovery and this would substantially improve the economics of the West Seahorse development as capital and operating expenses would be reduced through a tie-in of the two fields;

  (b) re-tender the West Seahorse contracts in the second half of 2015 to capitalise on lower O&G services costs; and

  (c) reach a final investment decision on the development of the West Seahorse field in the fourth quarter of 2015 (in the event of anticipated increases in oil prices) and achieve first oil by the first half of 2017; and

(iii) continue to assess acquisition opportunities, which become more affordable under the current low oil price environment.

Our Group's activities for the next 1 year are expected to be funded through a combination of internally available funds, as well as debt and equity financing.

6. EFFECTS OF THE PROPOSED PLACEMENT

6.1 Issued and paid-up share capital

The pro forma effects of the Proposed Placement on our issued and paid-up ordinary share capital are as follows:

	No. of Hibiscus Petroleum Shares 000	Share Capital RM 000
As at the LPD	980,806	9,808
Arising from the Proposed Placement	326,936	3,269
Enlarged issued and paid-up ordinary share capital	**1,307,742**	**13,077**

6.2 NA, NA per share and gearing

The pro forma effects of the Proposed Placement on the NA, NA per share and gearing of our Group are as follows:

	Audited as at 31 December 2013	(I) After adjustments for completed corporate exercises[4]	(II) After (I) and the Proposed Placement[6]
		RM 000	
Share capital	5,099	9,808	13,077
Share premium	265,465	572,260	[5]770,826
Foreign exchange reserve	9,969	9,969	9,969
Warrant reserve	87,753	-	-
Other reserves	[2]-	-	-
Retained earnings	1,849	2,271	[5]2,022
NA	370,135	594,308	795,894
No. of Hibiscus Petroleum Shares in issue (000)	509,876	980,806	1,307,742
NA per Hibiscus Petroleum Share (RM)	0.73	0.61	0.61
Total borrowings (RM 000)[1]	1,227	219	219
Total deposits, cash and bank balances (RM 000)	62,405	285,988	487,574
Gearing (times)	[2]-	[2]-	[2]-
Net gearing (times)	[3]-	[3]-	[3]-

Notes:

(1) Comprises redeemable convertible preference shares and interest-bearing borrowings.

(2) Negligible.

(3) Net cash position.

(4) Adjusted for the following corporate exercises completed between 1 January 2014 and the LPD:

(i) the exercise of 297.6 million Warrants-A 2012/2014 and 83.6 million Warrants-B 2012/2014 and the reversal of reserves relating to the unexercised Warrants-A 2012/2014 which expired on 24 July 2014;

(ii) the conversion of 1.0 million convertible redeemable preference shares into Hibiscus Petroleum Shares which were listed on 9 May 2014; and

(iii) the private placements of 15.0 million, 14.1 million, 7.0 million, 18.2 million and 34.8 million Hibiscus Petroleum Shares that were completed on 6 March 2015, 27 March 2015, 22 June 2015, 15 July 2015 and 6 August 2015, respectively.

(5) After deducting estimated expenses which include professional fees and other miscellaneous expenses in relation to the Proposed Placement.

(6) Assuming the issuance of 326,935,484 Placement Shares based on the illustrative issue price of RM0.636 per Placement Share, representing a 10% discount to the 5-day VWAMP of Hibiscus Petroleum Shares up to and including 28 August 2015 of RM0.7063.

6.3 Substantial shareholders' shareholdings

Based on our register of substantial shareholders and strictly for illustration purposes, the pro forma effects of the Proposed Placement on our substantial shareholders' shareholdings are set out below:

	As at 28 August 2015				After the Proposed Placement			
	Direct		Indirect		Direct		Indirect	
Substantial shareholder	No. of Hibiscus Petroleum Shares mil	%	No. of Hibiscus Petroleum Shares mil	%	No. of Hibiscus Petroleum Shares mil	%	No. of Hibiscus Petroleum Shares mil	%
HUSB	168.6	17.19	-	-	168.6	12.89	-	-
Dr. Kenneth Gerard Pereira	-	-	(1)168.6	17.19	-	-	(1)168.6	12.89
Dato' Sri Muhammad Syafiq Baljit bin Abdullah	113.5	11.57	-	-	113.5	8.68	-	-
Picadilly Middle East Limited ("**PMEL**")	53.3	5.44	-	-	53.3	4.08	-	-
Littleton Holdings Pte Ltd ("**LHPL**")	53.4	5.45	-	-	53.4	4.08	-	-
Roushan Arumugam	-	-	(2)53.4	5.45	-	-	(2)53.4	4.08
Mercury Pacific Marine Pte Ltd	51.3	5.23	(3)29.4	2.99	51.3	3.92	(3)29.4	2.25
Mohd Zulkefli bin Mohd Abdah	0.4	0.04	(4)93.3	9.52	0.4	0.03	(4)93.3	7.14

Notes:

The above illustration assumes that none of our substantial shareholders participates in the Proposed Placement. If our substantial shareholders (except for our major shareholders or persons connected with our Directors and/or major shareholders to whom we will not be offering any Placement Shares) participate in the Proposed Placement, their shareholdings upon completion of the Proposed Placement may increase depending on the number of Placement Shares allotted to them.

(1) Deemed interest by virtue of his interest in HUSB pursuant to Section 6A of the Act.

(2) Deemed interest by virtue of his interest in LHPL pursuant to Section 6A of the Act.

(3) Deemed interest by virtue of its interest in Perintis Muhibah Sdn Bhd pursuant to Section 6A of the Act.

(4) Deemed interest by virtue of his interest in PMEL and Tericon Solutions Ltd pursuant to Section 6A of the Act.

6.4 Earnings and EPS

Save for the dilution in the EPS of our Group arising from the increase in the number of Hibiscus Petroleum Shares in issue pursuant to the Proposed Placement, the Proposed Placement is not expected to have any material effects on the earnings and EPS of our Group for the FYE 30 June 2016 as it may take some time before the benefits arising from the utilisation of the proceeds are realised. The effects of the Proposed Placement on the future earnings and/or EPS of our Group would depend on, among others, the actual number of Hibiscus Petroleum Shares issued pursuant to the Proposed Placement, as well as the returns derived from the utilisation of the proceeds raised from the Proposed Placement. Our Board is confident that our Group will use the proceeds raised from the Proposed Placement efficiently and in a manner that is expected to be accretive to our Group's future earnings and/or EPS in the mid to long term.

6.5 Convertible securities

As at the LPD, we do not have any convertible securities.

7. PLACEMENT EXERCISES PREVIOUSLY UNDERTAKEN BY US

7.1 Placement of convertible redeemable preference shares ("CRPS")

During the EGM held on 26 September 2012, we obtained our shareholders' approval to undertake a placement of up to 210,000,000 new CRPS of RM0.01 each in Hibiscus Petroleum ("**CRPS Placement**"). The utilisation of proceeds raised from the CRPS Placement, which was completed in September 2013, is as follows:

	Amount RM mil
Subscription of shares in 3D Oil Limited ("**3D Oil**")	6.5
Farm-in investment in respect of the acquisition of a 50.1% unencumbered legal and beneficial right and interest in VIC/P57	84.0
Transaction costs and associated expenses required to undertake the subscription of shares in 3D Oil and farm-in investment in VIC/P57	6.3
Working capital	4.1
Total	**100.9**

7.2 Placement of Hibiscus Petroleum Shares

During our previous annual general meeting, we had obtained our shareholders' approval to undertake a placement of up to 89,164,225 new Hibiscus Petroleum Shares pursuant to Section 132D of the Act ("**S132D Placement**"). The details of the S132D Placement, which was completed on 6 August 2015 are as follows:

Tranche	Placement Date	No. of Hibiscus Petroleum Shares 000	Issue price per Hibiscus Petroleum Share RM	Total proceeds raised RM 000
1	6 March 2015	15,025	0.88	13,222
2	27 March 2015	14,117	0.85	11,999
3	22 June 2015	6,994	0.67	4,686
4	15 July 2015	18,200	0.67	12,194
5	6 August 2015	34,828	0.75	26,121
		89,164		68,222

The utilisation of proceeds raised from the S132D Placement is as follows:

	Amount RM mil
Capital injection into Lime Petroleum Plc	19.2
Initial payment and associated cost relating to our Group's proposed acquisition of the Anasuria Cluster	19.2
Contribution to the planned Sea Lion exploration well	13.8
Development works of the West Seahorse oilfield	7.7
Corporate overheads and advisory fees	8.3
Total	**68.2**

8. HISTORICAL SHARE PRICES

The monthly high and low prices of Hibiscus Petroleum Shares as traded on Bursa Securities for the last 12 months from September 2014 up to August 2015 are as follows:

	High RM	Low RM
2014		
September	1.55	1.42
October	1.51	0.95
November	1.20	1.00
December	1.04	0.80
2015		
January	0.95	0.80
February	0.95	0.84
March	0.93	0.70
April	0.87	0.75
May	0.81	0.65
June	0.77	0.67
July	0.85	0.75
August	0.91	0.62

	High	Low
	RM	
Last transacted price of Hibiscus Petroleum Shares on 10 September 2015 (being the last trading day prior to the announcement of the Proposed Placement)		RM0.74
Last transacted price of Hibiscus Petroleum Shares on the LPD		RM0.72

(Source: Bloomberg)

9. APPROVALS REQUIRED

The Proposed Placement is subject to the following approvals and/or consents being obtained:

(i) our shareholders for the Proposed Placement at our forthcoming EGM;

(ii) Bursa Securities for the listing of and quotation for the Placement Shares. The approval of Bursa Securities, which was obtained vide its letter dated 23 September 2015, is subject to, among others, the following conditions:

(a) Our Company and CIMB must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposed Placement;

(b) Our Company and CIMB to inform Bursa Securities upon the completion of the Proposed Placement;

(c) Our Company to furnish Bursa Securities with a certified true copy of the resolution passed by our shareholders approving the Proposed Placement prior to the listing of and quotation for the Placement Shares; and

(d) Our Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Placement is completed;

(iii) any other relevant authority or party, if required.

10. INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

None of our Directors and major shareholders and/or persons connected with them has any interests, direct or indirect, in the Proposed Placement.

11. DIRECTOR'S RECOMMENDATION

After having considered all aspects of the Proposed Placement, including the rationale for the Proposed Placement as set out in Section 3 above, our Board is of the opinion that the Proposed Placement is in our best interest. Accordingly, our Board recommends that you vote in favour of the resolution pertaining to the Proposed Placement to be tabled at our forthcoming EGM.

12. OTHER CORPORATE PROPOSALS

As at the LPD, we do not have any outstanding corporate proposals that have been announced but pending implementation, save for the Proposed Placement and as disclosed below.

(i) On 19 August 2015, we announced that our jointly-controlled entity, Lime Petroleum Norway AS has executed an agreement with Lundin Norway AS to acquire a 30% stake in licence PL410 in the North Sea and upon completion of the transaction (subject to the relevant authority's approval), the parties to the licence will be Lundin Norway AS with 52.35%, Lime Petroleum Norway AS with 30% and Statoil Petroleum AS with 17.65%; and

(ii) On 6 August 2015, we announced that Ping Petroleum Limited and Hibiscus Petroleum have jointly entered into sale and purchase agreements to each acquire 50% of the entire interests of Shell and Esso in the Anasuria Cluster.

The Proposed Placement is not conditional upon the above corporate proposals and/or any other corporate exercise/scheme undertaken or to be undertaken by the Company.

13. ESTIMATED TIMEFRAME FOR COMPLETION OF THE PROPOSED PLACEMENT

Subject to all the required approvals being obtained and the prevailing market conditions, our Board expects the Proposed Placement to be completed by the first quarter of 2016.

14. EGM

We will hold an EGM, the notice of which is enclosed in this Circular at Auditorium, Level 3A, Connexion@Nexus, Bangsar South City, No.7, Jalan Kerinchi, 59200 Kuala Lumpur on Tuesday, 13 October 2015 at 4.00 p.m. or at any adjournment thereof for the purpose of considering and if thought fit, passing with or without modifications, the resolution set out in the Notice of EGM.

If you are unable to attend and vote in person at the EGM, please complete and return the enclosed Form of Proxy for the EGM to the office of our share registrar, Tricor Investor Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not later than 48 hours before the time set for the EGM or at any adjournment thereof. The Form of Proxy should be completed strictly in accordance with the instructions contained therein. The completion and the return of the Form of Proxy will not preclude you from attending and voting in person should you subsequently decide to do so.

15. FURTHER INFORMATION

We request that you refer to the attached appendix for further information.

Yours faithfully
for and on behalf of the Board of
Hibiscus Petroleum Berhad

Zainul Rahim bin Mohd Zain
Non-Independent Non-Executive Chairman

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

Our Directors have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular. They confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Circular misleading.

2. CONSENT AND CONFLICT OF INTERESTS

CIMB

CIMB, being our Principal Adviser for the Proposed Placement, has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear.

CIMB, its related and associated companies, as well as its holding company, CIMB Group Holdings Berhad and the subsidiaries and associated companies of its holding company (the "**CIMB Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the role as Principal Adviser for the Proposed Placement. In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Company and/or our affiliates and/or any other entity or person(s), hold long or short positions in securities issued by our Company and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or for the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is a result of the businesses of the CIMB Group generally acting independently of each other and accordingly, there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest in or take actions that may conflict with the interests of our Company and/or our affiliates.

CIMB confirms that as at the LPD, it is not aware of any circumstances that would give rise to possible conflicts of interest situation in its capacity as the Principal Adviser to our Company for the Proposed Placement.

3. SUMMARY OF FINANCIAL DATA

A summary of our Group's results based on the audited consolidated financial statements for the FYE 31 March 2013 and 9-month FPE 31 December 2013 and the unaudited consolidated financial statements for the 18-month FPE 30 June 2015 is set out below:

	Audited FYE 31 March 2013	[6]Audited 9-month FPE 31 December 2013	[7]Unaudited 18-month FPE 30 June 2015
		RM 000	
Revenue	8,516	13,344	15,586
(Loss before taxation) ("**LBT**") / Profit before taxation ("**PBT**")	(3,930)	10,730	(75,812)
Taxation	(267)	1,405	1,596
(Loss after taxation) ("**LAT**") / Profit after taxation ("**PAT**")	(4,197)	12,135	(74,216)
Issued and paid-up share capital (RM 000)	4,404	5,099	9,278
Number of Hibiscus Petroleum Shares in issue (000)	440,395	509,876	927,779
Weighted average number of Hibiscus Petroleum Shares in issue (000)	436,890	461,926	766,408
Gross (loss per share) / EPS (sen)[1]	(0.90)	2.32	(9.89)
Net (loss per share) / EPS (sen)[2]	(0.96)	2.63	(9.68)
NA/Shareholders' funds (RM 000)	241,281	370,135	511,737
NA per Hibiscus Petroleum Share (RM)	0.55	0.73	0.55
Current ratio (times)[3]	2.58	3.93	2.18
Total borrowings (RM 000)[4]	79,589	1,227	219
Gearing ratio (times)[5]	0.33	[8]-	[8]-

Notes:

(1) Computed as LBT/PBT divided by weighted average number of Hibiscus Petroleum Shares in issue.

(2) Computed as LAT/PAT divided by weighted average number of Hibiscus Petroleum Shares in issue.

(3) Computed as current assets over current liabilities.

(4) Comprises redeemable convertible preference shares, convertible redeemable preference shares and interest-bearing borrowings.

(5) Computed as total borrowings over NA/shareholders' funds.

*(6) The increase in revenue by 57% to RM13.3 million for the 9-month FPE 31 December 2013 was mainly due to increased project management activity relating to the 2-well drilling programme in Block 50 Oman which commenced during the quarter ended December 2013. Our Group recorded a PAT of RM12.1 million for the 9-month FPE 31 December 2013 as compared to a LAT of RM4.2 million for the FYE 31 March 2013. This was as a result of the reversal of discovery bonus payable and its related finance costs to Rex Middle East Ltd of RM15.8 million and a gain on dilution of interest in HiRex Petroleum Sdn. Bhd. ("**HIREX**") from 100% to 41% of RM13.5 million. The reversal was due to non-discovery of commercially viable hydrocarbons within the existing concessions in the Middle East held by Lime Petroleum Plc by 31 December 2013. These gains were partially offset by an increase in unrealised loss on foreign exchange amounting to RM5.4 million and consultancy and professional fees incurred mainly in relation to projects and business development activities of RM5.4 million.*

(7) *The increase in revenue by 17% to RM15.6 million for the 18-month FPE 30 June 2015 was mainly due to higher project management fees received over the period. Our Group recorded a LAT for the 18-month FPE 30 June 2015 of RM74.2 million as compared to a PAT of RM12.1 million for the 9-month FPE 31 December 2013. The PAT for the 9-month period ended 31 December 2013 was mainly due to the reversal of discovery bonus payable and its related finance costs of RM15.8 million and the gain on dilution of interest in HIREX of RM13.5 million. In the 18-month FPE 30 June 2015, there were higher share of losses of joint ventures amounting to RM23.7 million mainly caused by increased level of operations in Lime Petroleum Plc and its concession companies and HIREX. Consultancy and professional fees mainly in support of the potential West Seahorse development and activities relating to projects, business development and fund raising for the 18-month FPE 30 June 2015 were higher by RM11.2 million. Depreciation for the Britannia Rig commenced in December 2014 and a depreciation charge amounting to RM6.6 million was recognised during the 18-month FPE 30 June 2015. Following our Group's assessment of the carrying value of its investment in an associate, an impairment of RM6.1 million was recognised during the 18-month FPE 30 June 2015.*

(8) *Negligible.*

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

4.1 Material commitments

Save as disclosed below, as at the LPD, our Directors are not aware of any material commitments contracted or known to be contracted by our Group which may have a material impact on the financial position of our Group:

	RM 000
Approved and contracted for:	
- Group's material commitments	60,631
- Share of a joint venture's material commitments	3,460
- Share of an associate's material commitments	4,874
Total	**68,965**
Approved but not contracted for:	
- Group's material commitments	338,919
- Share of joint venture's material commitments	61,800
- Share of an associate's material commitments	4,811
Total	**405,530**

4.2 Contingent liabilities

As at the LPD, our Directors are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the financial position of our Group.

5. MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware of any proceedings, pending or threatened, against our Group or of any fact likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies of them are available for inspection during normal business hours at our registered office at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia, from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM:

(i) Our Memorandum and Articles of Association;

(ii) Our audited consolidated financial statements for the 9-month FPE 31 December 2013 and FYE 31 March 2013 and our unaudited consolidated financial statements for the 18-month FPE 30 June 2015; and

(iii) The letter of consent referred to in Section 2 of this Appendix.

HIBISCUS PETROLEUM BERHAD
(Company No. 798322-P)
(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Hibiscus Petroleum Berhad ("**Hibiscus Petroleum**" or "**Company**") will be held at Auditorium, Level 3A, Connexion@Nexus, Bangsar South City, No.7, Jalan Kerinchi, 59200 Kuala Lumpur on Tuesday, 13 October 2015 at 4.00 p.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following resolution:

ORDINARY RESOLUTION

PROPOSED PLACEMENT OF UP TO 326,935,484 NEW ORDINARY SHARES OF RM0.01 EACH IN HIBISCUS PETROLEUM BERHAD ("HIBISCUS PETROLEUM SHARES"), REPRESENTING UP TO 25% OF THE ENLARGED ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF THE COMPANY ("PROPOSED PLACEMENT")

"**THAT**, subject to the approvals being obtained from all relevant authorities including the approval-in-principle of Bursa Malaysia Securities Berhad for the listing of and quotation for all the new ordinary shares to be issued pursuant to the Proposed Placement, approval be and is hereby given to the Directors of the Company to allot and issue up to 326,935,484 new Hibiscus Petroleum Shares pursuant to the Proposed Placement ("**Placement Shares**") at issue price(s) to be determined later and priced at:

(i) a premium to the 5-day volume weighted average market price ("**VWAMP**") of Hibiscus Petroleum Shares immediately prior to the price fixing date(s); or

(ii) a discount of not more than 20% to the 5-day VWAMP of Hibiscus Petroleum Shares immediately prior to the price fixing date(s);

AND THAT the Placement Shares shall, upon allotment and issue, rank *pari passu* in all respects with all other then existing Hibiscus Petroleum Shares, save and except that the Placement Shares shall not be entitled to participate in any dividends, rights, allotments and/or any other distributions the entitlement date of which is on or prior to the date of issuance of the Placement Shares;

AND THAT the Directors of the Company, be and are hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements as the Directors may consider necessary, expedient or relevant to give effect to and complete the Proposed Placement and with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities or as the Directors may deem necessary, expedient or relevant in the interest of the Company and to take such steps as they may deem necessary, expedient or relevant in order to implement, finalise and give full effect to the Proposed Placement."

By Order of the Board

Tai Yit Chan (MAICSA 7009143)
Tan Ai Ning (MAICSA 7015852)
Secretaries

Selangor Darul Ehsan
28 September 2015

Notes:

1. *For purposes of determining who shall be entitled to attend this meeting in accordance with Articles 65(b) and 65(c) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 6 October 2015 and only Depositors whose name appear on such Record of Depositors shall be entitled to attend, speak and vote at the said meeting.*

2. *A member shall be entitled to appoint up to two (2) proxies to attend and vote at the meeting. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at the meeting shall have the same right as a member to speak at the meeting.*

3. *A proxy or attorney or a duly authorised representative may, but need not be a member and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.*

4. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint more than one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where the exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

6. *To be valid, the Form of Proxy duly completed must be deposited at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time for holding the meeting provided that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy has been duly completed by the member(s).*

7. *If the Form of Proxy is signed under the hands of an appointor or his attorney duly authorised (or if the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hands of an officer or attorney duly authorised), it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If the Form of Proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Form of Proxy.*

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's, proxy's and/or corporate representative's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CDS Account No.

HIBISCUS PETROLEUM BERHAD
(798322-P)

FORM OF PROXY

I/We ____

I.C. No. / Passport No. / Company No. ____________________________

of ____

being a member of **HIBISCUS PETROLEUM BERHAD** ("**HIBISCUS PETROLEUM**" or "**Company**"), hereby

appoint ____

______________________ I.C. No. / Passport No. ______________________

of ____

or failing him/her, ______________________ I.C. No. / Passport No. ______________

of ____

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the EXTRAORDINARY GENERAL MEETING of the Company to be held at Auditorium, Level 3A, Connexion@Nexus, Bangsar South City, No.7, Jalan Kerinchi, 59200 Kuala Lumpur on Tuesday, 13 October 2015 at 4.00 p.m. or at any adjournment thereof, on the following resolution referred to in the Notice of the Extraordinary General Meeting by indicating an "**X**" in the space provided below:-

Item	Resolution	FOR	AGAINST
1.	Ordinary Resolution – Proposed Placement		

Dated this __________ day of ______________ 2015

Signature/Common Seal	
Number of shares held	

For appointment of two proxies, percentage of shareholdings to be represented by the proxies			
	No. of shares	Percentage	
Proxy 1			%
Proxy 2			%
		100	%

Notes:

1. *For purposes of determining who shall be entitled to attend this meeting in accordance with Articles 65(b) and 65(c) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 6 October 2015 and only Depositors whose name appear on such Record of Depositors shall be entitled to attend, speak and vote at the said meeting.*

2. *A member shall be entitled to appoint up to two (2) proxies to attend and vote at the meeting. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at the meeting shall have the same right as a member to speak at the meeting.*

3. *A proxy or attorney or a duly authorised representative may, but need not be a member and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.*

4. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint more than one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where the exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

6. *To be valid, the Form of Proxy duly completed must be deposited at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time for holding the meeting provided that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy has been duly completed by the member(s).*

7. *If the Form of Proxy is signed under the hands of an appointor or his attorney duly authorised (or if the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hands of an officer or attorney duly authorised), it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If the Form of Proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Form of Proxy.*

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 28 September 2015.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

TRICOR INVESTOR SERVICES SDN BHD
Unit 32-01, Level 32
Tower A, Vertical Business Suite, Avenue 3
Bangsar South
No. 8
Jalan Kerinchi
59200 Kuala Lumpur

1st fold here