

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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The Securities Commission of Malaysia (“**SC**”) has approved the application sought in relation to the Proposals (as defined herein) as contained in this Circular. The approval shall not be taken to indicate that the SC recommends the Proposals or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Circular. The SC has not, in any way, considered the merits of the Proposals.

The SC is not liable for any non-disclosure on the part of the corporation and takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Circular.

All references to “P50” in the executive summary of the expert report by Aker Geo AS means the best estimate of prospective resources, having at least a 50% probability level (P50) that the quantity of resources actually recovered will equal or exceed this best estimate.



HIBISCUS PETROLEUM BERHAD

(Company No.: 798322-P)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED SUBSCRIPTION FOR 76,923,077 NEW ORDINARY SHARES OF 0.05 USD CENTS EACH IN LIME PETROLEUM PLC (“LIME SHARES”), A COMPANY INCORPORATED IN THE ISLE OF MAN (“LIME”), AND THE PROPOSED ACQUISITION OF 22,153,846 EXISTING LIME SHARES, REPRESENTING IN AGGREGATE 35.0% OF THE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF LIME FOR A TOTAL CASH CONSIDERATION OF USD55 MILLION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The notice of our Extraordinary General Meeting (“**EGM**”), which has been scheduled to be held at PJ Hilton Hotel, Kristal Ballroom 1, 1st floor, West Wing, Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on 21 March 2012 at 9.30am or any adjournment thereof together with the Form of Proxy are enclosed herein.

You are entitled to attend and vote at our EGM or appoint a proxy to vote for and on your behalf. In such event, the Form of Proxy should be lodged at our share registrar’s office at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, no later than 48 hours before the time fixed for our EGM or any adjournment thereof. The last day and time for you to lodge the Form of Proxy is on 19 March 2012 at 9.30am. The lodging of the Form of Proxy will not preclude you from attending and voting in person at our EGM should you subsequently wish to do so.

This Circular is dated 28 February 2012

DEFINITIONS

Unless otherwise indicated, the following abbreviations shall apply throughout this Circular:

AAPG	:	American Association of Petroleum Geologists
Act	:	Companies Act, 1965 as amended from time to time
AGR	:	AGR Group is a provider of essential services and technologies to the international petroleum industry. AGR Group was appointed by Rex to provide drilling cost/well cost estimates
AIM	:	Alternative Investment Market of the London Stock Exchange
AIM Listing	:	Admission of shares to the Alternative Investment Market on the London Stock Exchange (or any other stock exchange)
Aker Geo	:	Aker Geo AS, a subsidiary of Aker Solutions ASA and is a petroleum sub-surface consultancy firm providing services to oil and gas companies. Aker Geo is active in geological and geophysical interpretation, petro-physics, reservoir modeling and simulation, production technology and operation, and well-site geology
AVA Guidelines	:	The Asset Valuation Guidelines issued by the SC as amended from time to time
Baqal	:	Baqal Petroleum Limited, a wholly-owned dormant subsidiary of Lime BVI
Block 50 EPSA	:	The EPSA signed between the Government of the Sultanate of Oman, Rex and Petroci on 28 February 2011 (later assigned by Rex and Petroci to Masirah on 28 March 2011)
Block 50 Oman Concession	:	A concession located offshore in the Sultanate of Oman with an acreage of 16,900 km ² giving the concession holder the right to explore and produce hydrocarbons from the designated area
Board	:	Our Board of Directors
Board Reserved Matters	:	Board reserved matters of Lime pursuant to the Shareholders Agreement relating to all key strategic, financial and operating matters of Lime Group
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
BVI	:	British Virgin Islands
CA	:	Concession agreement governing the Sharjah Concession
Call Option Agreement	:	Call option agreement dated 5 August 2010 entered into between Rex (who has assigned and transferred full ownership of its shares in Masirah to Lime BVI via an assignment agreement dated 30 August 2011) and Petroci in relation to a call option granted by Rex to Petroci entitling Petroci to purchase 390 shares in Masirah for a consideration of USD1
CDS	:	Central Depository System
Concession Companies	:	3 concession companies with concession rights in offshore oil and gas exploration assets, namely, Dahan, Masirah and Zubara, in which Lime BVI has majority interest

DEFINITIONS (Cont'd)

Concessions	:	RAK North Concession, Sharjah Concession and Block 50 Oman Concession, collectively
Dahan	:	Dahan Petroleum Limited
Discovery Bonus Amount	:	A one-off bonus payment amounting to USD5 million (equivalent to RM15.3 million) to be paid by Gulf Hibiscus to Rex upon receipt of independent confirmation of a commercial discovery under any one of the existing Concessions no later than 31 December 2013
E&P	:	Exploration and production of crude oil and natural gas
EGM	:	Extraordinary general meeting
EIA	:	Energy Information Agency
EIU	:	Economist Intelligence Unit
EMV	:	Expected monetary value
EPS	:	Earnings per share
EPSAs	:	Exploration and production sharing agreements governing the RAK North Concession and the Block 50 Oman Concession
Equity Guidelines	:	The Equity Guidelines issued by the SC as amended from time to time
EV	:	Enterprise value
FPE	:	Financial period ended
FSAN	:	Financial Supervisory Authority of Norway
Fujairah Concession	:	A concession in Fujairah, an emirate in the UAE, giving the concession holder the right to explore and produce hydrocarbons from a designated area
FYE	:	Financial year(s) ended/ending, as the case may be
GAV	:	Gross asset value
GDP	:	Gross domestic product
Gulf Hibiscus	:	Gulf Hibiscus Limited, our wholly-owned subsidiary
Hibiscus Oilfield	:	Hibiscus Oilfield Services Limited, our wholly-owned subsidiary
Hibiscus Petroleum or our Company	:	Hibiscus Petroleum Berhad
Hibiscus Petroleum Group or our Group	:	Our company and our subsidiaries, collectively
Hibiscus Petroleum Share(s) or Share(s)	:	Ordinary share(s) of RM0.01 each in our Company

DEFINITIONS (*Cont'd*)

Hibiscus Upstream	:	Hibiscus Upstream Sdn Bhd, a company which holds Shares and Warrants-B on behalf of Zainul Rahim bin Mohd Zain, Dr Rabi Narayan Bastia, Dr Kenneth Gerard Pereira, Dr Pascal Josephus Petronella Hos, Ir Mohd Iwan Jefry bin Abdul Majid, and Joyce Theresa Sunita Vasudevan
IEA	:	International Energy Agency
Initial Investors	:	Investors who invested in our Company prior to the IPO, comprising Geo Distinction Sdn Bhd, Kelrix Sdn Bhd, Ivory Matrix Sdn Bhd and Oriental Miracle Sdn Bhd
IP Licence Agreement	:	The intellectual property licence agreement dated 24 October 2011 entered into between Lime and Rex in relation to the exclusive licence to use the Rex Technologies and any information, text, data and reports which are generated by or in connection with or derived from any of the Rex Technologies for all concessions in the Middle East
IPO	:	Initial public offering of Hibiscus Petroleum Shares
JOA	:	The joint operating agreement for the Block 50 Oman Concession to be entered into between Masirah and Rex which establishes the respective rights and obligations of Masirah and Rex with regards to operations under the Block 50 EPSA, including the joint exploration, appraisal, development, production and disposition of hydrocarbons from the Block 50 Oman Concession area
km	:	kilometer
LIBOR	:	The London Interbank Offered Rate for 90 days United States Dollar deposit, determined at 11.00 a.m. London time, on a banking day in London, as being offered by the British Bankers' Association
Lime	:	Lime Petroleum Plc, a company incorporated in the Isle of Man
Lime BVI	:	Lime Petroleum Limited, a wholly-owned subsidiary of Lime
Lime Group	:	Lime, Lime BVI, the Concession Companies and Baqal, collectively. Any references to Lime Group with regards to Pareto Asia's valuation refers to Lime, Lime BVI and its equity interest in the Concession Companies only (for the valuation of Masirah, Lime BVI's entitlement to Masirah's dividend allocation is used). For the avoidance of doubt, any reference to Lime Group in the context of Pareto Asia's valuation does not include Baqal
Lime Shares	:	Ordinary shares of 0.05 USD cents each in Lime
Listing Date	:	25 July 2011, being the date Hibiscus Petroleum Shares were listed and quoted on the Main Market of Bursa Securities
LPD	:	16 February 2012, being the latest practicable date prior to the printing of this Circular
M&A	:	Memorandum and Articles of Association

DEFINITIONS (*Cont'd*)

Management Team	: The directors (but excludes independent directors) and the management team of our Company, comprising Dr Kenneth Gerard Pereira, Dr Paseal Josephus Petronella Hos, Ir Mohd Iwan Jefry bin Abdul Majid, Joyce Theresa Sunita Vasudevan, David Richards and such other relevant future employees of our Company (if any) as referred to under the Equity Guidelines
Market Day	: A day when Bursa Securities is open for trading of securities
MAS	: Monetary Authority of Singapore
Masirah	: Masirah Oil Ltd
NA	: Net assets
NAV	: Net asset value
NPV	: Net present value
Oman Government Company	: A legal entity assigned by the Government of Oman which shall have the right to take a participating interest of up to 25% in the Block 50 Oman Concession upon DOC
OPEC	: Organization of the Petroleum Exporting Countries
Opex	: Operating expenses
OSA	: The operating services agreements for the Concessions to be entered into between Lime and the designated operators of the Concessions namely, Dahan (in relation to RAK North Concession), Zubara (in relation to Sharjah Concession) and Masirah (in relation to Block 50 Oman Concession) which sets out certain functions under the respective EPSAs and CA to be contracted to Lime
Pareto Asia	: Pareto Securities Asia Pte Ltd
PAT	: Profit after taxation
PBT	: Profit before taxation
Permitted Timeframe	: 36 months from Listing Date
Petroci	: Petroci Holding, the national oil company of Cote d'Ivoire (Ivory Coast)
PMTSA	: The project management and technical services agreement dated 24 October 2011 entered into between Hibiscus Oilfield and Lime in relation to the provision of project management and technical services to Lime's existing and future oil and gas concessions in the Middle East region
Project Manager	: Hibiscus Oilfield, as project manager pertaining to the PMTSA
Proposals	: The Proposed Subscription and the Proposed Acquisition, collectively
Proposed Acquisition	: The proposed acquisition of 22,153,846 existing Lime Shares by Gulf Hibiscus from Rex, representing 7.8% of the enlarged issued and paid-up share capital of Lime, for a cash consideration of USD5 million (equivalent to RM15.3 million)

DEFINITIONS (Cont'd)

Proposed Subscription	: The proposed subscription of 76,923,077 new Lime Shares by Gulf Hibiscus, representing 27.2% of the enlarged issued and paid-up share capital of Lime, for a cash consideration of USD50 million (equivalent to RM153.0 million)
Prospectus	: Prospectus dated 30 June 2011 issued by our Company pursuant to the IPO
PSC	: Production sharing contract
Purchase Consideration	: The total cash consideration of USD55 million (equivalent to RM168.3 million) with regards to the Proposals
Qualifying Acquisition	: The initial acquisition of the business(es) by a SPAC, which has an aggregate fair market value equal to at least 80% of the aggregate amount in the trust account and is in line with the business strategy disclosed in the listing prospectus issued in relation to a SPAC's initial public offering
RAK Government	: Government of Ras Al Khaimah
RAK North Concession	: A concession located offshore in Ras Al Khaimah, an emirate in the UAE with an acreage of 1,200 km ² giving the concession holder the right to explore and produce hydrocarbons from the designated area
RAK North EPSA	: The EPSA signed between the Government of Ras Al Khaimah/Rakgas L.L.C. and Dahan effective from 24 May 2010
Record Date	: 14 March 2012, the date specified in the Record of Depositors used for verifying shareholders rights to attend and vote at our forthcoming EGM or any adjournment thereof
Record of Depositors	: A record provided by Bursa Depository of our shareholders who have deposited their share certificates with Bursa Depository under the Securities Industry (Central Depositories) Act, 1991 and Chapter 24.0 of the Rules of Bursa Depository
Rex	: Rex Oil and Gas Ltd
Rex Technologies	: The Rex technologies, which are: <ul style="list-style-type: none">(i) Rex Gravity© - to detect possible hydrocarbon accumulations through the use of satellite information;(ii) Rex Seepage© - to verify hydrocarbon presence through the use of satellite information; and(iii) Rex Virtual Drilling© - to infer content of accumulation (fluid identification) through a complex seismic evaluation scheme based on resonance
RHB Investment Bank	: RHB Investment Bank Berhad
Right Ally	: Right Ally Limited, a company incorporated in the BVI on 12 August 2010 with an authorised share capital of 50,000 shares of USD1.00 each and an issued and paid-up capital of USD1.00, and is an investment holding company. Based on the certificate of incumbency dated 14 April 2011, Yaw Chee Siew is the sole director and shareholder of Right Ally.
SC	: Securities Commission of Malaysia

DEFINITIONS (Cont'd)

Schroder	:	Schrodcr & Co Banquc S.A
SEG	:	Society of Exploration Geophysicists
Share Custodian	:	SJ Securities Sdn Bhd
Shareholders Agreement	:	Shareholders agrcement dated 24 October 2011 entered into between Gulf Hibiscus, Rex, Schroder and Lime to rcgulate the affairs of Lime and their respective rights and obligations as shareholders of Lime
Sharjah CA	:	The CA signed between the Emirate of Sharjah and Rex on 6 June 2011 and was later assigned by Rex to Zubara on 31 August 2011
Sharjah Concession	:	A concession loeated offshore in Sharjah, an emirate in the UAE with an acreage of 1,600 km ² giving the concession holder the right to explore and produce hydrocarbons from the designated area
SPA	:	The conditional share purchase agrccment dated 24 October 2011 entered into between Gulf Hibiscus and Rex in relation to the Proposed Acquisition
SPAC	:	Special purpose acquisition company
sq km	:	Square kilometer
SSA	:	The conditional share subscription agreement dated 24 October 2011 entered into between Gulf Hibiscus and Lime in relation to the Proposed Subscription
Supra Majority	:	The collective express approval of each director nominated by Rex, Gulf Hibiscus and Schroder in relation to the Shareholders Agreement.
Trust Aceount	:	A trust account maintained by the custodian, Deutsche Trustees Malaysia Berhad, to hold and deal with part of the IPO trust proceeds (being 90% of the gross proceeds raised by our Company in the IPO, including accrued interests to date) on behalf of our Company
UAE	:	United Arab Emirates
USD	:	United States Dollar
Valuation Date	:	2 November 2011, being the material date of the valuation of Lime Group conducted by Pareto Asia
WACC	:	Weighted average eost of capital
Warrants-B	:	Free detachable warrant(s) in our Company issued to Hibiseus Upstream
Wood Mackenzie	:	A research and consulting services provider for the global energy, mining, metal, oil, gas, coal, refining, power, and electricity industries
WPC	:	World Petroleum Council
Zubara	:	Zubara Petroleum Ltd

GLOSSARY

1P	:	Proven Reserves
2P	:	Proven and probable Reserves
3P	:	Proven, probable and possible Reserves
2D seismic	:	A seismic exploration method which provides a two-dimensional seismic image of the subsurface being investigated
3D seismic	:	A seismic exploration method which provides a three-dimensional seismic image of the subsurface being investigated
bcf	:	Billion cubic feet
Best Estimate	:	Best estimate of prospective resources, having at least a 50% probability level (P50) that the quantity of resources actually recovered will equal or exceed this best estimate
boe	:	Barrels of oil equivalent – barrels of oil and gas, in which gas volumes are converted to barrels of oil by taking into account the energy content of gas relative to oil
boe/day	:	Barrels of oil equivalent per day
DOC	:	Declaration of commerciality shall be deemed to be the date of the government's approval of a plan for the development of a discovery of hydrocarbons which in the opinion of the operator has the potential to be commercial pursuant to a well/wells drilled within the concession area that has/have been completed and tested in accordance with good oilfield practices and with the relevant governments' approval, and merits further development.
EV/risked boe	:	Enterprise value per risked Recoverable Resources expressed in boe
Fiscal regime	:	The government's take of production (e.g. royalty, tax, production sharing) as well as cost recovery and is regulated by the relevant concession agreements for each concession
GCoS	:	Geological Chance of Success is the product of seven probability factors/elements – (i) source (ii) source efficiency (iii) reservoir presence (iv) reservoir quality (v) seal (vi) trap geometry and (vii) hydrocarbon quality. A source rock is needed to generate the hydrocarbons which must then efficiently migrate from the mature source rock into the reservoir rock. A suitable reservoir interval is needed to bear the hydrocarbons and the quality of this reservoir is judged by its porosity such that the hydrocarbons can be extracted efficiently. A seal is needed on the top of the reservoir to contain the hydrocarbons in the reservoir and the geometry of the trap should be favorable to allow extraction of these hydrocarbons. The hydrocarbon quality must be assessed to ensure the oil is not biodegraded or that the gas does not contain non-desirable content. All these factors/elements must coincide and occur in a dynamic system in order to accumulate oil & gas in economic quantities.

GLOSSARY (*Cont'd*)

hydrocarbon	:	An organic compound consisting only of carbon and hydrogen. The majority of hydrocarbons found naturally occur in crude oil, and natural gas where decomposed organic matter provides an abundance of carbon and hydrogen
mcf	:	Thousand cubic feet – unit used to measure gas
mmbbls	:	Million barrels of oil
mmboe	:	Million barrels of oil equivalent
mmcf	:	Million cubic feet – unit used to measure gas
Lead	:	A structure which may contain hydrocarbons
LNG	:	Liquefied natural gas
NGL	:	Natural gas liquids
NPV/boe	:	Net present value per barrels of oil equivalent
OGIP	:	Original gas in place – the total estimated volume of gas in a given reservoir
Ophiolite	:	Sections of the earth's oceanic crust and the underlying upper mantle that have been uplifted and exposed above sea level and often emplaced onto continental crustal rocks
OOIP	:	Original oil in place - the total estimated volume of oil contained in a given reservoir
Prospect	:	A location where both the recoverable resource volume and GCoS has been estimated
Recoverable Resources/Unrisked Recoverable Resources	:	The quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects
Reserves	:	Discovered resources for which a plan of development has been approved
Risked Recoverable Resources	:	Calculated by multiplying the Recoverable Resources by the GCoS to account for the risk of drilling an unsuccessful exploration well
Seismic	:	An exploration method in which strong low-frequency sound waves are utilised on land or in water to identify and investigate subsurface rock structures that may contain hydrocarbons
STOIP	:	Stock tank oil initially in place refers to the in-place oil volume but is measured at the earth's surface temperature and pressure
Stratigraphic well	:	A geologically directed drilling effort to obtain information pertaining to a specific geological condition that might lead towards the discovery of an accumulation of hydrocarbons. Such wells are customarily drilled without the intention of being completed for hydrocarbon production
Tcf	:	Trillion cubic feet

GLOSSARY (Cont'd)

Working interest : A company's ownership/equity interest in a concession. For Masirah, working interest means Lime's dividend allocation in Masirah

Exchange Rate

Unless otherwise stated, the following exchange rate as at LPD has been used in this Circular:

USD1.00: RM3.0592

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancies between the figures shown in this Circular and figures announced by our Company, are due to rounding.

All reference to "our Company" and "Hibiscus Petroleum" in this Circular are to Hibiscus Petroleum Berhad, reference to "our Group" is to our Company and subsidiaries collectively and references to "we", "us", "our", and "ourselves" are to our Company, and save where the context otherwise requires, shall include our subsidiaries.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice-versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

All references to "you" in this Circular are to the shareholders of our Company who are entitled to attend and vote at our forthcoming EGM and whose names are in our Record of Depositors at the time and on the date to be determined by your Board.

All references to "P50" in the executive summary of the expert report by Aker Geo means the best estimate of prospective resources, having at least a 50% probability level (P50) that the quantity of resources actually recovered will equal or exceed this best estimate.

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HIBISCUS PETROLEUM BERHAD

(Company No.: 798322-P)
(Incorporated in Malaysia under the Act)

Registered Office
Level 18
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

28 February 2012

Board of Directors:

Zainul Rahim bin Mohd Zain (*Non-Independent and Non-Executive Chairman*)
Dr Kenneth Gerard Pereira (*Managing Director*)
Dr Rabi Narayan Bastia (*Non-Independent Non-Executive Director*)
Roushan Arumugam (*Independent Non-Executive Director*)
Zainol Izzet bin Mohamad Ishak (*Independent Non-Executive Director*)
Datin Sunita Mei-Lin Rajakumar (*Independent Non-Executive Director*)

To: Our shareholders

Dear Sir / Madam,

PROPOSALS

1. INTRODUCTION

On 25 October 2011, your Board, announced that on 24 October 2011:

- (a) Gulf Hibiscus had entered into a SSA with Lime to subscribe for 76,923,077 new Lime Shares for a cash consideration of USD50 million (equivalent to RM153.0 million); and
- (b) Gulf Hibiscus had also entered into a SPA with Rex under which Gulf Hibiscus will acquire 22,153,846 existing Lime Shares from Rex for a cash consideration of USD5 million (equivalent to RM15.3 million).

It was also announced that on 24 October 2011, in conjunction with the Proposals:

- (a) Gulf Hibiscus had entered into the Shareholders Agreement with Rex, Schroder and Lime; and
- (b) Hibiscus Oilfield had entered into the PMTSA with Lime for Hibiscus Oilfield to provide project management and technical services to Lime in relation to Lime's existing and future oil and gas concessions in the Middle East region.

On 8 November 2011, RHB Investment Bank had on behalf of our Company, announced that all Tranche One Conditions (as defined in Section 2.5.3) as set out in the SSA had been satisfied on 4 November 2011.

Subsequently, on 17 November 2011, your Board announced that pursuant to the fulfillment of all Tranche One Conditions on 4 November 2011, and the payment of the Tranche One (as defined in Section 2.5.1) amount of USD4 million (equivalent to RM12.2 million) on 8 November 2011, 6,605,128 new Lime Shares, representing 2.3% of the enlarged issued and paid-up capital of Lime upon completion of the Proposals (or 3.1% of Lime's issued and paid-up capital as at 8 November 2011 after the issuance of Tranche One Shares (as defined in Section 2.5.1)), had been issued to Gulf Hibiscus on 8 November 2011.

On 17 November 2011, our Company also announced that our Managing Director, Dr. Kenneth Pereira, was appointed to Lime's board of directors on 10 November 2011.

Subsequently, on 9 February 2012, our Company announced that pursuant to Clause 12.1.4 of the Shareholders Agreement, our Company's representatives have been appointed to the boards of Lime BVI and the Concession Companies:

Name of Company	Name of Representative and Designation	Date of Appointment
Lime BVI	Joyce Theresa Sunita Vasudevan Chief Financial Officer Hibiscus Petroleum	30 January 2012
Dahan	Dr. Pascal Josephus Petronella Hos Head of Petroleum Engineering Hibiscus Petroleum	30 January 2012
Masirah	Dr. Pascal Josephus Petronella Hos Head of Petroleum Engineering Hibiscus Petroleum	1 February 2012
Zubara	Joyce Theresa Sunita Vasudevan Chief Financial Officer Hibiscus Petroleum	30 January 2012

On 16 February 2012, RHB Investment Bank had on behalf of our Company, announced that approval from the SC for the Proposals has been obtained vide its letter dated 16 February 2012.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY IS ENCLOSED IN THIS CIRCULAR.

WE ADVISE YOU TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Selection method applied

Following the Listing Date, we reviewed not less than 14 opportunities relating to oil and gas E&P prospects located in Oman, India, Vietnam, Indonesia, Philippines, Australia, Papua New Guinea and Thailand. Of these, 4 were shortlisted before your Board selected Lime as our Company's Qualifying Acquisition. Your Board's selection criteria, was based on the broad business strategy as set out in the Prospectus and a more detailed consideration of other factors under the following 3 criteria:

- (a) technical criteria (for example, passive or active technical role of our Company, subsurface considerations and risks, operational risks, environmental considerations);
- (b) commercial criteria (for example, fiscal terms of concessions, venture partners, financial returns). Your Board had to also ensure that the total consideration to be paid resulted, in aggregate of at least RM170 million (being 80.0% of the aggregate amount in the Trust

Account as at 24 October 2011) being expended so that the recommendation would be suitable as a Qualifying Acquisition⁷. Under Chapter 6.25 of the Equity Guidelines, the fair market value of a Qualifying Acquisition is required to be at least 80% of the aggregate amount then on deposit in the Trust Account; and

- (c) geo-political criteria (for example, whether the prospects considered were located in politically stable and secure areas within our Company's regions of interest namely South Asia, Middle East, East Asia and Oceania).

Note:

* *The Proposals would comply with the Equity Guidelines as a Qualifying Acquisition as the purchase consideration of USD55 million or RM172.6 million (based on the exchange rate of USD1,000:RM3.1380 as at 24 October 2011, being the latest practicable date prior to the date of announcement of the Proposals on 25 October 2011) is 81.2% of the RM212.6 million available in the Trust Account (net of any taxes payable) as at 24 October 2011 (being the latest practicable date prior to the date of announcement of the Proposals on 25 October 2011).*

2.2 Details of the Proposals

Pursuant to the Proposals, Gulf Hibiscus will on aggregate, acquire a 35.0% equity interest in Lime for a total cash consideration of USD55.0 million (equivalent to RM168.3 million). The Proposals comprise the following:

- (a) proposed subscription for 76,923,077 new Lime Shares, representing 27.2% of the enlarged share capital in Lime, for a cash consideration of USD50.0 million (equivalent to RM153.0 million); and
- (b) proposed acquisition of 22,153,846 existing Lime Shares from Rex, the majority shareholder of Lime, representing 7.8% of the enlarged share capital of Lime, for a cash consideration of USD5.0 million (equivalent to RM15.3 million).

Lime is the holding company of Lime BVI which has majority interests in the Concession Companies. In this respect, the SPA provides that, upon receipt of independent confirmation of commercial discovery of a well in any one of the Concessions no later than 31 December 2013, a Discovery Bonus Amount of USD5.0 million (equivalent to RM15.3 million) will also be payable by Gulf Hibiscus to Rex (please see Section 2.6.4 for further details on the Discovery Bonus Amount).

2.3 Background information of Lime Group

Lime Group has a limited operating history. To-date, NO DISCOVERIES have been made within the concession areas of the Concessions held by Lime Group.

Lime was incorporated in the Isle of Man on 15 August 2011 as a public company limited by shares under the Isle of Man Companies Act 1931 to 2004. Lime was subsequently de-registered under the Isle of Man Companies Act 1931 to 2004, and then re-registered as a company under the Isle of Man Companies Act 2006 on 1 November 2011. Its authorised share capital is USD150,000 (equivalent to RM458,880) comprising 300,000,000 Lime Shares, of which 212,758,974 Lime Shares have been issued and fully paid-up.

As at 17 February 2012, the existing shareholders of Lime are Rex, Schroder and Gulf Hibiscus with shareholdings in Lime of 85.5%, 11.4% and 3.1% respectively. Schroder is a Swiss private bank which invested on a fiduciary basis for a large group of clients and is a wholly-owned subsidiary of Schroders Plc, an asset management company listed on the London Stock Exchange. For further details of Rex, please see Section 3. As at LPD, there has been no change of substantial shareholders in Lime since it was incorporated. Tranche One Shares (as defined in Section 2.5.1) had been issued to Gulf Hibiscus on 8 November 2011.

The shares of Lime are held by three parties of interest namely, Gulf Hibiscus, Rex and Schroder. The percentages in shareholdings of the three parties prior to the issuance of Tranche One Shares and the adjustment after the issuance of Tranche One and Tranche Two Shares, and the Proposed Acquisition are as follows:

	← % of Lime Shares held →		
	Rex	Schroder	Gulf Hibiscus
Prior to issuance of Tranche One Shares	88.2	11.8	-
Pursuant to the Proposed Subscription:			
- Upon issuance of Tranche One Shares	85.5	11.4	3.1
- Upon issuance of Tranche Two Shares (as defined in Section 2.5.2)	64.2	8.6	27.2
Upon completion of the Proposals	56.4	8.6	35.0

Lime BVI, a company limited by shares was incorporated on 10 June 2011 under the British Virgin Islands Business Companies Act, 2004. Lime BVI currently has one wholly-owned dormant subsidiary, Baqal, and majority interests in the Concession Companies. Lime BVI's majority interests in the Concession Companies are as set out below:

Name of Concession Companies	Concession rights in offshore oil and gas exploration assets
Dahan	RAK North Concession in Ras Al Khaimah
Zubara	Sharjah Concession in Sharjah
Masirah	Block 50 Oman Concession in the Sultanate of Oman

For further details of the concession rights, please see Section 2.4.

Lime Group is principally involved in E&P activities in the oil and gas industry in the Middle East region. The shareholding structure of Lime Group and its concession rights before and after the completion of the Proposals are set out below:

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Diagram 1: Prior to completion of the Proposals as at LPD

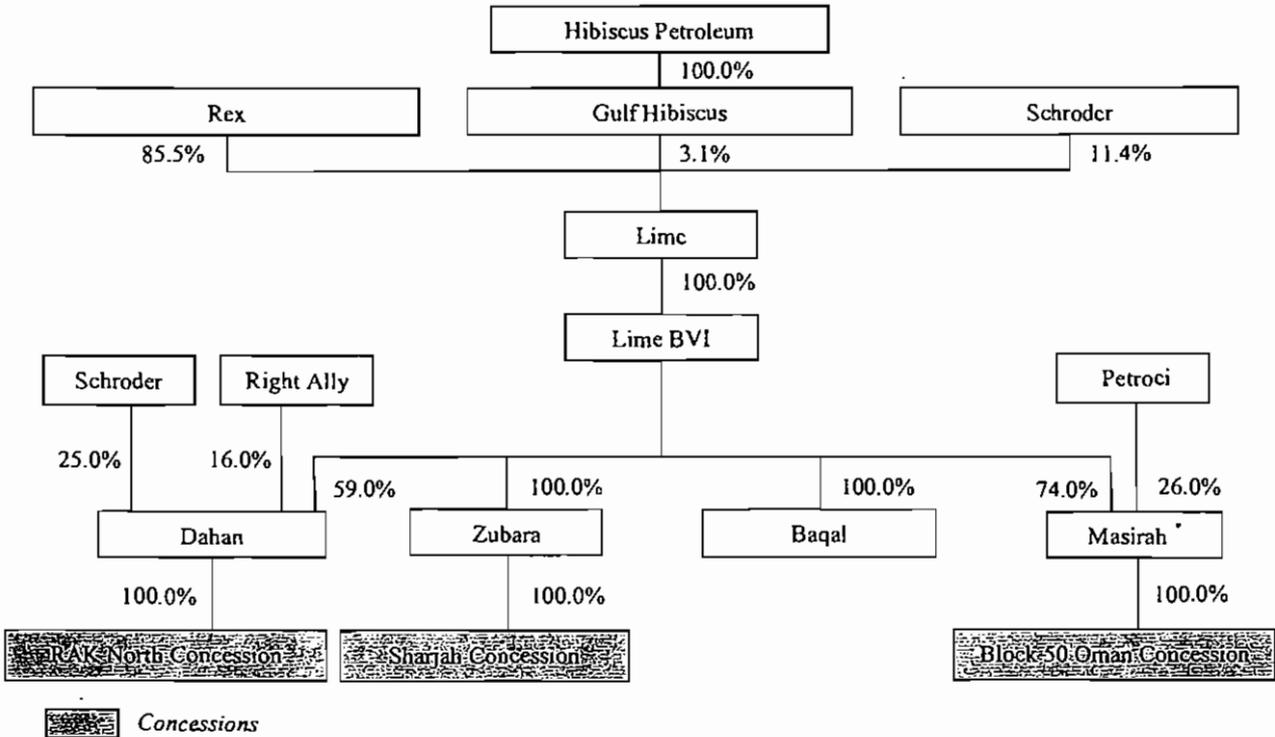
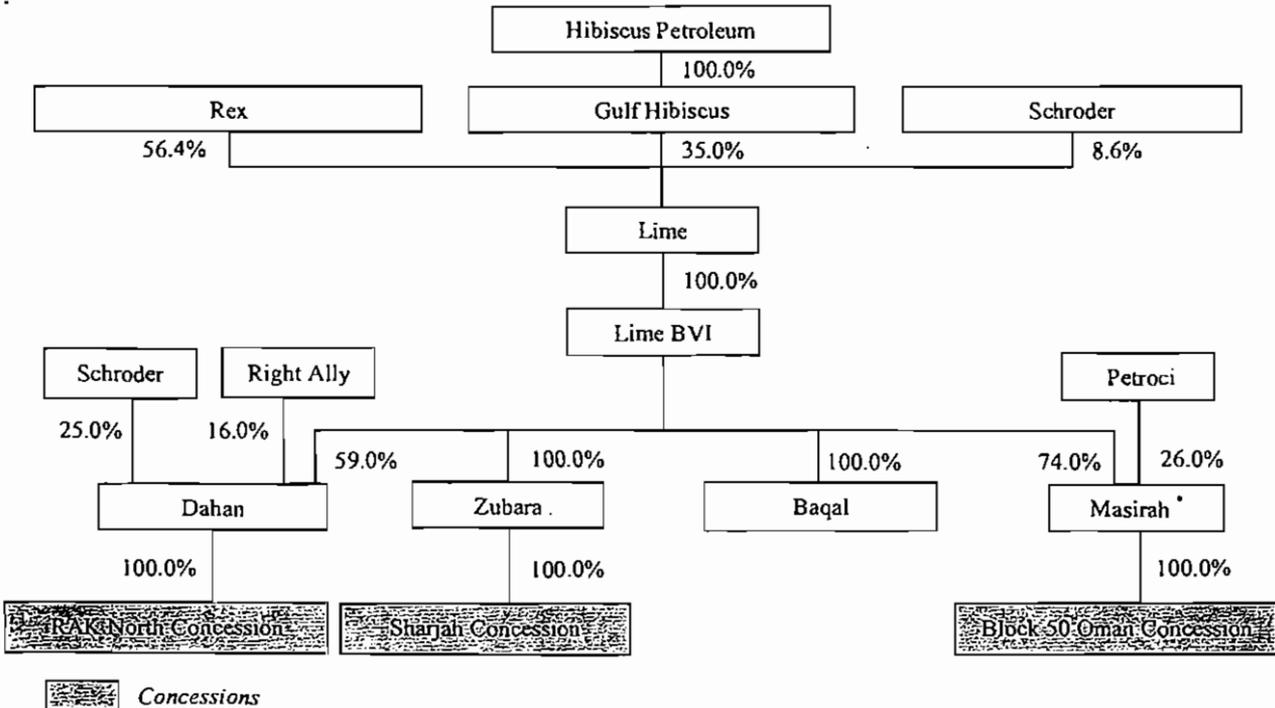


Diagram 2: Upon completion of the Proposals

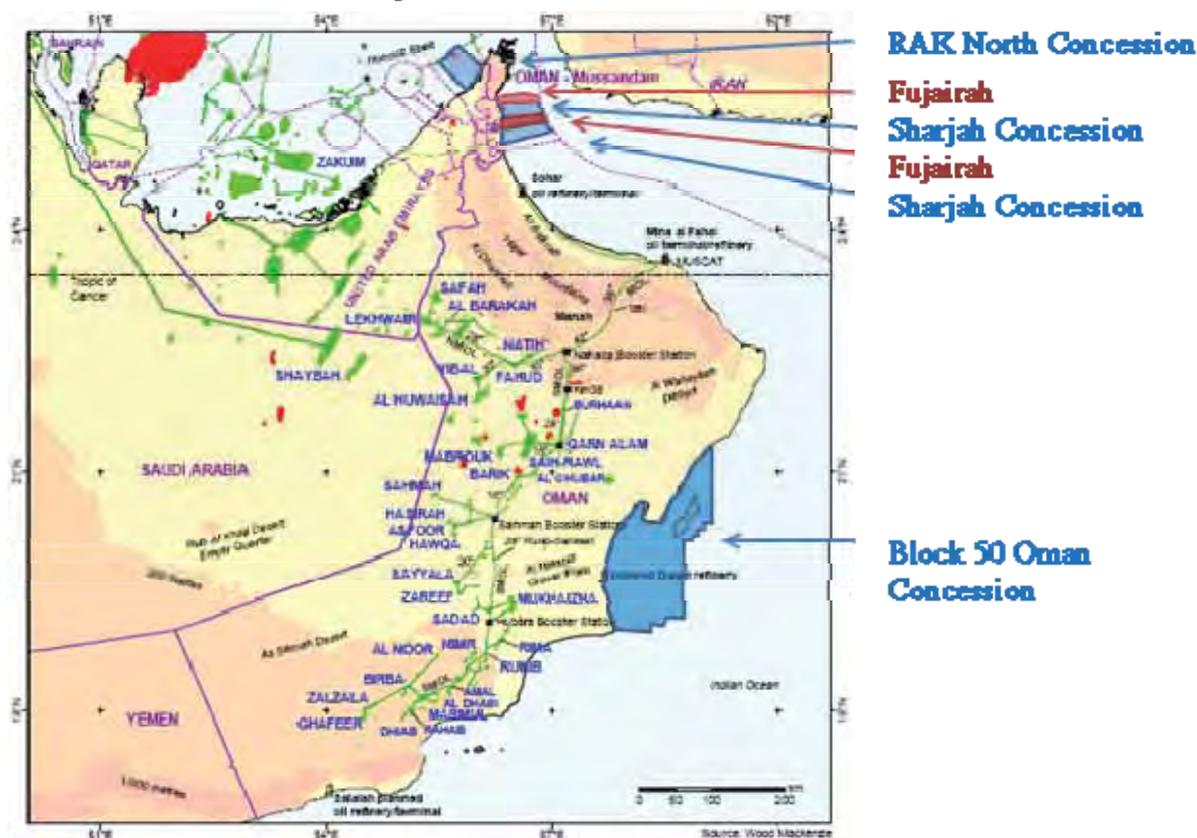


Note:

* Under the terms of the Masirah shareholders' agreement, Petroci has the right (but not an obligation) to make a further shareholders contribution of USD7,150,000 into Masirah ("Petroci Contribution") within 15 business days from the decision by Masirah to proceed with drilling one offshore, exploratory /stratigraphic well. Pursuant to the terms of the Call Option Agreement, the call option is exercisable at one occasion in whole (and not in part) by Petroci within 10 business days from the receipt by Masirah of the Petroci Contribution. Upon exercising the call option, Petroci's shareholding in Masirah will increase from 26% to 65% and Lime BVI's shareholding in Masirah will reduce from 74% to 35%. If Petroci decides not to exercise the call option, then Petroci would be bound to transfer 160 of its Masirah shares to Lime BVI, thus reducing its shareholding in Masirah from 26% to 10% and Lime BVI's shareholding in Masirah will increase from 74% to 90%. Please see Section 2.4.2 for further details on the Block 50 Oman Concession held by Masirah and Section 2.9 for the salient terms of the Call Option Agreement.

A summary of the key audited financial information of Dahan and Masirah from the date of incorporation (i.e. 30 April 2010 and 2 April 2009 respectively) till 31 August 2011 are set out in Appendices I(c) and I(d), respectively. Lime, Lime BVI, Zubara and Baqal were only incorporated on 15 August 2011, 10 June 2011, 5 July 2011 and 6 January 2012, respectively. Hence, no audited financial statements of these companies have been prepared as at LPD.

2.4 Information on the concessions' rights



The concession areas are located in the Middle East. The RAK North Concession covers an area of 1,200 km² on the west coast of Ras Al Khaimah, one of the emirates in the UAE in the east of the Persian Gulf. The Sharjah Concession covers an area of 1,600 km² on the east coast of Sharjah, another emirate in the UAE. The Block 50 Oman Concession covers an area of 16,900 km² and is situated in the south east coast of the Sultanate of Oman (located to the east of the UAE). The Concessions are governed by the executed EPSAs and CA, which outline the rights and obligations of the parties to the EPSAs and CA. An overview of the terms of the EPSAs and CA governing the Concessions are as below:

Details	RAK North EPSA	Sharjah CA	Block 50 EPSA
Term	Initial term – 2 years Second term – 2 years Upon DOC – 20 years with rights to request for renewal for an additional 5 years	Initial term – 3 years Upon DOC – 20 years	Initial term - 3 years Second term – 3 years Upon DOC – 20 years with rights to request for renewal for an additional 5 years
Effective date of the EPSAs and CA	24 May 2010	6 June 2011	23 March 2011

Details	RAK North EPSA	Sharjah CA	Block 50 EPSA
Original parties to the EPSAs/CA	Government of Ras Al Khaimah (as represented by Rakgas L.L.C) and Dahan	Government of the Emirate of Sharjah and Rex (of which its interests were subsequently assigned to Zubara via an assignment letter).	Government of the Sultanate of Oman with Rex and Petroci (of which both of their interests were subsequently assigned to Masirah via an assignment letter).
Ownership	Dahan currently owns 100% participating interest in the RAK North Concession	Zubara currently owns 100% participating interest in the Sharjah Concession	Masirah currently owns 100% participating interest in the Block 50 Oman Concession

For further details on the terms of the EPSAs and CA, please see Appendix II(a), Appendix II(b) and Appendix II(c).

2.4.1 Overview of the RAK North Concession

Lime BVI holds a 59% ownership in Dahan which holds a 100% working interest in the RAK North Concession in Ras Al Khaimah. The concession surrounds the Saleh contract area, currently operated by RAK Petroleum Public Company Limited. The Saleh field is located in the north-west corner of the concession. The concession is regulated by the RAK North EPSA. The concession has an initial exploration period of 2 years, with an optional 2-year extension after completion of the minimum work obligations (as per the RAK North EPSA), followed by a 20-year development and production period commencing from DOC, with a possible extension of 5 years. To-date, RAK North Concession's identified prospects comprise Dahan B, Dahan C, Saleh Slope E, Saleh Slope F Thamama/Arab D, Saleh Slope G and Saleh Slope H. Rex acquired 2D seismic data in the concession in 2010.

Surrounding area: There are 3 active licenses in Ras Al Khaimah, including the offshore Ras Al Khaimah contract area, the Saleh contract area and the RAK B contract area. In Ras Al Khaimah, there have been 2 discoveries offshore: the Saleh gas condensate field, which is surrounded by the RAK North Concession area, and the RAK B oil discovery (previously known as the Baih structure) about 8 km from the RAK North Concession area.

Review of drilled wells: Between 1968 and 1998, several wells have been drilled inside the RAK North Concession area. However, most of the wells drilled were inside the Saleh gas condensate field and to-date, wells outside the Saleh gas condensate field have not discovered commercial quantities of hydrocarbons.

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2.4.2 Overview of the Block 50 Oman Concession

Lime Group's concession in Oman is held by Masirah. The concession is regulated by the Block 50 EPSA. The concession has an initial exploration period of 3 years with a 3-year extension period, followed by a 20-year development and production period after DOC, with a possible extension of 5 years.

The shareholdings of Lime BVI and Petroci in Masirah and the effective dividend allocation in Block 50 Oman Concession to Lime BVI and Petroci are illustrated below:

	Shareholdings in Masirah		Effective dividend allocation in Block 50 Oman Concession			
	Lime BVI	Petroci	Assuming the Oman Government <u>does not</u> take a participating interest of 25% in the Block 50 Oman Concession		Assuming the Oman Government takes a participating interest of 25% in the Block 50 Oman Concession	
			Lime BVI	Petroci	Lime BVI	Petroci
Before Petroci Contribution	74.0%	26.0%	-	-	-	-
If Petroci exercises the call option*	35.0%	65.0%	35.0% (40.0%)#	65.0% (60.0%)#	26.25% (30.0%)#	48.75% (45.0%)#
If Petroci does not exercise the call option*	90.0%	10.0%	90.0%	10.0%	67.5%	7.5%

Notes:

* Pursuant to the Call Option Agreement, Petroci has the right to exercise its option to purchase 390 shares in Masirah for a consideration of USD1, which is exercisable on one occasion in whole (and not in part) within 10 business days from the receipt by Masirah of the Petroci Contribution. If Petroci decides not to participate in the drilling or if no such decision is made within 15 business days from the decision by Masirah to proceed with the drilling, then Petroci would be bound to transfer 160 of its shares in Masirah to Lime BVI.

Relating to cumulative volume of barrels of oil recoverable in excess of 50 mmbbls

Under the terms of the Masirah shareholders' agreement, Petroci shall receive 65% and Lime BVI shall receive 35% of any dividends paid by Masirah (Rex has assigned its 74% equity interest in Masirah to Lime BVI on 30 August 2011). However, if the cumulative volume of the barrels of oil recoverable from the Block 50 Oman Concession are proven to be more than 50 mmbbls, Petroci and Lime BVI will receive 60% and 40% of any dividends or capital gains distributed by Masirah relating to the volumes in excess of 50 mmbbls recoverable, respectively. However, should Petroci decide against exercising the call option, Masirah's distribution policy, as detailed above, shall cease to apply and the distribution policy of Masirah will then be based on the then equity interest of Petroci and Lime BVI in Masirah of 10% and 90% respectively.

Upon DOC, the Government of the Sultanate of Oman has the right to take a participating interest of up to 25% in the Block 50 Oman Concession and Masirah's participating interest in the Block 50 Oman Concession will reduce correspondingly to at least 75%. Lime BVI's effective dividend allocation will reduce accordingly based on the then distribution policy of Masirah. For example, should the cumulative volume of the barrels of oil recoverable from the Block 50 Oman Concession be more than 50 mmbbls, Lime BVI's effective dividend allocation in the Block 50 Oman Concession will be 30% in respect of the volumes in excess of 50 mmbbls recoverable (75% of the 40% dividend allocation in Block 50 Oman Concession).

The Block 50 Oman Concession contract area lies off the east coast of Oman, next to onshore Block 4 (the Ghunaim contract area) and is just north of Block 52 operated by Circle Oil Plc. The Block 50 Oman Concession, like most of Oman's offshore acreage, is largely unexplored. Although previous operators have acquired over 4,500 km² of seismic, the quality is variable and typically poor where shallow ophiolite layers occur. These layers are a feature of the geology off the coast of Oman. The previous operator, Hunt Oil Company, was awarded the block in 2001. Hunt Oil Company carried out a number of geological surveys, including a high resolution 2D seismic survey in an attempt to identify a prospective drilling location. To-date, Block 50 Oman Concession's identified prospects comprises Masirah 1 North, GA-South, K2, K1-N and K1-S.

Surrounding area: Tethys Oil AB (30% working interest) recently discovered oil on Block 3 and Block 4 onshore Oman. These 2 blocks are adjacent to Block 50 Oman Concession, and are currently producing 6,365 barrels of oil collectively per day (gross average for September 2011) from Block 3 and Block 4.

Review of drilled wells: Masirah 1 and Masirah 2 were drilled in 1975 and 1976 while in 1984, Amoco Corporation drilled a third well in the Block 50 Oman Concession area, Maimun-1. The wells found shows and good reservoirs in certain geological layers, but no commercial discoveries were made.

2.4.3 Overview of the Sharjah Concession

Lime Group's concession in Sharjah is held by Zubara. The concession area is located on the east coast of Sharjah and is divided into 2 areas, separated by the Fujairah block. The previous concession holder was Matco Inc., but the identified prospects were not drilled as Matco Inc faced bankruptcy. The concession is currently regulated by the Sharjah CA. The concession provides for an initial exploration period of 3 years, followed by a 20-year development and production period after DOC (no option for extension under the Sharjah CA). To-date, Sharjah Concession's identified prospects comprise Thamama North A, b - Miocene Central and d - Miocene South West.

Surrounding area: Sharjah has 3 active offshore exploration licenses. However, all of these areas are on the west coast of Sharjah while the east coast of Sharjah remains largely unexplored.

Review of drilled wells: 5 wells have been drilled north of Sharjah, on the east coast of the UAE but all the wells did not encounter hydrocarbons.

2.4.4 Valuation of the Concessions

Aker Geo was appointed by our Company to conduct an independent assessment of the aggregated estimated gross unrisks Recoverable Resources and the GCoS for each of the prospects in the concession areas of Ras Al Khaimah, Sharjah and Oman.

Basis of opinion

Aker Geo's independent assessment of the aggregated estimated gross unrisks and gross risks Recoverable Resources is based on accepted standards in the E&P industry. However, it must be noted that subsurface evaluations of geology, geophysics and reservoir dynamics are uncertain by nature. With time, it is expected that conclusions and evaluations may vary significantly as new information becomes available and perceptions change.

It is important to note that the evaluations performed by Aker Geo were based on the application of conventional technology. Any potential upside originating from the use of Rex Technologies have not been considered in such evaluation.

Based on Aker Geo's independent assessment, the estimated resources for the Concessions based on Lime's effective dividend allocation ("DA") in the concessions are:

Oman Block 50

Prospect	Gross unrisksed Recoverable Resources (mmboe)	LIME's DA	LIME's effective DA after DOC *	Net unrisksed Recoverable Resources (mmboe)	GCoS ^ (%)	Net risksed Recoverable Resources (mmboe)
Masirah 1 North	62	40%	30%	18	15%	3
GA-South	25	40%	30%	8	23%	2
K2	659	40%	30%	195	9%	18
K1-N	3,239	40%	30%	972	11%	108
K1-S	759	40%	30%	228	11%	25
Total	4,743			1,421		155

RAK North Offshore

Prospect	Gross unrisksed Recoverable Resources (mmboe)	LIME's DA	LIME's effective DA after DOC	Net unrisksed Recoverable Resources (mmboe)	GCoS ^ (%)	Net risksed Recoverable Resources (mmboe)
Dahan B	33	59%	59%	19	37%	7
Dahan C	18	59%	59%	10	32%	3
Saleh Slope E	7	59%	59%	4	12%	1
Saleh Slope F Thamama/Arab D	28	59%	59%	17	12%	2
Saleh Slope G	6	59%	59%	4	5%	0
Saleh Slope H	11	59%	59%	7	5%	0
Total	103			61		13

Sharjah

Prospect	Gross unrisksed Recoverable Resources (mmboe)	LIME's DA	LIME's effective DA after DOC	Net unrisksed Recoverable Resources (mmboe)	GCoS ^ (%)	Net risksed Recoverable Resources (mmboe)
Thamama North A	382	100%	100%	382	14%	52
b - Miocene Central	34	100%	100%	34	7%	3
d - Miocene South West	10	100%	100%	10	7%	1
Total	426			426		55
Total	5,272			1,907		224

Source: Aker Geo and Pareto Asia

Notes:

* Upon DOC, the Government of the Sultanate of Oman has the right to take a participating interest of up to 25% in the Block 50 Oman Concession and Masirah's participating interest in the Block 50 Oman Concession will reduce correspondingly to at least 75%.

In the event that the cumulative volume of the barrels of oil recoverable from the Block 50 Oman Concession is more than 50 mmbbls, Lime BVI's effective dividend allocation in the Block 50 Oman Concession will be 30% in respect of the volumes in excess of 50 mmbbls recoverable (75% of the 40% dividend allocation in Block 50 Oman Concession). For further details, please see Section 2.4.2.

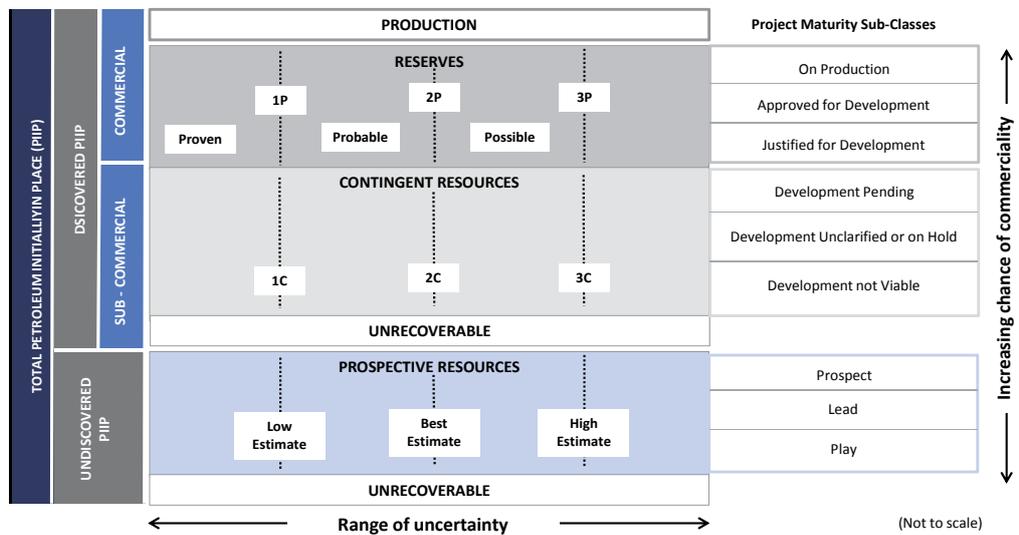
^ For each prospect, a weighted average (weighted by the gross unrisksed Recoverable Resources) GCoS based on Aker Geo's estimates has been used.

It is important to note that:

- Recoverable Resources are a subset of the total estimated resources believed to be technically recoverable. For the resources to be classified as reserves, they will need to be confirmed through drilling of prospects and a plan of development will need to be approved by the host government. For the estimates stated above, there is at least a 50% probability that the volumes actually recovered will equal or exceed the estimates (please see the E&P industry report set out in Appendix III for further details).
- the gross unrisksed Recoverable Resources refer to the total estimated volume of recoverable resource available in the concession area that has not been adjusted for working interest.

- the net unrisks Recoverable Resources refer to the total estimated volume of Recoverable Resources net to Lime (after adjusting for Lime’s working interest in the Concessions upon DOC).
- the net risks Recoverable Resources are derived from multiplying the GCoS (provided by Aker Geo) with the net unrisks Recoverable Resources.

Referring to the diagram below (extracted from the E&P industry report as set out in Appendix III), Lime’s resources are classified as Prospective Resources, which are estimates for unexplored areas where no prior drilling has confirmed the existence of oil and gas and are primarily based on interpretation of data collected from various seismic technologies (please see Section 5.1 of the E&P industry report set out in Appendix III). The estimated volume of recoverable prospective oil and gas resources is typically classified and stated as either low estimate (conservative estimates having a high degree of certainty), best estimate (most realistic assessment and best estimation of certainty) or high estimate (aggressive estimates having a low degree of certainty) resources. These correspond with the 3 boxes marked as “Low Estimate”, “Best Estimate” and “High Estimate” in the diagram below.



Source: E&P Industry Report as appended in Appendix III

To-date, no discoveries have been made within the respective concession areas and a DOC has not been declared.

Pareto Asia was appointed by our Company to conduct an independent financial valuation on Lime Group and to issue a fairness opinion on the Purchase Consideration of the Proposals. Based on an indicative work plan and budget premised on the data currently available, Lime Group intends to commence drilling of 4 wells (K2, K1-N and K1-S in the Block 50 Oman Concession area and Dahan B in the RAK North Concession area) in 2012/2013. Nevertheless, this is subject to change in the event that, *inter-alia*, other prospects become more favorable after evaluation of the 3D seismic data acquisition and processing of the prospects within the concession areas in 2012.

Pareto Asia has conducted a valuation of Lime Group as at 2 November 2011, using 2 valuation methods: (i) risked NAV calculation; and (ii) risked financial market pricing.

The risked NAV method uses data from Wood Mackenzie for existing fields with similar characteristics in order to derive a NPV/boe for a potential discovery. The NPV/boe value was then multiplied with the gross unrisks recoverable volume (from Aker Geo) for each of Lime Group’s concession assets in order to estimate the gross unrisks value for each concession asset. The EMV for each prospect is then calculated using *inter-alia*, the gross unrisks value, the GCoS (estimated by Aker Geo), and drilling costs. This metric is then applied to estimate the gross risked value of Lime Group’s assets. A further “risking” of the assets is done, based on industry norms for commercial risking and probability of drilling, in order to derive a net risked asset value (taking into consideration Lime’s ownership and right to receive dividends from its subsidiaries).

The estimated NAV for Lime Group is USD465 million. As Lime Group's listed peers do not regularly trade at full NAV, Pareto Asia has applied an EV/GAV of between 0.25 and 0.30 to reflect the current market pricing of E&P companies and a further discount of 30% as Lime is a non-listed entity.

The risked financial market pricing is based on current EV/risked boe of selected comparable listed companies. The EV/risked boe metric is then applied to the net risked Recoverable Resources for all prospects and is subsequently discounted by 30% as Lime is a non-listed entity. For further details on the valuation of Lime Group, please see Appendix IX for the valuation certificate of Lime Group prepared by Pareto Asia.

Valuation Method	Pre-money (100%) USD'million	Post-money (35%) USD'million
Risked NAV (EV/GAV 0.25)	99	52
Risked NAV (EV/GAV 0.30)	114	58
Risked financial market pricing	117	58

The pre-money valuation which denotes the valuation of Lime Group prior to our investment in Lime based on the risked NAV method is USD99 million to USD114 million, whereas, the market value of Lime Group based on the risked financial market pricing method is USD117 million.

The post-money valuation which denotes the valuation of Lime Group subsequent to our investment in Lime of USD 50 million is between USD149 million and USD167 million. Following the USD50 million cash injection from Gulf Hibiscus, Gulf Hibiscus' 35% ownership in Lime has a value of between USD52 million and USD58 million.

As such, the Purchase Consideration falls within the range of USD52 million and USD58 million, being the range of the post-money valuation of Gulf Hibiscus's 35% ownership in Lime. Pareto Asia is of the opinion that, as at the Valuation Date, the Purchase Consideration for the Proposals is fair from a financial point of view.

For further details, please see Appendix VIII for Pareto Asia's letter dated 16 February 2012 on the fairness of the Purchase Consideration for the Proposals.

2.5 Salient terms of the SSA

The salient terms of the SSA are as follows:

2.5.1 Initial payment

Gulf Hibiscus shall pay to Lime USD4.0 million (equivalent to RM12.2 million) ("Tranche One") within 10 business days after the fulfillment of Tranche One Conditions (as defined below) and subscribe for 6,605,128 new Lime Shares ("Tranche One Shares").

Note:

As stated in the announcement made on 17 November 2011, Tranche One Shares had been issued to Gulf Hibiscus following the payment of USD4.0 million (equivalent to RM12.2 million) to Lime on 8 November 2011 (see Section 1 for further details).

2.5.2 Obligations of Gulf Hibiscus in closing of Tranche Two

Gulf Hibiscus shall pay to Lime USD46.0 million (equivalent to RM140.7 million) ("Tranche Two") within 5 business days after the Tranche Two closing date (Tranche Two closing date being 10 business days after fulfillment or waiver of the last of the Tranche Two Conditions (as defined below) or such other date as may be agreed by the parties) and subscribe for 70,317,949 new Lime Shares ("Tranche Two Shares").

2.5.3 Conditions precedent for Tranche One*

Gulf Hibiscus' obligations under the SSA ("Tranche One Conditions") are, *inter alia*, conditional upon:

- (a) the receipt of signed copies of the Shareholders Agreement and the due execution of the SPA, PMTSA and IP Licence Agreement;
- (b) the receipt by Gulf Hibiscus of a copy of the resolution of the shareholders of Lime dated 9 September 2011 confirming the disapplication of rights of pre-emption in relation to the Tranche One Shares and Tranche Two Shares; and
- (c) the re-registration of Lime as a company under the Isle of Man Companies Act 2006.

Note:

* *As stated in the announcement made on 8 November 2011, all Tranche One Conditions had been satisfied on 4 November 2011. For further details on the re-registration of Lime, please refer to Appendix I(a).*

2.5.4 Conditions precedent for Tranche Two

Gulf Hibiscus' obligations to subscribe for Tranche Two Shares ("Tranche Two Conditions") are, *inter alia*, conditional upon:

- (a) necessary approvals of the SC, Bursa Securities and our shareholders on the Proposals;
- (b) all the conditions precedent of the SPA being duly satisfied or waived;
- (c) the due execution of the OSA and/or JOA in relation to Zubara and Masirah and the use of Lime's best endeavours to execute the OSA for Dahan;
- (d) the procedures framework for the limits of authority* in relation to the PMTSA and each concession company being agreed upon by Lime and Gulf Hibiscus.
- (e) due completion of all technical, legal, financial, tax and other due diligence exercises by Gulf Hibiscus, with the results thereof being satisfactory to Gulf Hibiscus;
- (f) a new CA, in relation to the Fujairah Concession or another concession of equivalent or similar size, being duly awarded; and
- (g) such other consents or approvals as may be required of any governmental, regulatory body or competent authority having jurisdiction over the Proposals (or any part thereof) being duly obtained.

Note:

* *It is intended to set out in the "procedures framework for the limits of authority", among others, the approval process/framework relating to the management and operational matters at the companies within Lime Group with the objective of ensuring that business transactions are conducted in an informed and controlled manner whilst taking into account risk exposure and operational expediency. The procedures framework is contemplated to include, among others, the limit of authority granted to Hibiscus Oilfield with regards to its role as the Project Manager, and the mechanism for the approval of payments and expenditure by the authorised persons.*

2.5.5 Responsibility for satisfaction

Both Lime and Gulf Hibiscus undertake to use their reasonable endeavours to fulfil the Tranche One Conditions and the Tranche Two Conditions by 30 April 2012 (or such later date as they may agree).

2.5.6 Non-fulfilment of Tranche One Conditions* or Tranche Two Conditions

- (a) subject to Section 2.5.6(b) below, Gulf Hibiscus may waive any of the Tranche One Conditions or Tranche Two Conditions at any time;
- (b) if all of the Tranche Two Conditions have been met save in respect of the condition as stated in Section 2.5.4(f), then Lime may request Gulf Hibiscus to waive such condition whereupon Gulf Hibiscus shall not unreasonably withhold its consent for such waiver of condition.

Note:

- * *As stated in the announcement made on 8 November 2011, all Tranche One Conditions had been satisfied on 4 November 2011.*

2.5.7 Failure to reach Tranche Two closing

If the non-fulfilment of a Tranche One Condition or a Tranche Two Condition was due to any material failure or default on the part of Gulf Hibiscus, then Gulf Hibiscus shall continue to hold Tranche One Shares in accordance with the terms of the Shareholders Agreement and could request for Lime to repurchase its Tranche One Shares (of which Lime is immediately obliged to repurchase) at USD2.8 million* (equivalent to RM8.6 million) if Lime Shares are not admitted to AIM or other such exchange as may be agreed by the parties by 31 December 2012. If the non-fulfilment was as a result of any other reason, Lime shall fully refund to Gulf Hibiscus the amount of USD4.0 million (equivalent to RM12.2 million).

Note:

- * *In the event that the non-fulfilment of a Tranche One Condition or a Tranche Two Condition is due to any material failure or default on the part of Gulf Hibiscus, the balance of USD1.2 million from the USD4.0 million paid under Tranche One will be forfeited by Gulf Hibiscus. The USD1.2 million represents approximately 2.2% of the Purchase Consideration, which the parties to the SSA agreed was a reasonable quantum for forfeiture in the event of a material failure or default by Gulf Hibiscus to meet the Tranche One Conditions or Tranche Two Conditions.*

2.5.8 Closing inter-conditional

Gulf Hibiscus is not obliged to complete the subscription of Tranche Two Shares unless the sale and purchase of Lime Shares under the SPA is completed simultaneously.

2.5.9 Termination

- (a) If any of the documents required to be delivered to Gulf Hibiscus on the Tranche Two closing date is not forthcoming for any reason or the provisions of Sections 2.5.3, 2.5.4, 2.5.5 and 2.5.6 are not fully complied with, Gulf Hibiscus shall be entitled to terminate the SSA.
- (b) The SSA may be terminated by Gulf Hibiscus if prior to Tranche Two closing:
 - (i) Gulf Hibiscus becomes aware that any of the representations or warranties contained in the SSA on the part of Lime have not been carried out or complied with to Gulf Hibiscus' satisfaction (acting reasonably) or are otherwise untrue or misleading in any respect; and
 - (ii) any event shall occur (other than an event constituting or giving rise to a breach of any of the representations and warranties contained in the SSA) which affects or is likely to affect adversely to a material degree the financial position or business prospects of Lime Group.
- (c) The SSA will terminate automatically at the same time if the SPA terminates or ceases to have any force or effect in accordance with its terms.

2.6 Salient terms of the SPA

The salient terms of the SPA are as follows:

2.6.1 Conditions precedent

The closing of the SPA is subject to and conditional upon, *inter alia*, the following conditions:

- (a) the receipt of signed copies of the Shareholders Agreement and the due execution of the SSA, PMTSA and IP Licence Agreement;
- (b) receipt by Gulf Hibiscus of a copy of a written waiver by the shareholders of Lime of all rights of pre-emption under the Articles of Association of Lime or otherwise in respect of the sale of the Lime Shares to Gulf Hibiscus;
- (c) the re-registration of Lime as a company under the Isle of Man Companies Act 2006*;
- (d) the necessary approval of the SC, Bursa Securities and our shareholders on the Proposals;
- (e) the due execution of the OSA and/or JOA in relation to Zubara and Masirah and the use of Lime's best endeavours to execute the OSA for Dahan;
- (f) due completion of all technical, legal, financial, tax and other due diligence exercises by Gulf Hibiscus, with the results thereof being satisfactory to Gulf Hibiscus;
- (g) the procedures framework for the limits of authority[#] in relation to the PMTSA and each Concession Company being agreed upon by Lime and Gulf Hibiscus;
- (h) a new CA, in relation to Fujairah or another concession of equivalent or similar size, being duly entered into by one of the Concession Companies;
- (i) all the Tranche Two Conditions being duly satisfied or waived; and
- (j) such other consents or approvals as may be required of any governmental, regulatory body or competent authority having jurisdiction over the Proposals (or any part thereof) being duly obtained.

Notes:

* *For further details on the re-registration of Lime, please refer to Appendix I(a).*

Please refer to note under Section 2.5.4

2.6.2 Waiver of conditions

Gulf Hibiscus may waive any of the conditions to the closing of the SPA at any time before 30 April 2012 or such later date as the parties may agree. If all of the conditions have been met save for that under Section 2.6.1(h) above, Lime may request Gulf Hibiscus to waive such condition whereupon Gulf Hibiscus shall not unreasonably withhold its consent for such waiver of condition.

2.6.3 Consideration

Gulf Hibiscus shall pay Rex a consideration amount of USD5 million (equivalent to RM15.3 million) for the acquisition of 22,153,846 existing Lime Shares.

2.6.4 Discovery Bonus Amount

Gulf Hibiscus shall pay Rex a one-off Discovery Bonus Amount of USD5 million (equivalent to RM15.3 million) after receipt of a written confirmation from an independent third party approved by both parties after the first commercial discovery in any one of the existing Concessions provided that such written confirmation is duly received by Gulf Hibiscus no later than 31 December 2013.

2.6.5 Closing inter-conditional

Gulf Hibiscus is not obliged to complete the sale and purchase of Lime Shares under the SPA unless the subscription of the Tranche Two Shares is completed simultaneously.

2.6.6 Termination

Among others, the SPA:

- (a) may be terminated by Gulf Hibiscus if between the time of the SPA and the closing of the SPA, Gulf Hibiscus becomes aware that any warranty is untrue, inaccurate or misleading at the time Rcx gave the warranties or there has been a breach of any other provisions of the SPA; and
- (b) will terminate automatically at the same time if the SSA terminates or ceases to have any force or effect in accordance with its terms.

2.7 Salient terms of the Shareholders Agreement

The salient terms of the Shareholders Agreement are as follows:

2.7.1 Conditions precedent

The rights and obligations of Gulf Hibiscus under the Shareholders Agreement:

- (a) are conditional upon Gulf Hibiscus' subscription of the Tranche One Shares being completed in accordance with the terms of the SSA; and
- (b) shall commence and be effective as at and from Gulf Hibiscus' subscription of the Tranche One Shares pursuant to the SSA and shall remain effective as long as Gulf Hibiscus remains as a shareholder (holding one share or more) of Lime.

2.7.2 The company and its business

The activities of Lime shall be confined to the business of Lime as set out in the relevant work plan and in relation to other future business of Lime, the exploration for, and development and exploitation of oil and gas deposits and the related sale or disposal of oil and gas products, wherever situated, onshore or offshore and all activities relating thereto.

2.7.3 Intellectual property rights

All intellectual property rights which are made or arise in the course of Lime's activities as a direct result of its use of Rex's intellectual property rights shall vest exclusively and automatically in Rex. If any or all such rights, title and interests of intellectual property rights are deemed not to vest in Rex, then Schroder, Gulf Hibiscus and/or Lime (to such extent as is reasonably practicable in the circumstances) will irrevocably assign, transfer and convey to Rex, save for intellectual property rights involving, developed and/or owned by third parties used by Lime in the course of its activities.

2.7.4 No obligation to provide further financing

Other than their respective committed capital of USD4 million and USD50 million respectively (equivalent to RM12.2 million and RM153.0 million), Schroder and Gulf Hibiscus shall not be obliged to participate in further capital subscription or in providing any financial resources to Lime.

2.7.5 Distribution policy

- (a) In the event of a winding-up (by way of liquidation, dissolution or otherwise), the surplus assets and profits shall be distributed as follows:
 - (i) first, Schroder and Gulf Hibiscus shall receive the equivalent amount of their respective committed capital in priority to Rex, such amount to be paid pro rata in accordance with their respective committed capital;
 - (ii) once Schroder and Gulf Hibiscus have received an amount that is equivalent to their respective committed capital, the remaining surplus assets and profits shall be divided between Rex, Schroder and Gulf Hibiscus in proportion to their shareholdings in Lime.
- (b) In the event of a sale of Lime (by way of a share sale or asset sale or otherwise) for a consideration of more than USD54 million (equivalent to RM165.2 million) or the distribution of dividends by Lime, such proceeds or dividend shall be distributed to Rex, Schroder and Gulf Hibiscus in accordance with their respective shareholding proportion. In the event that the sale consideration is USD54 million (equivalent to RM165.2 million) or less, Rex is not entitled to such consideration proceeds and such consideration proceeds shall only be distributed to Gulf Hibiscus and Schroder pro rata in accordance with their respective committed capital proportion.

2.7.6 Non-competition

During a period commencing on the date of the Shareholders Agreement and ending 5 years after the date on which the relevant shareholder ceases to be a shareholder of Lime, no shareholder may during the non-compete period engage or become financially interested in any other business that involves the utilisation, commercialisation or ownership of the assets of Lime, without the written permission of the other parties to the agreement.

2.7.7 Duration and termination

The Shareholders Agreement shall remain in force until the 30th anniversary of the Shareholders Agreement and thereafter until terminated by any party with 12 months' notice or until, *inter alia*, the following:

- (a) the parties agree in writing to terminate Shareholders Agreement;
- (b) Lime becomes listed in a public market; or
- (c) a resolution is made for the winding-up of Lime other than to effect a scheme of reconstruction or amalgamation;

provided that the Shareholders Agreement shall cease to have effect in relation to any shareholder who ceases to hold any Lime Shares save for certain clauses.

2.7.8 Board Reserved Matters

Prior approval by Supra Majority is required for actions taken by Lime or resolution passed at a meeting of the board of directors of Lime in respect of matters that are outside the scope of the work plan and budget and the PMTSA, including the Board Reserved Matters.

2.8 Salient terms of the PMTSA

The salient terms of the PMTSA are as follows:

2.8.1 Duties and responsibilities of the Project Manager

With reference to each of the OSAs, Hibiscus Oilfield shall upon the execution of the OSA and until the termination of the PMTSA, perform all of the functions granted to the concession operators and concession contractors under the OSA (excluding non-operational and other excluded matters). These services include:

- (a) carrying out all operations in accordance with local legal, regulatory, technical and health and safety environment requirements;
- (b) preparing the work programmes and budgets, approval for expenditures, development plans and feasibility studies;
- (c) carrying out costs and costs recovery accounting in accordance with the existing concessions and any future concessions' accounting procedures based on accounting procedures generally practiced by the international petroleum industry; and
- (d) any other scope of work as may be mutually agreed by parties to the agreement.

2.8.2 Liabilities and indemnities

The Project Manager and its respective directors, officers and employees shall not bear any damage, loss, cost, expense or liability resulting from performing (or failing to perform) the duties and functions of the Project Manager, and they are released from liability for damages, losses, costs, expenses and liabilities resulting from such performance or failure to perform except for liability arising directly as a result of fraud, gross negligence or wilful misconduct by the Project Manager.

2.8.3 Payments

- (a) Lime shall pay project management fees to the Project Manager on an actual cost basis plus a margin of 7% on a monthly basis. Prior to the closing of the SPA, all project management fees payable by Lime shall accrue in favour of the Project Manager and will only be payable by Lime to the Project Manager within 5 business days of the closing of the SPA.
- (b) In the event the PMTSA is terminated pursuant to the termination or non-completion of the SPA and the SSA (unless it is due to any material failure or default on the part of Gulf Hibiscus), all project management fees accrued up to the date of the termination notice (limited to USD250,000 (equivalent to RM764,800)) shall be payable by Lime to the Project Manager within 5 business days from the date of such termination notice.

2.8.4 Termination

- (a) Subject to item (b) below, the tenure of the PMTSA is for an initial period of 5 years and thereafter shall be automatically renewed on an annual basis (unless either party gives 6 months' notice prior to the end of the then concurrent term that it wishes to terminate the PMTSA) and the process for renewal shall continue to apply until the last of the existing or future concession terminates.
- (b) If Lime Shares are admitted to AIM (or on any other equivalent stock exchange), the PMTSA shall continue for a period of 3 years from the date of the AIM Listing and thereafter shall be automatically renewed on an annual basis (unless either party gives 6 months' notice prior to the then concurrent term that it wishes to terminate the PMTSA) until the last of the existing or future concession terminates.

- (c) Among others, the PMTSA may be terminated if a party commits a material breach of the PMTSA that is not capable of remedy or is not remedied within 30 business days upon receipt of written notice from the non-defaulting party.
- (d) In the event that there is non-completion of the subscription of Tranche Two Shares according to terms in the SSA or the purchase of Lime Shares according to the terms of the SPA, or if the SPA or the SSA is terminated or ceases to have any force or effect, the PMTSA shall automatically terminate (unless the parties agree otherwise in writing).

2.9 Salient terms of the Call Option Agreement

The salient terms of the Call Option Agreement are as follows:

2.9.1 Background

The parties have entered into a shareholders' agreement regarding the shareholding in Masirah pursuant to which Petroci undertakes to Rex that it *inter alia* may grant Masirah an unconditional shareholders contribution in the amount of USD11,900,000 (equivalent to RM36,404,480) ("Contribution") to be granted to Masirah in 2 parts – the first part shall be made in the amount of USD4,750,000 (equivalent to RM14,531,200) and the second part shall be made in the amount of USD7,150,000 (equivalent to RM21,873,280). Rex has issued an option offer to Petroci upon and conditioned by the execution of the Contribution.

2.9.2 Call Option

- (a) Rex grants irrevocably to Petroci an option (i.e. a right but no obligation) ("Call Option") entitling Petroci to purchase 390 shares in Masirah for a consideration of USD1.00 (equivalent to RM3.06).
- (b) The Call Option shall be exercisable at one occasion in whole (and not in part) by written notice ("Notice") from Petroci to Rex within 10 business days from the receipt by Masirah of the unconditional shareholders' contribution in the amount of USD7,150,000 (equivalent to RM21,873,280). The Notice shall be irrevocable.
- (c) The Call Option shall lapse and neither of the parties shall have any claim against the other under the Call Option Agreement if the Call Option is not duly exercised within the above exercise period.
- (d) The receipt by Masirah of the first contribution of USD4,750,000 (equivalent to RM14,531,200) less the escrow agent fee of 0.25% is an absolute condition for the validity of the Call Option.
- (e) Upon receipt of the Notice, Rex shall sell to Petroci and Petroci shall purchase from Rex, the number of shares set forth in the Notice with full title guarantee, free from all liens, charges, encumbrances and claims whatsoever and with all rights, powers and benefits then or subsequently pertaining thereto.

2.9.3 Assignment

The parties may not assign their rights and obligations under the Call Option Agreement without the other party's prior written consent.

2.10 Governing laws and arbitration

The SSA, SPA, Shareholders Agreement and PMTSA shall be governed by the laws of England and Wales and any disputes, controversy or claims relating to these agreements shall be determined by arbitration in accordance with the Rules of International Arbitration of the International Chamber of Commerce (ICC) and the place of arbitration shall be Geneva.

The Call Option Agreement shall be governed by and construed in accordance with the substantive laws of Switzerland, excluding its conflict of laws principles providing for the application of the laws of any other jurisdiction. In the event of any dispute arising out of or in connection with the Call

Option Agreement, the parties agree to submit the matter to settlement proceedings under the ICC ADR Rules (the amicable dispute resolution rules set out by the ICC). If the dispute has not been settled pursuant to the said rules within 30 days or within such other period as the parties may agree in writing, such dispute shall be finally settled under the Rules of Arbitration of the ICC. The place of arbitration shall be Geneva.

2.11 Basis of arriving at the Purchase Consideration

The Purchase Consideration for the Proposals was arrived on a willing-buyer, willing-seller basis and after taking into consideration (among others) the following factors:

- (a) a fair valuation of Lime Group by Pareto Asia who arrived at a valuation range of between USD52 million and USD58 million;
- (b) the future prospects of Lime Group in view of its working interests in the Concessions covering an area totaling 19,700 km², and Aker Geo's assessment of aggregated estimated net unrisks and net risked Recoverable Resources for the Concessions of 1,907.4 mmboc and 223.5 mmboc respectively;
- (c) Schroder had in October 2011, subscribed for 6,153,846 Lime Shares for a consideration of USD4 million (equivalent to RM12.2 million) at an issue price of USD0.65 (equivalent to RM1.99) per Lime Share. The average issue price of each Lime Share to be subscribed and acquired by Gulf Hibiscus pursuant to the Proposals is USD0.56 (equivalent to RM1.71), which is lower than Schroder's subscription price.; and
- (d) future upsides from (i) the potential addition of Fujairah Concession (see Section 2.5.4(f) for further details) and/or other new concessions (with no adjustment to the Purchase Consideration by Gulf Hibiscus; and (ii) the successful application of Rex Technologies to locate hydrocarbons (see Section 4.3 for further details).

2.12 Sources of funding

The Purchase Consideration will be paid from funds raised during our IPO in July 2011 amounting to RM234.2 million.

2.13 Encumbrances

The Lime Shares to be subscribed or acquired pursuant to the Proposals will be free from all encumbrances and will be subscribed or acquired with all rights attached or accruing thereto.

2.14 Liabilities to be assumed

There are no separate liabilities, including contingent liabilities and guarantees to be assumed by Gulf Hibiscus pursuant to the Proposals.

2.15 Credit facilities procured by our Company

As at LPD, our Company has not procured any credit facilities.

2.16 Additional financial commitment

Gulf Hibiscus does not expect to incur any additional material financial commitment to fund the activities of Lime Group.

3. BACKGROUND INFORMATION OF THE VENDOR

3.1 Rex

Rex was incorporated in the BVI under the BVI Business Companies Act, 2004 on 24 September 2008 as a private limited company. Rex is principally involved in the management of assets in the oil and gas industry.

The directors and substantial shareholders and their shareholdings in Rex as at LPD are as follows:

Name	Shareholding	
	No. of shares	%
<i>Directors and shareholders</i>		
Karl Lidgren	20,000	40
Hans Lidgren	20,000	40
<i>Shareholder</i>		
Svein Kjellesvik	10,000	20

Brothers, Professor Karl Lidgren, PhD in National Economics, and Mr Hans Lidgren, Master of Science in Civil Engineering, pioneered the use of satellite altimeter data in oil exploration activities in the beginning of the 1980s. Surveys produced by the founders of Rex made way for major oil field findings such as the "Haltenbanken" in Norway and part of the "Bukha" field in Oman and many oil majors were serviced with this technology.

Mr Svein Kjellesvik, Master of Science in Geology and Gravity, has more than 30 years of industry experience with major corporations such as WesternGeco and Schlumberger Limited. He is also a founder and partner in several independent seismic acquisition companies.

4. RATIONALE FOR THE PROPOSALS AND POTENTIAL BENEFITS TO OUR COMPANY

We are listed on the Main Market of Bursa Securities as a SPAC and currently have no operations or income generating business. As a SPAC, we are required to complete a Qualifying Acquisition with the proceeds raised from the IPO. The Proposals comply with the Equity Guidelines as a Qualifying Acquisition as the purchase consideration of USD55 million or RM172.6 million (based on the exchange rate of USD1.000:RM3.1380 as at 24 October 2011, being the latest practicable date prior to the date of announcement of the Proposals on 25 October 2011) is 81.2% of the RM212.6 million available in the Trust Account (net of any taxes payable) as at 24 October 2011 (being the latest practicable date prior to the date of announcement of the Proposals on 25 October 2011).

The Proposals will contribute towards establishing our Company's position as an independent E&P company, as set out in our Prospectus.

Your Board considered the Proposals from technical, commercial, geo-political and associated risk aspects and has concluded that the Proposals provide an attractive investment opportunity for the following primary reasons:

4.1 Large acreage and resources position in a historically stable and well-established petroleum province

The Concessions are located in the Middle East, which is a well-established petroleum producing region. Extensive oil and gas infrastructure has been developed, which potentially could be utilized in the event of a commercial discovery.

Based on data from the BP Statistical Review 2010, the combined proven oil reserves in the UAE and the Sultanate of Oman amounted to 7.5% (excluding oil sands) of discovered global oil reserves. Within this prolific petroleum province, the subsidiaries of Lime (being a new and relatively small company) have successfully secured considerable acreage on a negotiated basis, leveraging on the potential benefits offered by their proprietary technologies (see Section 4.3 for further information).

The total acreage that has been secured under the existing Concessions amounts to 19,700 km². Based on Aker Geo's assessment, the aggregated estimated net unrisks and net risked Recoverable Resources for the Concessions are 1,907.4 mmbob and 223.5 mmbob respectively.

Further, Lime Group's assets are located in an area where several other oil and gas companies with significant financial and technical resources operate such as Reliance Industries Limited and RAK Petroleum Public Company Limited. These companies are large integrated oil and natural gas producers.

In addition, the Concessions are geographically focused in countries with historically relatively stable political and country risk profiles (please see the E&P industry report set out in Appendix III for further details).

4.2 Geographically focused with a diversified portfolio of assets

Whilst the assets of Lime Group are broadly focused in the Middle East region, the assets are currently located in 2 different countries. Therefore from a risk perspective, our Company will not be solely dependent on a single asset in a single legal jurisdiction or multiple assets in a single jurisdiction. This mitigates the risk profile of the investment from several angles:

- (a) diversity in GCoS; and
- (b) political risks.

Geographical focus will also allow optimal utilization of key human resources, a critical success factor for successful project execution. In addition, as disclosed in Section 2.4.4, each of the Concessions contains multiple hydrocarbon bearing prospects and this provides further diversification of risks.

4.3 Exclusive access to Rex's proprietary technologies for assessment and selection of oil and gas blocks in the Middle East region

The Rex Technologies seek to reduce the:

- (a) early risks associated with discovery of oil and gas (and its commercial impact); and
- (b) time required to commercialise viable fields.

Under the IP Licence Agreement signed between Rex and Limc on 24 October 2011, Lime is granted exclusive use of the Rex Technologies and any information, text, data and reports which are output or generated by or in connection with or derived from any of the Rex Technologies for all concessions in the Middle East under Lime Group for a period of 5 years from the date of the IP Licence Agreement, or for 3 years from the date of Limc's AIM Listing or on any other equivalent stock exchange. Thereafter, the IP Licence Agreement is subject to automatic renewal on an annual basis, unless either party gives 6 months' notice prior to the end of the then concurrent term that it wishes to terminate the IP Licence Agreement. Under the terms of the IP Licence Agreement, the Middle East region has been defined as including the following countries, with these countries representing more than half of the proven global oil reserves:

- Bahrain
- Egypt
- Iran
- Iraq
- Jordan
- Kuwait
- Lebanon
- Sultanate of Oman
- Palestine (Gaza Strip and West Bank)
- Qatar
- Saudi Arabia
- Syria
- Turkey
- United Arab Emirates
- Yemen
- Offshore areas associated with the above countries

Rex Technologies are applied before a well is drilled to determine if hydrocarbons are present in the prospect(s). Other exploration companies have access to some form of gravity and seepage study tools, however Rex Virtual Drilling© is unique to Lime.

Positive indicators from the application of Rex Gravity© technology would mean that there is a likelihood of developed structures which might trap hydrocarbons. Positive Rex Seepage© indicators in the concessions show that there is a likelihood that hydrocarbons are being generated from the sediments within the concession area. Positive Rex Virtual Drilling© results indicates that seismic resonance of hydrocarbon fluids was observed on processed seismic data, which signifies the presence of hydrocarbons.

A definite confirmation of hydrocarbons can only be achieved by the drilling and testing of reservoir intervals i.e. the section of an oil or gas reservoir layer that is intersected by the well.

Rex Technologies reflect positive results over several prospects within the Concessions that have yet to be drilled as follows:

Concession	Rex Gravity©	Rex Seepage©	Rex Virtual Drilling©
RAK North Concession	Positive	Not Applicable	Positive
Sharjah Concession	Positive	Positive	Not performed to-date [#]
Block 50 Oman Concession	Positive	Positive	Positive

Notes:

- * *Rex Seepage© technology is not applicable in the RAK North Concession because of the close proximity of RAK Petroleum Public Company Limited's commercial Saleh Field production facility located within the same field where the pollution levels from production activities have interfered with the interpretation of Rex Seepage© technology*
- # *Rex Virtual Drilling© technology has not been used over the identified prospects in the Sharjah Concession due to the lack of suitable seismic data to which the technology can be applied. The plan is to acquire suitable seismic data over the identified prospects and utilise Rex Virtual Drilling© technology to enhance the drillable prospects before planning a drilling programme in the future. Please see Section 6 for further details on the drilling programme.*

Methodologies using the fundamental principles as are applied in the Rex Gravity© and the Rex Seepage© technologies have been widely accepted in the E&P industry. As an example, Centric Energy Corporation (currently a wholly owned subsidiary of Africa Oil Corporation which is listed on the TSX Venture Exchange) reported on 24 August 2010 the results of a Synthetic Aperture Radar (SAR) oil seep study of its Block 10 BA in northwest Kenya (which demonstrates industry utilisation and application of similar technologies to the Rex Seepage© technology). Additional evidence of industry utilisation and application of such technologies can be seen from multi-national organisations that provide technical services and data for the purposes of oil and gas seepage detection, a notable example being Fugro NPA Ltd (www.fugro-npa.com).

With regard to the Rex Gravity© technology, companies such as Satellite Imaging Corporation (www.satimagingcorp.com) utilise gravity surveys (as also practised by Rex in its Rex Gravity© technology) to facilitate detailed geological interpretation of subsurface features, this activity being another manifestation that such gravity-based technical principles are used by the oil and gas industry as one of the means to identify the possible presence of hydrocarbons in a particular location.

With reference to the currently unique Rex Virtual Drilling© technology, Gulf Hibiscus has been informed that it is a new technology and proprietary to Rex and is only available to projects in which Rex has direct or indirect equity interest. As such, commercial exploitation and application of this tool has been limited to opportunities pursued by Rex. Therefore no independent or third party verification is available to confirm the accuracy of the Rex Virtual Drilling© technology.

It should be highlighted that the assessments provided by Aker Geo and Pareto Asia did not take into account any potential upside that would arise from the use of the Rex Technologies.

4.4 Allows joint control of Lime Group

Hibiscus Oilfield will assume the responsibilities as Project Manager upon execution of the OSAs for the Concessions to be entered into between Lime and the designated operators of the Concessions. The advantage of being Project Manager is that Hibiscus Oilfield will be responsible for the day-to-day operations and management of the Concessions. This gives Hibiscus Oilfield a high level of financial control and decision-making in the operational management and timing of the conduct of activities within the Concessions.

In addition, under our Company's accounting policy, our Company's investment in Lime via Gulf Hibiscus will be treated as an investment in a jointly-controlled entity ("JCE") in accordance with Financial Reporting Standard 131. JCEs are entities where there is a contractually agreed sharing of control over an economic activity, and exist only when strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. Our Company's investment in Lime via Gulf Hibiscus will be accounted for using the equity method, whereby the investment in Lime is initially recognised at cost and adjusted thereafter for the post-acquisition change in our Company's share of net assets of Lime Group. The profit or loss of our Company shall include our Company's share of the profit or loss of Lime Group. The treatment as an investment in a JCE is confirmed by Crowe Horwath, the reporting accountant in relation to the Proposals and the auditor of our Company, as reflected in their review of our Company's Proforma Statements of Financial Position as at 31 March 2011 (as appended under Appendix VII of this Circular).

Our Company's investment in Lime through Gulf Hibiscus is treated as an investment in a JCE with our Company attaining joint control based on the following factors:

- Under Clause 14 of the Shareholders Agreement, an extensive list of Board Reserved Matters in all key strategic, financial and operating decisions requires a Supra Majority approval. Supra Majority comprises one director each from Rex, Schroder and Gulf Hibiscus. Hence, our Company will participate actively in the decision-making of Lime. As a reflection of the significant role anticipated from our Company, Dr. Kenneth Pereira, our Managing Director, was appointed to the board of Lime on 10 November 2011. This allows our Company to have early input in matters relating to the strategic direction of Lime Group and actively participate in the key decisions of Lime Group and have access to all information and personnel of Lime Group through the appointment of Dr. Kenneth Pereira as our Company's representative on the board of Lime; and
- Under the terms of the Shareholders Agreement, Gulf Hibiscus can appoint its representatives to the board of each of the 3 current Concession Companies (by 7 February 2012), hence giving our Company a second layer of influence.

The following are our representatives who were appointed to the boards of the Concession Companies and Baqal:

Company	Name of our nominated representatives	Date of appointment
Dahan	Dr. Pascal Josephus Petronella Hos	30 January 2012
Masirah	Dr. Pascal Josephus Petronella Hos	1 February 2012
Zubara	Joyce Theresa Sunita Vasudevan	30 January 2012
Baqal	Joyce Theresa Sunita Vasudevan	6 January 2012

Therefore, as more of our Company's representatives are appointed to Lime Group, our Company's access to all personnel and relevant information within Lime Group is further increased.

- Similarly, Gulf Hibiscus has secured an extensive range of board reserved matters in key strategic, financial and operating decisions which effectively requires the collective approval of all nominee directors nominated by each of the shareholders of the respective Concession Companies. It should be noted that this extent of board control at the level of the Concession Companies is also extended to concession(s) secured in the future. Please see Appendix XI for the list of board reserved matters for Lime, Dahan and Masirah.

4.5 Opportunity to grow Hibiscus Petroleum cost effectively

Being a wholly-owned subsidiary of a SPAC with limited access to funds, Hibiscus Oilfield will be able to build and develop a technically experienced team at minimal additional cost due to the back charge of project management fees to Lime Group arising from the PMTSA. New members of the Hibiscus Oilfield technical team to be deployed, subject to the agreement of Lime, would include a drilling manager, project manager, logistics manager, wellsite geologist, wellsite petroleum engineer, HSE (Health, Safety and Environment) manager, petro physicist and cost engineer.

4.6 Further potential upside

There is a possibility that another CA in relation to Fujairah (or a concession of equivalent or similar size) may be added to the Lime Group. It is also possible that additional concessions in the Middle East may be procured in the future. For the avoidance of doubt, the Purchase Consideration pursuant to the Proposals will not be adjusted for any additional concessions acquired under Lime Group even if agreements under which such concessions are awarded are executed prior to the completion of the Proposals.

4.7 Timing is favorable

Share prices for selected comparable listed companies have decreased by approximately 24% for the period from 4 April 2011 to 20 October 2011, just prior to the date the terms of the Proposals were agreed upon. This provided an opportunity for our Company to negotiate the Purchase Consideration to a lower entry price level. Further, our Company was also able to capitalise on this opportunity given that it has funds currently available to be deployed.

4.8 Meets our investment risk profile of investing in low to moderate risk E&P opportunities

Pursuing opportunities in the exploration segment of the oil and gas industry is generally regarded as a high risk venture. It is important to note that the opportunities being pursued by Lime are in the exploration segment of the said industry. However, several factors inherent as part of the Proposals, act to mitigate some of the risks normally present when pursuing exploration type opportunities. These mitigating factors (which are further described below) has led our Company to believe that the overall profile of the investment in Lime is of moderate risk and is generally in line with the strategies of our Company as described in the Prospectus. The mitigating factors are:

Proven basin

Under Lime Group's 2012/2013 drilling programme, 4 wells are planned to be drilled in 2012/2013 with 3 wells located in the Block 50 Oman Concession area and 1 well within the RAK North Concession area. Both the Block 50 Oman Concession and the RAK North Concession are located within the vicinity of proven hydrocarbon producing areas. Tethys Oil AB, a production sharing contractor operating in Oman, recently discovered oil in commercial accumulations, in blocks adjacent to the Block 50 Oman Concession area whilst in Ras Al Khaimah, there have been 2 discoveries offshore: the Saleh gas condensate field, which is surrounded by the RAK North Concession area, and the RAK B oil discovery about 8 km from the RAK North Concession area. Please see Section 6 for further details on the drilling programme.

Good data availability

Most of the datasets on the Concessions were made available by the respective government departments (Ministry of Oil and Gas in Oman, Sharjah Petroleum Council and Ras Al Khaimah Oil and Gas Commission) and were reviewed with the consent of the host governments. Subsequently, your Board appointed Aker Geo to review and affirm the data available independently.

Relatively good fiscal terms

The fiscal terms of the EPSAs and CA governing the Concessions are considered as being relatively favourable when compared to known fiscal terms for concessions in other petroleum producing countries where the government's take of production (e.g. royalty, tax, production sharing) is generally lower in Oman and UAE compared to fiscal regimes in other petroleum producing countries. Apart from the fiscal terms, a key commercially favourable term that has been negotiated by Lime and Rex in the respective EPSAs and CA is that there is no commitment for the drilling of expensive obligation wells. Generally, host governments in prolific petroleum producing provinces require that the concession holder commits to the drilling of a certain number of obligation wells within a specified period of time, irrespective of the results of technical work which may indicate poor levels of prospectivity within the concessions. Rex and Lime have negotiated EPSAs and a CA which do not include the drilling of these (potentially) non-viable obligation wells thereby significantly reducing the financial exposure of Lime to non-productive activities. Therefore, Lime has full flexibility to select the number of wells to be drilled based purely on an assessment of technical and economic merits, rather than pre-agreed contractual obligations.

Political stability of country of location

The Concessions are located in Oman and the UAE and the overall country risk ratings for both countries are stable based on the EIU country risk report. For an overview of Oman and the UAE, please see the E&P industry report set out in Appendix III.

Stable partners with innovative proprietary technologies

Rex is the proprietary owner of the Rex Technologies, a suite of proprietary tools which has been utilized by Rex and Lime to successfully procure concessions in the Middle East. Rex has also used their technology platform to secure rights to a number of concessions in Africa. Rex has secured these concessions by using their technologies to independently assess the hydrocarbon bearing potential of a particular concession area, initially without any data being obtained from the relevant host government. Rex utilises accurate gravity measurement data obtained from third party satellites to identify areas of potential hydrocarbon accumulation and shares such information with the technical representatives of the relevant host government. In most cases the results and analysis presented by Rex from the utilisation of their proprietary methodologies, coupled with their commercial package, convinces the relevant host governments to award them with concessions on a negotiated basis. It is important to note that conventionally, a suitor for a particular concession relies on information and data provided by the host government before making any kind of bid for a concession. Rex's unique value propositions are the use of its technology platform to independently make relevant conclusions about the sub-surface and hydrocarbon bearing potential of an area and its willingness to share such information with a host government before it knows if it will successfully secure the concession.

All 3 directors of Rex have long histories of working in the oil and gas sector with 2 of them being pioneers in the use of satellite altimeter data in oil exploration activities in the beginning of the 1980s. Our Company believes that the careful application of the Rex Technologies coupled with the utilization of conventional geological and geophysical processing and interpretation techniques will reduce technical risks generally associated with exploration opportunities.

The other shareholder of Lime is Schroder, a Swiss private bank that has invested on a fiduciary basis for a large group of clients. Schroder is also a wholly-owned subsidiary of Schroders Plc., an asset management company listed on the London Stock Exchange. Schroder was the recipient of the European Asset Management Company of the Year in The Funds Europe Award 2010 and was also awarded the Best Large Fixed-Interest House, United Kingdom, 2010 at the Morningstar Funds Awards.

Other considerations

As set out in the Prospectus, our Company's initial business strategy was to focus on identifying and acquiring the rights to develop small and medium sized, relatively low to moderate risk oil and gas fields in the South Asia, Middle-East, East Asia and Oceania regions. The Proposals are generally in line with the stated business strategy as they represent the acquisition of relevant interests with a moderate risk profile in the Middle-East. Our Company also believes that the position secured through the Proposals is an improvement of the objectives set out in the Prospectus. In particular, at the time of the issue of the Prospectus, our Company believed that it would only be able to raise sufficient funds to address onshore, moderately risked exploration opportunities. However due to a successful fund raising at the IPO stage and the characteristics of the Proposals, our Company is now also able to address high impact offshore-based moderate risk exploration opportunities. The specific characteristics of the Proposals that allow this position are as follows:

- Lime Group is debt free and as at 31 January 2012, the funds available in Lime Group is approximately USD31.7 million (equivalent to RM97.0 million) (including the payment of the Tranche One amount by Gulf Hibiscus). Under the provisions of Masirah's shareholders' agreement, Petroci has an option to inject a further USD7.15 million (equivalent to RM21.9 million) as a contribution towards the drilling of a well. Such an injection of funds by Petroci would increase its equity stake in Masirah from 26.0% to 65.0%. For further details please see Sections 2.3 and 2.4.2.
- These amounts, coupled with Gulf Hibiscus' cash consideration of the remaining USD46 million (equivalent to RM140.7 million), would increase the total funds available in Lime Group to USD84.9 million (equivalent to RM259.7 million). Barring unforeseen circumstances and taking into consideration the indicative work plan and budget for 2012/2013, such an amount is expected to fully fund the planned exploration program for 2012/2013. The exploration program involves seismic acquisition and interpretation, and the drilling of 4 wells offshore.
- The potential opportunity to raise more funds to finance its development plan in Lime via, but not limited to, the following avenues:
 - (a) Lime's AIM Listing (or on any other equivalent stock exchange) if market conditions permit;
 - (b) Potential farming-out of equity interests in Zubara (currently 100% held by Lime BVI); and/or
 - (c) An external loan facility upon commercial discovery.

5. OUTLOOK OF THE E&P INDUSTRY

As set out in Section 2.3, Lime Group is principally involved in E&P activities in the oil and gas industry and has concession rights in offshore oil and gas exploration assets located in the Middle East. As such, Lime Group's prospects are dependent on the prospects of the oil and gas industry. Please see Appendix III for the E&P industry report prepared by Pareto Asia for further details on the outlook of the E&P industry and the oil and gas industry, and the overview of the prospects of the region and countries in which the Concessions are located.

6. FUTURE PLANS AND PROSPECTS OF LIME GROUP

Lime Group expects to commence execution of its growth strategies in the near to medium term, in close collaboration with our Company. The details are set out below:

- **Acquisition of additional seismic data**

Lime Group plans to acquire, process and interpret seismic data from early 2012 until the third quarter of 2012. The seismic program will consist of 2D and 3D seismic in all the concession areas. The results from the seismic program would:

- (i) be used with Rex Technologies to potentially locate additional prospects within the concession areas and further increase the accuracy in the selection of the final drilling locations; and
- (ii) enhance the GCoS of the prospects and hence increase the valuations of the Concessions.

- **Implement the 2012/2013 drilling programme**

The 2012/2013 drilling programme of Lime Group is targeted to commence in the fourth quarter of 2012, with the planned drilling of 4 wells. These wells will be located as follows: 1 well in the RAK North Concession area and 3 wells in the Block 50 Oman Concession area. The drilling program is targeted to be completed by the third quarter of 2013.

In the event of a commercial discovery(ies) of hydrocarbon reserves, there would be significant value uplift in the valuation of Lime Group. It should be noted that the downside is also substantial if the 4 wells are all dry.

Task name	Duration	Start	Finish	Quarter	2012		2013				
					3	4	1	2	3	4	
Ras Al Khaima	109 days	Apr-13	Jul-13								
Drill Dahan B	83 days	Apr-13	Jun-13								
Evaluate Dahan B	26 days	Jun-13	Jul-13								
Oman	137 days	Oct-12	Feb-13								
Drill Oman 1	30 days	Oct-12	Nov-12								
Evaluate Oman 1	13 days	Nov-12	Nov-12								
Drill Oman 2	30 days	Nov-12	Dec-12								
Evaluate Oman 2	13 days	Dec-12	Jan-13								
Drill Oman 3	30 days	Jan-13	Feb-13								
Evaluate Oman 3	13 days	Feb-13	Feb-13								

- **Seek new concessions**

Lime Group is actively looking to secure additional concessions in order to increase the size of acreage that is held currently. There is a high likelihood that another concession in Fujairah (or a concession of equivalent or similar size) would be added to Lime Group before the Proposals are completed.

- **Effect fund-raising activities to fund future development and drilling programmes**

As indicated in Section 4.8, Lime Group has a number of avenues open to it to raise funds. The timing and type of funding plan(s) to be secured is dependent on the timing and budget of Lime Group's drilling plans, timing of commercial discovery(ies) of hydrocarbon reserves, prevailing market conditions and availability of potential investors.

Your Board believes that it is expected that any funding plan involving, but not limited to, the farming out of interests in the Concession Companies (particularly Zubara in which Lime BVI holds a 100% equity interest) or issue of new shares in Lime (through the AIM Listing or on any other equivalent stock exchange), would occur after the valuation of the assets has been enhanced through additional seismic programs and/or commercial discovery(ies) of hydrocarbon reserves.

At this early stage, we are not able to determine the expected returns to be derived from the exploration program nor are we able to assess the expected date on which the profit contribution will accrue to our Company.

Nonetheless, premised on the above activities of Lime Group, the overall outlook of the global oil and gas industry and the stable nature of the Oman and UAE economies as set out in the E&P industry report in Appendix III, and the rationale for our Company to invest in a 35% equity stake in Lime as set out in Section 4, your Board, after taking into consideration the risk factors as detailed in Section 7, is optimistic about the future prospects of Lime Group and of our Company.

Further, through our Group's investment in Lime Group, we foresee income and profit opportunities as follows:

- initially taking large equity interests in concessions followed by the enhancement of value of these assets through a process of field based data gathering activities and subsequent interpretation of the data and then the partial divestment of equity interests in these concessions at a higher value than entry costs;
- commercial exploitation of identified opportunities through the evaluation of seismic data using traditional interpretation techniques reinforced through the assessment of the same seismic data utilising Rex Technologies, followed by the drilling, appraisal and development of these prospects to the point of production at which point the produced hydrocarbons shall be sold to deliver recurrent revenues to the Concession Companies, which in turn would generate income for our Group (after the payment of government taxes and recovery of costs); and
- provision of project management services at cost + 7% margin

It is important to note that our Group's investment in Lime is proposed as the initial Qualifying Acquisition and that post approval of our Qualifying Acquisition, our Company would be seeking further opportunities (albeit on a smaller scale) as income generating opportunities.

7. RISK FACTORS

7.1 Lime Group has a limited operating history as a company

Lime Group has a limited operating history on which to assess its future expected performance. There can be no assurance that the future growth and performance of Lime Group will be successful. To-date, no discoveries have been made within the respective concession areas and a DOC has not been declared.

7.2 Lime Group is exposed to the escalation of the costs of materials and services for its operations

Lime Group's exploration and operating costs are based on estimates and assumptions with respect to the method and timing of expenditure. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual expenditure and costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the estimates and the underlying assumptions will be realised in practice, which may adversely affect Lime Group's financial performance.

7.3 Lime Group is reliant on third-party infrastructure

As an E&P group, Lime Group does not own nor maintain all the infrastructure that produces, processes and transports oil and gas to customers. Such infrastructure, which includes pipelines and storage tanks, is leased from third-party providers and Lime Group has no control over the quality and availability of this infrastructure. Lime Group may from time to time face interruptions due to logistical complications which may paralyze sales or call for more expensive alternatives and thus have an adverse effect on Lime Group's operations, business and profitability.

7.4 Our Company is exposed to the risks of shortages of qualified personnel and is reliant on its ability to retain and recruit skilled personnel and professional staff

Our Company requires highly skilled personnel to provide technical and engineering services and for the exploration and the subsequent potential development and production of hydrocarbon resources. With increasing demand for experienced geoscientists and petroleum engineers, shortages of qualified personnel occur from time to time. These shortages could result in the loss of qualified personnel to competitors, impair our ability to attract and retain qualified personnel for new or existing projects, impair the timeliness and quality of our work and create upward pressure on personnel costs, any of which could adversely affect Lime Group's operations and financial performance. The loss of the services of any of our key personnel without timely suitable replacement, or the inability to attract and retain qualified personnel could have an adverse effect on Lime Group.

7.5 Lime Group's business development may require external financing and its ability to obtain external financing is uncertain

Lime Group may need to obtain external debt and equity financing, through public or private financing or farm-out of some contract areas to support growth. There is no assurance that such additional funding, if needed, will be available on acceptable terms, or at all. Lime Group's inability to obtain sufficient funding for operations or development plans could adversely affect its business, revenues, net income and cash flow.

7.6 Lime Group is subject to government approvals for the extension of the term of certain contract areas

If exploration success is achieved in a contract area, Lime Group may be required under the licence terms to apply for contract extensions to provide adequate time to explore and develop the relevant contract area. Approvals of such extensions are based on the fulfilment of work programmes. In the event that Lime Group is not able to fulfil its work programme obligations on the contract areas or are in breach of the licence terms, the host government may not grant extensions on the terms of these contract areas. The host government is under no obligation to approve any extension of the term of certain contract areas, which may have an adverse effect on Lime Group's financial condition and results of operations.

7.7 The performance of Lime Group's overseas assets may be adversely affected by political and social uncertainties

Any potential political and social instability in the countries in which Lime Group operates may adversely affect the local economic and market conditions, and Lime Group's operations, in which event Lime Group's business and financial performance may be adversely affected.

7.8 Lime Group may be subject to sovereign immunity risk in the countries in which it operates

The countries in which Lime Group operates have laws which entrench and vest all rights over their natural resources, including oil and gas, which are regarded as sovereign state assets. These countries have also established state-owned entities which enter into commercial contracts with E&P companies in relation to the exploration, development and production of oil and gas resources. Accordingly, the natural resources discovered within a contract area are ultimately owned by the state and the E&P company has contractual rights of exploration, development and production. As Lime Group's contracts are with state-owned entities, in the event of a dispute, it is uncertain if these state-owned entities will be able to invoke the principles of sovereign immunity. If such immunity is invoked, the enforcement of Lime Group's rights may be limited and therefore its financial condition, results of operations and prospects may be adversely affected.

7.9 Lime Group is exposed to foreign exchange risks

A portion of Lime Group's expenses is denominated in local currencies. Any significant increase in the value of these currencies could have an adverse impact on Lime Group's financial condition and results of operations.

7.10 Terrorist activities and other acts of violence or war could adversely affect Lime Group's financial condition, results of operations and prospects

Terrorist attacks and other acts of violence or war may adversely affect financial markets globally. These acts may also result in a loss of business confidence, decrease the demand for Lime Group's products and ultimately adversely affect their business. In addition, any such activities in the countries in which Lime Group operates, or neighbouring countries in the Middle East, might result in concern about the stability in the region, which could adversely affect Lime Group's financial condition, results of operations and prospects.

7.11 Lime Group may be subject to changes in taxation in the countries in which it operates

The governments and other regulatory agencies in the countries in which Lime Group operates may make changes in laws relating to taxation and duties and may impose higher tax and customs rates, which may adversely affect Lime Group's financial condition, results of operations and prospects.

7.12 Lime Group's business, revenues and profits may fluctuate with changes in oil and gas prices

Lime Group's revenues, profits and the rate of future growth will be substantially dependent upon the prices of, and demand for, oil and gas. Oil and gas markets may continue to experience volatility in the future and even relatively modest declines in oil and gas prices may adversely affect Lime Group's business, revenues and profits. The price received by Lime Group for its products will depend on changes in the supply of, and demand for, oil and gas in the global markets, market uncertainty and a variety of additional factors that are beyond Lime Group's control, including, inter alia, the following:

- economic and political conditions in the countries where Lime Group operates and in other petroleum producing regions;
- the ability of OPEC and other petroleum producing nations to set and maintain production levels and prices;
- changes in domestic and foreign government regulations;
- changes in weather conditions;
- the price and availability of alternative fuels;
- changes in the economic sharing arrangements for revenues between Lime Group and the host governments of the countries where Lime Group has operations; and
- unexpected events beyond Lime Group's control.

There can be no assurance that the government authorities and agencies that regulate Lime Group's operations will not adopt an oil pricing policy that would adversely affect Lime Group's future results of operations and consequently, financial performance.

7.13 Lime Group is exposed to exploration, development and production risks

The results of exploration, development and production are uncertain and, therefore, oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not achieve sufficient revenues to return a positive cash flow. Drilling hazards or environmental damage could greatly increase cost of operations and adverse field operating conditions may affect Lime Group's production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. Production delays and declines from normal field operating conditions may occur and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Lime Group's oil and gas exploration, appraisal, discovery, development and production operations involve risks including blowouts, oil spills and fires (each of which could result in damage to, or destruction of, wells, production facilities or other property, injury to persons or environmental pollution), geological uncertainties and unusual or unexpected rock formations and abnormal pressures, which may result in dry holes, failure to produce oil or gas in commercial quantities or an inability to fully produce discovered reserves. Estimates of oil and gas reserves in the subsurface are made by inferring subsurface conditions from limited surface data such as seismic data, and wells that penetrate only a small fraction of potential and actual reservoirs. Such inferences are, by their nature, uncertain and while such uncertainties can be reduced by additional seismic data or the drilling of further wells, they cannot be eliminated. Offshore operations are also subject to hazards inherent in marine operations, such as capsizing, sinking, grounding, collision and damage from severe weather conditions. These hazards could result in substantial losses to Lime Group due to injury and loss of life, severe damage to, or destruction of, property and equipment, pollution and other environmental damage or suspension of operations.

The occurrence of a significant event that Lime Group is not fully insured against, or the insolvency of the insurer of such an event, could have an adverse effect on Lime Group's financial condition, results of operations or prospects.

7.14 The oil and gas business is reliant on the discovery and production of replacement reserves

Following the completion of the Proposals, Lime Group must continually explore, develop and acquire new hydrocarbon reserves to replace those produced and sold. Lime Group's ability to achieve this objective is dependent, in part, on the level of investment in exploration activities and success in discovering or acquiring additional oil and gas reserves. Without reserve additions, Lime Group's reserves and production will decline over time, which would adversely affect Lime Group's future financial position and performance.

7.15 Lime Group's future insurance coverage may not cover all types of possible losses and may be insufficient to cover certain losses

Lime Group's operations are subject to various risks inherent in exploration, development and production operations, many of which concern recklessness and negligence in operations and may cause personal injury, loss of life, severe damage to or destruction of Lime Group's or other's property and environmental pollution. This may even result in suspension of operations and the imposition of civil or criminal penalties. Lime Group's future insurance policies may not cover, and insurance may not be commercially available, to cover all potential risks to which Lime Group is or may be exposed.

7.16 Lime Group operates in a competitive environment

The oil and gas industry is competitive. Lime Group's competitors for the acquisition, exploration, development and production of oil and gas assets in the Middle East and for capital to finance such activities include companies that have greater financial resources available, longer operating histories and larger teams of technical and professional staff. Lime Group's ability to successfully bid on and enter into new licences or otherwise acquire additional property rights, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon a continuation of Lime Group's relationships with partners and its ability to select and evaluate suitable properties. In the event that Lime Group is unable to identify suitable properties successfully or continue satisfactory relationships with partners and compete effectively, its financial condition and results of operations would be adversely affected.

7.17 Lime Group is subject to environmental risks

The oil and gas industry is subject to laws and regulations relating to environmental and safety matters in the exploration for and the development and production of hydrocarbons. The discharge of oil, gas or other pollutants into the air, soil or water may give rise to liabilities and may require Lime Group to incur costs to remedy such discharge. There is no assurance that environmental laws and regulations will not in the future result in a curtailment of production or a material increase in the costs of production, development or exploration activities which would adversely affect Lime Group's financial condition and results of operations. Further, there is a risk that, in the event that Lime Group does incur costs to remedy any such discharges, such costs could exceed the value of Lime Group's assets or insurance cover.

7.18 Lime Group is subject to government regulations relating to the oil and gas industry

Host governments continue to exercise significant influence over many aspects of their respective economies including the oil and gas industry and any government action concerning this could have an adverse effect on Lime Group. Further, there is no assurance that these governments will not postpone or review projects or will not make any changes to government policies, in each case, which could adversely affect Lime Group's financial position, results of operation or prospects. Some of these changes include a change in oil or gas pricing policy, expropriation, nationalism, renegotiation or nullification of existing concessions and contracts, taxation policies, foreign exchange and repatriation restrictions, changing political conditions, international monetary fluctuations and currency controls.

7.19 The resource data used in the valuation report by Pareto Asia is based on reports by independent third party consultants and may require substantial revisions as a result of future drilling, testing and production

The valuation report by Pareto Asia to assess the fair market value of Lime Group includes estimates of Lime Group's share of resources made by Aker Geo. There are numerous uncertainties inherent in assessing quantities of resources, including, inter alia, the following:

- the quality and quantity of technical data;
- the assumed effects of regulations by governmental agencies and future operating costs;
- the percentage of OOIP and OGIP to be recovered; and
- extensive engineering, geological and geophysical judgements.

Understanding of the subsurface conditions is based on the interpretation of the best data available but due to the inherent uncertainty of such interpretation, the independent consultant may reach incorrect conclusions.

The resource volumes set out in the valuation report represent estimates only. Many of the factors, assumptions and variables involved in estimating resources are beyond Lime Group's control and may prove incorrect over time. In this regard, should there be a decline in the fair market value of Lime Group, our Company is exposed to the diminution in the value of our Company's investment which would ultimately affect our Company's financial results.

7.20 Completion risk

The completion of the Proposals is conditional upon certain conditions set out in the SSA, SPA and Shareholders Agreement being satisfied and/or waived as the case may be, which include, among others, the approvals from relevant authorities and third parties. There can be no assurance that the Proposals will not be exposed to risks such as the inability to obtain the approvals from the relevant authorities and third parties. The inability of our Company to complete the Proposals would also cause a loss of investors' confidence which could negatively impact our share price.

7.21 Termination risk of the PMTSA

The tenure of the PMTSA is for an initial period of 5 years and thereafter shall be automatically renewed on an annual basis unless either party gives 6 months' notice prior to the end of the then concurrent term that it wishes to terminate the PMTSA. If Lime Shares are admitted to AIM (or on any other equivalent stock exchange), the PMTSA shall continue for a period of 3 years from the date of the AIM Listing and thereafter shall be automatically renewed on an annual basis unless either party gives 6 months' notice prior to the end of the then concurrent term that it wishes to terminate the PMTSA. Subject to earlier termination in accordance with the terms of the PMTSA, the PMTSA shall continue until the last of the Concession or any future concessions terminates.

In the event that the PMTSA is terminated or is not renewed, Hibiscus Oilfield will no longer be the Project Manager. As such, Hibiscus Oilfield will no longer be responsible for the day-to-day operations and management of the Concessions and Hibiscus Oilfield's financial control, influence in the decision-making of operational matters and timing of the conduct of activities within the Concessions would reduce accordingly.

7.22 Investment risk

Although your Board believes that our Company would derive benefits from the Proposals, there can be no assurance that the anticipated benefits of the Proposals will be realised or that our Company will be able to generate sufficient future revenues streams from the Proposals to offset the acquisition costs incurred.

However, as detailed in Section 4, there are numerous factors present in the Proposals which are believed to mitigate the risks in our investment in Lime Group as well as the risks inherent in the E&P industry. To re-iterate, the mitigating factors include the following:

- Our Company is not dependent on a sole asset in a single jurisdiction or multiple assets in a single jurisdiction as Lime Group's assets are located in 2 different countries. In addition, the

large acreage position of the Concessions and the existence of multiple prospects within each of the Concessions, provides even further asset and risk diversification;

- Lime Group's assets in Ras Al Khaimah and Oman are located in a proven basin and in politically stable areas;
- Our Company will have joint control of Lime Group through its role as Project Manager of the Concessions, and board appointments in companies within Lime Group;
- Our Company's partners, Rex and Schroder, provide valuable contributions through exclusive use of Rex Technologies, and financial expertise respectively; and
- There would be sufficient funds in Lime Group after the completion of the Proposals to fund the 2012/2013 drilling programme, with other funding avenues available to Lime Group.

Our Company has also taken necessary steps by appointing a team of experienced advisers to provide technical, legal, corporate and financial advisory services in relation to the Proposals.

8. EFFECTS OF THE PROPOSALS

The effects of the Proposals on our Group are set out below:

8.1 Share capital and substantial shareholders' shareholdings

The Proposals will not have any impact on the issued and paid-up share capital and the substantial shareholders' shareholdings of our Group as there will be no new issue of Shares pursuant to the Proposals.

8.2 NA and gearing

The Proposals will not have any impact on the NA and gearing of our Group.

8.3 Earnings and EPS

As the concession assets to be acquired are at the exploration stage, no earnings are attributable to Lime Group. Therefore, the Proposals are not expected to have any material effect on the earnings and EPS of our Group for the FYE 31 March 2012 except for the acquisition-related costs estimated to be RM6 million, which will be expensed off to the statement of comprehensive income.

9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Pursuant to the completion of the Proposals, Gulf Hibiscus will hold a 35% equity stake in Lime, the holding company of Lime BVI which in turn has majority interest in Masirah, Dahan, Zubara and Baqal. As stated in Section 2.3, Lime, Lime BVI, Zubara and Baqal were incorporated on 15 August 2011, 10 June 2011, 5 July 2011 and 6 January 2012 respectively. Hence, no audited financial statements of these companies have been prepared as at LPD. A discussion and analysis of the financial conditions, results of operations and prospects of Dahan and Masirah is set out below:

Dahan

For the financial period between 30 April 2010 (date of incorporation) and 31 August 2011, Dahan posted a net loss of RM151,000. No revenue has been generated as yet given that Dahan is currently at the exploration stage. The net loss was attributable to the administrative expenses of RM151,000 which includes legal fees (RM74,000), audit fees (RM9,000) and other professional costs (RM12,000). Within the same financial period, Dahan also capitalised exploration and evaluation costs of RM6,396,000 of which RM5,198,000 was attributable to project survey costs (please see Accountants' Report set out in Appendix VI for further details).

Masirah

For the financial period between 2 April 2009 (date of incorporation) and 31 August 2011, Masirah posted a net loss of RM369,000. No revenue has been generated as yet given that Masirah is currently at the exploration stage. The net loss was attributable to administrative expenses of RM369,000 which includes audit fees (RM94,000), staff costs (RM71,000), office rental (RM16,000) and other professional costs (RM178,000). Exploration and evaluation costs capitalised during the same financial period amounted to RM2,378,000 (please see Accountants' Report set out in Appendix VI for further details).

Under the terms of the Block 50 EPSA, Masirah has a minimum work obligation during the initial phase of the work program which will require USD4 million (equivalent to RM12.2 million) to USD13 million (equivalent to RM39.8 million) to complete, of which an estimated USD9 million (equivalent to RM27.5 million) could be incurred if drillable prospects are found. As at 31 August 2011, Masirah had incurred USD798,000 (equivalent to RM2.4 million) relating to the minimum work obligation.

As at 31 August 2011, both Dahan and Masirah did not have any borrowing facilities. Liquidity risk is managed by ensuring that they have sufficient liquid resources though holding cash. As at 31 August 2011, Dahan had RM66.9 million cash in hand while Masirah had RM11.8 million cash in hand. An additional USD7.15 million (equivalent to RM21.9 million) is anticipated to be received from Petroci (see Section 2.3 for further details).

For further details on the trends in oil prices and the E&P industry which would have a large bearing on Lime Group's future financial position and results, and operations, please see the E&P industry report in Appendix III. For further details on the risks Lime Group may face that could materially affect Lime Group's financial position and results, and operations, please see Section 7.

10. POLICIES ON FOREIGN INVESTMENT, TAXATION AND REPATRIATION OF PROFITS

10.1 British Virgin Islands

(a) Foreign investment

There are no limitations, under BVI law on the right to subscribe for or otherwise hold shares in BVI companies solely by reason that a person is not a resident of the BVI or is a national of a foreign state. There are no requirements under BVI law for any person in the BVI to be an equity participant in a BVI business company.

(b) Taxation

BVI companies are exempt from all provisions of the Income Tax Ordinance of the BVI (including with respect to all dividends, interests, rents, royalties, compensation and other amounts paid by them to persons who are not persons resident in the BVI).

Capital gains realised with respect to any shares, debt obligations or other securities of a BVI company by persons who are not persons resident in the BVI are also exempt from all provisions of the Income Tax Ordinance of the BVI.

No estate, inheritance, succession or gift tax is payable by persons who are not persons resident in the BVI with respect to any shares, debt obligations or other securities of a BVI company.

No stamp duty is payable in the BVI on a transfer of shares, debt obligations or other securities of a BVI company, unless that company, or any of its subsidiaries has an interest in land in the BVI.

(c) Repatriation of profits

There are no exchange control restrictions or currency restrictions in the BVI that would prevent the repatriation of funds of a profit nature derived from an investment in a BVI business company by shareholders resident outside of the BVI.

10.2 Isle Of Man

(a) Foreign investment

There are no limitations under the Isle of Man law on the rights to subscribe for or otherwise hold shares in Isle of Man companies solely by reason that a person is not a resident of the Isle of Man or is a national of a foreign state. There are no specific requirements that a minimum percentage of a company's equity share capital be held by an Isle of Man resident person or an Isle of Man incorporated company.

Certain industries including (but are not limited to) banking, insurance and financial services in the Isle of Man are regulated and the consent of the relevant regulator is required before shareholdings in excess of a particular threshold may be acquired by any person (irrespective of residence, nationality or jurisdiction of incorporation).

Lime is limited to acting as a holding company for a number of subsidiaries, none of which (i) are incorporated in the Isle of Man or registered in the Isle of Man as an overseas company, (ii) have any presence in the Isle of Man or (iii) undertake any business in the Isle of Man. On that basis, no regulatory approval is required in the Isle of Man before a person may become a shareholder in Lime.

(b) Taxation

In principle, taxes which are charged in the Isle of Man by the Isle of Man Government include:

- (a) indirect taxes in the form of value added tax, customs and excise duties and vehicle licence duty; and
- (b) direct tax in the form of income tax which is chargeable upon income arising or accruing from sources in the Isle of Man or income arising or accruing from sources outside the Isle of Man that belong to persons residing in the Isle of Man.

No capital gains tax is charged in the Isle of Man.

A zero tax rate applies for all companies except those which derive their income from banking business or land and property in the Isle of Man or who elect to pay income tax at a rate of 10%.

(c) Repatriation of profits

An Isle of Man company that does not derive its income from banking business or land and property in the Isle of Man and does not elect to pay income tax at a rate of 10% (such as our Company) has no requirement to make any deduction or withholding of tax on dividends paid to shareholders resident outside of Isle of Man.

For further details, please refer to the expert's reports on policies on foreign investments, taxation and repatriation of profits in Appendix IV.

11. VOTING ON PROPOSALS

In accordance with Article 61C(4) of our M&A, as the Proposals are intended to constitute the Qualifying Acquisition pursuant to our Company's status as a SPAC, the Proposals shall be subject to the prior approval of:

- (a) a majority in number of the holders of the Hibiscus Petroleum Shares;
- (b) representing at least 75% of the total value of our Share capital held by the relevant holders of Hibiscus Petroleum Shares,

present and voting either in person or by proxy at our forthcoming EGM (excluding members of the Management Team and persons connected to them, who are not permitted to vote), such voting on the resolutions in relation to the Proposals to be carried out by way of poll.

Accordingly, both the above criteria of a majority in number and at least 75% of the total value of our relevant Share capital must be satisfied in order for the Proposals to be duly approved.

Each Hibiscus Petroleum Share that you own in your name entitles you to one vote (in terms of value) at our forthcoming EGM for purposes of determining item (b) above.

There are 2 ways to vote at our forthcoming EGM:

- (a) you can appoint a proxy to vote for and on your behalf. Your appointed proxy, whose name is listed on the Form of Proxy, will be provided a voting slip during our forthcoming EGM and will vote on your behalf in accordance with your instructions on the Form of Proxy. If you have not given any instructions on the Form of Proxy, your proxy is entitled to vote for or against the resolutions pertaining to the Proposals or abstain from voting at his/her/their discretion. Votes received after the resolutions have been voted upon at our EGM will not be counted; or
- (b) you can attend our EGM and vote in person. Our Company will give you a voting slip upon registration. However, if your Hibiscus Petroleum Shares are held in the name of your broker, bank or a nominee in which you are the beneficial owner, you must obtain a Form of Proxy from the broker, bank or your nominee to appoint you as their proxy. This is to ensure that your broker, bank or nominee has not already voted on your Hibiscus Petroleum Shares at our EGM.

For purpose of determining who shall be entitled to attend our forthcoming EGM in accordance with Articles 65(b) and 65(c) of our M&A and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, our Company shall be requesting Bursa Depository to issue a General Meeting Record of Depositors as at 14 March 2012 and only depositors whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

12. QUALIFYING ACQUISITION SHARE REPURCHASE

In accordance with Article 61C(6) of our M&A, if you vote against ALL the resolutions pertaining to the Proposals, you are entitled to require our Company to repurchase your Hibiscus Petroleum Shares ("Relevant Shares") and receive payment for your Relevant Shares PROVIDED ALWAYS THAT such Proposals are duly approved at our forthcoming EGM and the Proposals are fully and duly completed within the Permitted Timeframe.

12.1 Procedures for shares repurchase

If you intend to exercise your rights to require our Company to repurchase your Relevant Shares which are standing credit in your CDS account for which you are the owner of the Relevant Shares as at the Record Date, you are required to strictly observe the following requirements and procedures. You must continue to own your Relevant Shares through the date of our forthcoming EGM (including any adjournment thereof) until the day your Relevant Shares are transferred to the Share Custodian's CDS account (the transfer(s) could be effected on the same day as our forthcoming EGM), in accordance with Section 12.2.

A request form which requires our Company to repurchase your Relevant Shares is enclosed with this Circular ("Request Form"). You can also obtain a copy of the Request Form from our share registrar's office during normal business hours from 8.30 a.m. to 5.30 p.m. on Mondays to Fridays (excluding public holidays in Malaysia). The details of our share registrar are as follows:

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Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Telephone : 603-2264 3883

Facsimile : 603-2282 1886

If you are attending our forthcoming EGM in person, please follow the following steps:

Prior to our EGM:

- (i) You must complete and sign the Request Form.

During our EGM:

- (i) A voting slip will be provided upon registration at our forthcoming EGM.
- (ii) You must complete the voting slip by voting against ALL the resolutions in the appropriate boxes and sign the voting slip pertaining to the Proposals.
- (iii) You must lodge the completed and signed Request Form to our share registrar together with the voting slip at our forthcoming EGM.

If you are appointing a proxy to vote at our forthcoming EGM (with your instructions on the Form of Proxy), please follow the following steps:

Prior to our EGM:

- (i) You must complete and sign the Request Form. Your appointed proxy must have possession of your duly completed and signed Request Form during our EGM.
- (ii) You must complete the Form of Proxy by voting against ALL the resolutions pertaining to the Proposals.
- (iii) The duly completed Form of Proxy must be deposited at our share registrar's office no later than 48 hours before the time fixed for our EGM (including any adjournment thereof).

During our EGM:

- (i) A voting slip (printed in accordance with the voting instruction provided in the Form of Proxy) will be provided to your appointed proxy upon registration.
- (ii) Your appointed proxy must complete the voting slip by signing the voting slip pertaining to the Proposals.
- (iii) Your proxy must lodge the duly completed and signed Request Form to our share registrar together with the voting slip at our EGM.⁽¹⁾

Note:

(1)

If you appoint the Chairman as your proxy, the Chairman must vote against ALL the resolutions pertaining to the Proposals on your behalf and must have possession of your duly completed and signed Request Form prior to the forthcoming EGM for you to be entitled to exercise your rights to require our Company to repurchase your Relevant Shares. Therefore, the duly completed and signed Request Form together with the Form of Proxy must be deposited at our share registrar's office no later than 48 hours before the time fixed for our forthcoming EGM (including any adjournment thereof).

If you are appointing a proxy to vote at our forthcoming EGM (without any instructions on the Form of Proxy), please follow the following steps:

Prior to our EGM:

- (i) You must complete and sign the Request Form. Your appointed proxy must have possession of your duly completed and signed Request Form during our EGM.
- (ii) Complete the Form of Proxy.
- (iii) The duly completed Form of Proxy must be deposited at our share registrar's office no later than 48 hours before the time fixed for our EGM (including any adjournment thereof).

During our EGM:

- (i) A voting slip will be provided to your appointed proxy upon registration.
- (ii) Your appointed proxy must complete the voting slip by voting against ALL the resolutions in the appropriate boxes and sign the voting slip pertaining to the Proposals.
- (iii) Your proxy must lodge the duly completed and signed Request Form to our share registrar together with the voting slip at our EGM.⁽¹⁾

Note:

(1)

If you appoint the Chairman as your proxy, the Chairman must vote against ALL the resolutions pertaining to the Proposals on your behalf and must have possession of your duly completed and signed Request Form prior to the forthcoming EGM for you to be entitled to exercise your rights to require our Company to repurchase your Relevant Shares. Therefore, the duly completed and signed Request Form together with the Form of Proxy must be deposited at our share registrar's office no later than 48 hours before the time fixed for our forthcoming EGM (including any adjournment thereof).

For the avoidance of doubt, our Company will not be obliged to process your request for repurchase of your Relevant Shares UNLESS the above procedures and requirements are strictly complied with and such share repurchase is also subject to verification by our share registrar that you have voted against ALL the resolutions pertaining to the Proposals at our forthcoming EGM and are fully entitled to exercise such share repurchase option. Any request for your Relevant Shares to be purchased by our Company is irrevocable and, once made, cannot be withdrawn.

If subsequent to a proxy appointment you wish to attend and vote in person at our forthcoming EGM, you are required to attend our forthcoming EGM in person and execute a written revocation of the proxy appointment (in the same manner as the original proxy appointment). For the avoidance of doubt, such written revocation must be received by our Company prior to the commencement of our forthcoming EGM in order to be effective.

12.2 Transfer of Relevant Shares

Provided that you have strictly complied with all the relevant procedures and requirements set out in this Circular and/or in the Request Form, our Company will transfer your Relevant Shares out from your CDS account and will credit your Relevant Shares into a Share Custodian's CDS account maintained with Bursa Depository (such transfer(s) could be effected on the same day as our forthcoming EGM).

12.3 Method of satisfaction

The satisfaction of the purchase consideration – equivalent to a pro-rata portion of the amount then held in the Trust Account (net of any related taxes and expenses) – for the repurchase of your Relevant Shares by our Company will be effected by our Company within 7 Market Days after the Proposals are fully and duly completed (in accordance with all the agreed terms and requirements of the parties, including the full registration/transfer of the legal and beneficial ownership over the Lime Shares in favour of Gulf Hibiscus). The estimated timeframe for the Proposals to be fully and duly completed is as below:

Timeframe	Events
T	Your approval of the resolutions pertaining to the Proposals at the forthcoming EGM (assuming that the EGM is the last condition precedent to be fulfilled)
T + 10 business days	Closing for SPA and Tranche Two (as defined in Section 2.5.2)
T + 15 business days	Payment of consideration for the SPA and the Tranche Two amount of USD46 million
T + 20 business days [^]	Full and due completion*

Note:

* *Full and due completion extends to the full registration/transfer of the legal and beneficial ownership over the subject shares in favour of Gulf Hibiscus and is envisaged to be evidenced by the entry of Gulf Hibiscus's name into the register of member of Lime, the issuance of signed share certificates in the name Gulf Hibiscus and the delivery to Gulf Hibiscus of the certified true copies of the updated register of members, share certificates, confirmation letter from the custodian and board of directors resolution.*

[^] *As currently contemplated, based on various assumptions and expectations*

SPA

Under the SPA, the closing of the transaction shall take place on the 10th business day after the satisfaction or waiver of the last outstanding conditions precedent or such other date as may be agreed by the parties ("SPA Closing Date").

At closing, Rex and Gulf Hibiscus shall complete and procure the fulfillment of their respective obligations, which would include, among others, the obligations of Gulf Hibiscus to pay the consideration amount of USD5 million to Rex within 5 business days after the SPA Closing Date. Further at closing, Rex would, among others, deliver the executed transfers of the 22,153,846 existing Lime Shares (together with the relevant share certificates) to Gulf Hibiscus.

SSA

Pursuant to the terms of the SSA, Tranche Two closing date would fall on the 10th business day after the fulfillment or waiver of the last Tranche Two Conditions or such other date as may be agreed by the parties ("Tranche Two Closing Date").

On Tranche Two Closing Date, Gulf Hibiscus shall subscribe for the Tranche Two Shares and shall pay the Tranche Two amount of USD46 million to Lime within 5 business days after the Tranche Two Closing Date. Within 10 business days from the Tranche Two Closing Date, Lime shall deliver the requisite copies of the share certificate, updated register of members and confirmation letter from the custodian, to Gulf Hibiscus.

All Relevant Shares repurchased by our Company will be cancelled by our Company.

The satisfaction of the purchase consideration for the repurchase of Relevant Shares will be effected, pursuant to Article 61C(6) of our M&A, via remittances in the form of cheque(s), banker's draft(s) or cashier's orders(s) which will be despatched by ordinary mail to your registered address stated in the Record of Depositors as at the Record Date at your own risk.

12.4 Non completion of Proposals

In the event that the Proposals are not fully and duly completed within the Permitted Timeframe, your Relevant Shares credited into the Share Custodian's CDS account shall be transferred out to your CDS account based on details stated in the Record of Depositors as at the Record Date at your own risk within 7 Market Days after the announcement on Bursa Securities that the Proposals will not be completed.

13. TERMS AND PROCEDURES FOR LIQUIDATION DISTRIBUTION

In the event our Company fails to complete a Qualifying Acquisition within the Permitted Timeframe, our Company must be liquidated. Consequently, pursuant to Article 61C(7) of our M&A:

If our Company does not duly complete a Qualifying Acquisition within the Permitted Timeframe or our Company is delisted by Bursa Securities before due completion of a Qualifying Acquisition, the following shall take effect:

- (a) our Company shall be dissolved, wound up and liquidated under the Act (all members shall approve and vote in favour of the relevant resolutions for this purpose) in accordance with all applicable laws and regulations and such process shall be commenced by your Board as soon as practicable within 60 days after the expiry of the Permitted Timeframe;
- (b) the amount then held in the Trust Account (net of any taxes payable and direct expenses related to the liquidation distribution) shall be distributed to the holders of the Shares on a pro-rata basis as soon as practicable in accordance with the provisions of the Act and other applicable laws and regulations provided always that members of the Management Team and persons connected to them (as defined in the SC Equity Guidelines) (including but not limited to Hibiscus Upstream) and the Initial Investors shall not be entitled to (and shall not participate in) the liquidation distribution of the monies held in the Trust Account, except in relation to Shares purchased by them after the Listing Date and the Shares purchased by the persons connected to the Management Team pursuant to the IPO.

The liquidation distribution referred to above shall be calculated on the following basis:

$$A = \frac{B}{C}$$

Where:

"A" represents the amount per Share payable to you;

"B" represents the amount then held in the Trust Account (net of any taxes payable and direct expenses related to the liquidation distribution); and

"C" represents the total number of issued Shares, excluding the number of Shares held by the Management Team, persons connected to them and the Initial Investors (except in relation to Shares purchased by them after the Listing Date and the Shares purchased by the persons connected to the Management Team pursuant to the IPO).

The above liquidation terms and procedures will also apply in a situation where the Qualifying Acquisition has been approved by you but fails to be completed on time, within the Permitted Timeframe.

14. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the directors of our Company or major shareholders and persons connected with a director or major shareholder of our Company has any interest, direct or indirect, in the Proposals.

Pursuant to Section 6.31 of the Equity Guidelines, our Management Team and persons connected to them must not vote on the resolutions to be tabled at our forthcoming EGM in relation to the Proposals. As such, Hibiscus Upstream, being a company which holds Shares and Warrants-B on behalf of Zainul Rahim bin Mohd Zain, Dr Rabi Narayan Bastia, Dr Kenneth Gerard Pereira, Dr Pascal Josephus Petronella Hos, Ir Mohd Iwan Jefry bin Abdul Majid and Joyce Theresa Sunita Vasudevan, will abstain from voting in respect of its shareholding in our Company on the resolutions to be tabled at our forthcoming EGM in relation to the Proposals.

15. APPROVALS REQUIRED

The Proposals are subject to, among others, the following approvals being obtained:

- (a) SC for the Proposals (received vide its letter dated 16 February 2012);
- (b) your approval at our forthcoming EGM for the Proposals; and
- (c) any other approvals from the relevant authorities/parties, if required.

The Proposed Subscription and Proposed Acquisition are inter-conditional upon one another.

16. ESTIMATED TIME FRAME FOR COMPLETION

The tentative timetable in relation to the Proposals is set out below:

Week Beginning	Events
19 March 2012	The EGM of our Company to be convened to approve the resolutions pertaining to the Proposals
23 April 2012	Completion of Proposals

Barring any unforeseen circumstances, your Board expects the Proposals to be completed in the first half of 2012.

17. PROPOSALS ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposals, there are no other outstanding proposals which have been announced but not yet completed prior to the printing of this Circular.

18. DIRECTORS' RECOMMENDATION

Your Board, after having considered all aspects of the Proposals (including but not limited to the rationale and effects of the Proposals, and our Group's prospects), is of the opinion that the Proposals are in the best interest of our Company and accordingly, recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at our forthcoming EGM.

19. EGM

An EGM, the notice of which is set out in this Circular, will be held at PJ Hilton Hotel, Kristal Ballroom 1, 1st floor, West Wing, Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on 21 March 2012 at 9.30am or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions to give effect to the Proposals.

You are entitled to attend and vote at our forthcoming EGM or appoint a proxy to vote for and on your behalf. In such event, the Form of Proxy should be lodged at our share registrar's office at Level 17, The Gardens, North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur no later than 48 hours before the time fixed for our EGM or any adjournment thereof. The last day and time for you to lodge the Form of Proxy is on 19 March 2012 at 9.30am. The lodging of the Form of Proxy will not preclude you from attending and voting in person at our EGM should you subsequently wish to do so.

20. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of your Board
HIBISCUS PETROLEUM BERHAD

ZAINUL RAHIM BIN MOHD ZAIN
Chairman

INFORMATION ON LIME

1. Information on Lime

Lime was incorporated in Isle of Man on 15 August 2011 as a public company limited by shares under the Isle of Man Companies Acts 1931 to 2004. Lime was subsequently de-registered under the Isle of Man Companies Act 1931 to 2004 and re-registered as a company under the Isle of Man Companies Act 2006 on 1 November 2011*. The principal activity of the company is to own and manage oil and gas assets.

Note:

Lime is re-registered under the Isle of Man Companies Act 2006 to, among others, facilitate the share repurchase requirement under the SSA in the event of non-completion (please see Section 2.5.7 of the Circular to shareholders for further details on the share repurchase requirement under the SSA).

Lime is the holding company of Lime BVI which in turn has majority interests in the Concession Companies, as set out below:

Name of Concession Companies	Concession rights in offshore oil and gas exploration assets
Dahan	RAK North Concession in Ras Al Khaimah
Zubara	Sharjah Concession in Sharjah
Masirah	Block 50 Oman Concession in Sultanate of Oman

Lime Group is principally involved in E&P activities in the oil and gas industry in the Middle East region.

2. Share capital

The authorised and issued and paid-up share capital of Lime as at LPD is as follows:

	USD
Authorised	
300,000,000 ordinary shares of USD0.05 cents each	150,000
Issued and Paid-Up	
212,758,974 ordinary shares of USD0.05 cents each	106,379

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INFORMATION ON LIME (Cont'd)**3. Directors**

According to the certified copy of the register of directors dated 17 February 2012, the directors of Lime and their direct shareholdings in the company are as follows:

Directors*	Nationality	Designation	No. of Lime Shares	%
Laurence Keenan	British	Director	-	-
Simon Comina	Swiss	Director	-	-
Svein Kjellesvik	Norwegian	Chairman	-	-
Dr. Kenneth G. Pereira	Malaysian	Director	-	-

Note:

* Ashley Anne Keenan was appointed as an alternate Director to Laurence Keenan on 16 December 2011.

4. Shareholders

According to the certified copy of the register of members and share ledger dated 17 February 2012, the substantial shareholders and their direct shareholdings in the company are as follows:

Shareholders	Place of Incorporation	No. of Lime Shares	%
Schroder	Switzerland	24,353,846	11.45
Rex	British Virgin Islands	181,800,000	85.45
Gulf Hibiscus	Labuan, Malaysia	6,605,128	3.10

Save as disclosed above, there have been no changes in the substantial shareholders in Lime since its incorporation until the LPD.

5. Subsidiaries and associate companies

As at LPD, Lime has only 1 wholly-owned subsidiary, which is Lime BVI, and does not have any associate companies.

Further details of Lime BVI are set out in Appendix I(b).

6. Summary of financial data

Lime was only incorporated on 15 August 2011. Hence, no audited financial statements have been prepared as at LPD.

7. Material commitments

As at LPD, Lime is not aware of any material commitments incurred or known to be incurred by them that may have an impact on the profits and NA of Lime upon becoming enforceable.

INFORMATION ON LIME (Cont'd)

8. Contingent liabilities

As at LPD, Lime is not aware of any contingent liabilities incurred or known to be incurred by them that may have an impact on the profits and NA of Lime upon becoming enforceable.

9. Material contracts

Saved as disclosed below, as at LPD, Lime has not entered into any other material contracts in relation to the business of Lime (including contracts not reduced in writing) which is not in the ordinary course of business since its incorporation:

- (i) Lime had entered into the SSA dated 24 October 2011 with Gulf Hibiscus in respect of the Proposed Subscription;
- (ii) Lime had entered into the Shareholders Agreement dated 24 October 2011 with Rex, Schroder and Gulf Hibiscus;
- (iii) Lime had entered into the PMTSA dated 24 October 2011 with Hibiscus Oilfield. Please see Section 2.8.3 of the Circular to shareholders for details on the project management fees; and
- (iv) Lime had entered into the IP Licence Agreement dated 24 October 2011 with Rex. The licence fees shall be charged at an hourly rate of USD150 (for project engineers) and USD300 (for project managers) respectively for using the intellectual property rights.

10. Material litigation, claims or arbitration

As at LPD, Lime is not involved in any material litigation, claims or arbitration either as plaintiff or defendant and the directors do not have any knowledge of any proceedings, pending or threatened against Lime and any facts likely to give rise to any proceedings which might materially and adversely affect the financial position of Lime.

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INFORMATION ON LIME BVI**1. Information on Lime BVI**

Lime BVI was incorporated in the BVI on 10 June 2011 as a public company limited by shares under the BVI Companies Acts, 2004. The principal activity of the company is to own and manage oil and gas assets.

2. Share capital

The authorised and issued and paid-up share capital of Lime BVI as at LPD is as follows:

	USD
Authorised	
100,000 ordinary shares of USD1.00 each	100,000
Issued and Paid-Up	
100,000 ordinary shares of USD1.00 each	100,000

3. Directors

According to Lime BVI Registered Agent's certificate dated 2 February 2012, the directors of Lime BVI and their direct shareholdings in the company are as follows:

Directors	Nationality	Designation	No. of Lime BVI Shares	%
Mans Lidgren	Swedish	Director	-	-
Svein Kjellesvik	Norwegian	Director	-	-
Joyce Theresa Sunita Vasudevan	Malaysian	Director	-	-

4. Shareholders

According to Lime BVI Registered Agent's certificate dated 2 February 2012, Lime BVI is a wholly-owned subsidiary of Lime.

5. Subsidiaries and associate companies

As at LPD, Lime BVI holds the following equity shares:

Company	Date of Incorporation	No. of Shares	%
Dahan	30 April 2010	100,000	59
Masirah	2 April 2009	740	74
Zubara	5 July 2011	100,000	100
Baqal	6 January 2012	1,000	100

Other than the equity holdings of the companies above, Lime BVI has no other subsidiaries or associate companies. Further details of these companies are set out in Appendix 1 (c), (d), (e) and (f).

6. Summary of financial data

Lime BVI was only incorporated on 10 June 2011. Hence, no audited financial statements have been prepared as at LPD.

INFORMATION ON DAHAN**1. Information on Dahan**

Dahan was incorporated in the BVI on 30 April 2010 as a public company limited by shares under the BVI Companies Acts, 2004.

Dahan is the owner of the concession rights to the RAK North Concession in Ras Al Khaimah.

2. Share capital

The authorised and issued and paid-up share capital of Dahan as at LPD is as follows:

	USD
Authorised	
200,000 ordinary shares of USD1.00 each	200,000
Issued and Paid-Up	
169,492 ordinary shares of USD1.00 each	169,492

3. Directors

According to Dahan Registered Agent's certificate dated 20 February 2012, the directors of Dahan and their direct shareholdings in the company are as follows:

Directors	Nationality	Designation	No. of Dahan Shares	%
Svein Kjellesvik	Norwegian	Director	-	-
Yaw Chee Sicw	Malaysian	Director	-	-
Simon Comina	Swiss	Director	-	-
Dr. Pascal Josephus Petronella Hos	Dutch	Director	-	-

4. Shareholders

According to Dahan Registered Agent's certificate dated 20 February 2012, Dahan's substantial shareholders and their shareholdings in the company are as follows:

Shareholders	Place of Incorporation	No. of Dahan Shares	%
Schroder	Switzerland	42,373	25
Right Ally Limited	Singapore	27,119	16
Lime BVI	BVI	100,000	59

5. Subsidiaries and associate companies

As at LPD, Dahan has no subsidiaries or associate companies.

INFORMATION ON DAHAN (*Cont'd*)

6. Summary of financial data

Dahan⁺

	Financial period from 30 April 2010 (date of incorporation) to 31 August 2011	
	USD'000	RM'000
Turnover [*]	-	-
Loss before taxation [*]	(49)	(151)
Loss after taxation and minority interest [*]	(49)	(151)
Gross loss per share ("LPS") (USD/RM)	(0.29)	(0.89)
Net LPS (USD/RM)	(0.29)	(0.89)
Paid - up capital ^x	169	550
Shareholders' funds [#]	24,550	73,167
NA [#]	24,550	73,167
NA per share (USD/RM)	144.84	431.68
Current ratio (times)	701.13	701.13
Cash and cash equivalents [#]	22,436	66,866
Total borrowings [#]	-	-
Gearing ratio (times)	Not applicable	Not applicable

(a) There were no extraordinary or exceptional items during the financial period under review.

(b) There have been no peculiar accounting policies adopted by Dahan during the financial period under review and there have been no audit qualifications reported in the audited financial statements of Dahan during the financial period under review.

Notes:

⁺ *The audited financial statements from which the financial information has been extracted have been prepared on historical cost basis in accordance with the International Financial Reporting Standards issued by International Accounting Standards Board*

^{*} *Converted at the monthly average closing rate from 31 May 2010 to 31 August 2011 of RM3.0845 to USD1.000*

[#] *Converted at the closing rate as at 31 August 2011 of RM2.9803 to USD1.000*

^x *Converted at the historical rate of RM3.2530 to USD1.000*

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INFORMATION ON MASIRAH**1. Information on Masirah**

Masirah was incorporated in the BVI on 2 April 2009 as a public company limited by shares under the BVI Companies Acts, 2004.

Masirah has been assigned the concession rights to the Block 50 Oman Concession in the Sultanate of Oman and is now holding the concession rights to the area.

2. Share capital

The authorised and issued and paid-up share capital of Masirah as at LPD is as follows:

	USD
Authorised 50,000 ordinary shares	No par value
Issued and Paid-Up 1,000 ordinary shares	No par value

3. Directors

According to Masirah Registered Agent's certificate dated 3 February 2012, the directors of Masirah and their direct shareholdings in the company are as follows:

Directors	Nationality	Designation	No. of Masirah Shares	%
Hans Lidgren	Swedish	Director	-	-
Marcelle Antoinette Ghomea Whitfield Epse Gauly	Ivorian	Director	-	-
Dr. Pascal Josephus Petronclla Hos	Dutch	Director	-	-

4. Shareholders

According to Masirah Registered Agent's certificate dated 3 February 2012, Masirah's substantial shareholders and their shareholdings in the company are as follows:

Shareholders	Place of Incorporation	No. of Masirah Shares	%
Petroci	Côte D'Ivoire	260	26
Lime BVI	BVI	740	74

5. Subsidiaries and associate companies

As at LPD, Masirah has no subsidiaries or associate companies.

INFORMATION ON MASIRAH (Cont'd)

6. Summary of financial data

Masirah⁺

	Financial period from 2 April 2009 (date of incorporation) to 31 August 2011	
	USD'000	RM'000
Turnover [^]	-	-
Loss before taxation [^]	(114)	(369)
Loss after taxation and minority interest [^]	(114)	(369)
Gross LPS (USD/RM)	(114)	(369)
Net LPS (USD/RM)	(114)	(369)
Paid - up capital [^]	-	-
Shareholders' funds [#]	4,398	13,108
NA [#]	4,398	13,108
NA per share (USD/RM)	4,398	13,108
Current ratio (times)	10.40	10.40
Cash and cash equivalents [#]	3,970	11,832
Total borrowings [#]	-	-
Gearing Ratio (times)	Not applicable	Not applicable

- (a) There were no extraordinary or exceptional items during the financial period under review.
- (b) There have been no peculiar accounting policies adopted by Masirah during the financial period review and there have been no audit qualifications reported in the audited financial statements of Masirah during the financial period under review.

Notes:

⁺ The audited financial statements from which the financial information has been extracted have been prepared on historical cost basis in accordance with the International Financial Reporting Standards issued by International Accounting Standards Board

[#] Converted at the closing rate as at 31 August 2011 of RM2.9803 to USD1.000

[^] Converted at the monthly average closing rate from 30 April 2009 to 31 August 2011 of RM3.2403 to USD1.0000

^x The paid-up capital represents 1,000 ordinary shares with nil par value

INFORMATION ON ZUBARA**1. Information on Zubara**

Zubara was incorporated in the BVI on 5 July 2011 as a public company limited by shares under the BVI Companies Acts, 2004.

Zubara has been assigned the concession rights to the offshore Sharjah Concession in Sharjah and is now the holder of the concession rights to the area.

2. Share capital

The authorised and issued and paid-up share capital of Zubara as at LPD is as follows:

	USD
Authorised	
100,000 ordinary shares of USD1.00 each	100,000
Issued and Paid-Up	
100,000 ordinary shares of USD1.00 each	100,000

3. Directors

According to Zubara Registered Agent's certificate dated 2 February 2012, the directors of Zubara and their direct shareholdings in the company are as follows:

Directors	Nationality	Designation	No. of Zubara Shares	%
Mans Lidgren	Swedish	Director	-	-
Hans Lidgren	Swedish	Director	-	-
Svein Kjellesvik	Norwegian	Director	-	-
Joyce Theresa Sunita Vasudevan	Malaysian	Director	-	-

4. Shareholders

According to Zubara Registered Agent's certificate dated 2 February 2012, Zubara is a wholly-owned subsidiary of Lime BVI.

5. Subsidiaries and associate companies

As at LPD, Zubara has no subsidiaries or associate companies.

6. Summary of financial data

Zubara was only incorporated on 5 July 2011. Hence, no audited financial statements have been prepared as at LPD.

INFORMATION ON BAQAL**1. Information on Baqal**

Baqal was incorporated in the BVI on 6 January 2012 as a public company limited by shares under the BVI Companies Act, 2004. The principal activity of Baqal is to own and manage oil and gas assets. As at LPD, Baqal is a dormant company.

2. Share capital

The authorised and issued and paid-up share capital of Baqal as at LPD is as follows:

	USD
Authorised 1,000 ordinary shares	No par value
Issued and Paid-Up 1,000 ordinary shares	No par value

3. Directors

According to the certified copy of the register of directors dated 6 January 2012, the directors of Baqal and their direct shareholdings in the company are as follows:

Directors*	Nationality	Designation	No. of Baqal Shares	%
Svein Kjellesvik	Norwegian	Chairman	-	-
Joyce Theresa Sunita Vasudevan	Malaysian	Director	-	-

4. Shareholders

According to the certified copy of the register of members and share certificate dated 6 January 2012, Baqal is a wholly-owned subsidiary of Lime BVI.

5. Subsidiaries and associate companies

As at LPD, Baqal has no subsidiaries or associate companies.

6. Summary of financial data

Baqal was only incorporated on 6 January 2012. Hence, no audited financial statements have been prepared as at LPD.

SUMMARY OF THE SALIENT TERMS OF THE RAK NORTH EPSA

Background

The RAK North EPSA was entered into and executed on 24 May 2010 between the Government of Ras Al Khaimah as represented by RakGas L.L.C (the "RAK Government") and Dahan ("Contractor"/"Operator").

Parties

The RAK Government grants Dahan the exclusive right to explore for, develop and produce hydrocarbons within the contract area as well as sell and dispose of its share of the hydrocarbons.

Term

The initial term of the RAK North EPSA shall be for a period of 2 years from the effective date being 24 May 2010 ("Effective Date") (the "Initial Term"). The Initial Term may be extended subject to the RAK Government's approval, if Dahan is in the process of executing the work programme and budget at the conclusion of the Initial Term, the term may be extended for such additional time as may be reasonably required by Dahan to conclude drilling, logging, testing and completion operations. The term of the RAK North EPSA may also be extended for a reasonable period of time if Dahan makes a discovery, but has not received approval of a field development plan.

Dahan also has the option to extend the term of the RAK North EPSA for a further 2 years (the "Second Term") in either of the following circumstances, if:

- (a) Dahan has fulfilled its minimum work obligations in respect of the Initial Term; or
- (b) Dahan has complied with its obligations under Article 3.2 of reimbursing the RAK Government the cost for failing to complete the minimum work obligations at the end of the Initial Term.

The term of the RAK North EPSA will be extended for 20 years (the "Third Term") in the event of a DOC, being either:

- (a) the date of the RAK Government's approval of a field development plan for the commercial discovery of crude oil; or
- (b) the date of the RAK Government's approval of a field development plan for the commercial discovery of natural gas, and the date of the relevant gas sales agreement becomes effective.

If Dahan is still producing hydrocarbons under the RAK North EPSA at the end of the Third Term, then Dahan has the right, subject to mutual agreement of the parties, to request for a renewal of the term of the RAK North EPSA for an additional 5 years.

The RAK North EPSA will terminate if Dahan has not made a DOC within 4 years of the Effective Date or as may be extended.

Minimum work obligations

The minimum work obligations to be carried out by Dahan are as follows:

- (a) Initial Term – Data Gathering – Dahan must gather all relevant data including well log interpretation and review of drilling and reports. Also, Dahan must acquire and process approximately 800km of high quality 2D seismic, with connecting lines to wells in both RAK B and RAK Saleh;

SUMMARY OF THE SALIENT TERMS OF THE RAK NORTH EPSA (Cont'd)

- (b) Second Term – Exploration Drilling – Dahan must acquire and process 300-400 sq km of high quality 3D seismic and drill one exploration well to an approximate level of 5,000 metres; and
- (c) Third Term – Field Development and Production –this will be a normal development* and production stage.

Notes:

- * *This will be in accordance with normal development and production stage activities as further described in Sections 4.1.2 and Section 4.1.3 of the E&P Industry Report as appended in Appendix III*

Work programmes and budget

Within 3 months of the Effective Date and 3 months prior to the beginning of each calendar year, Dahan must prepare and present a work programme and budget to the Joint Management Committee* (“JMC”). The work programme and budget shall include details of the operations which Dahan proposes to carry out under the RAK North EPSA, as well as an estimate of the total exploration and development expenditures and operating costs of such operations.

The JMC shall review each work programme and budget and either approve it or propose changes to the work programme and budget based upon prudent oil field practice. The Contractor must use all reasonable efforts to implement each approved work programme and budget, though Dahan may modify the approved work programme and budget in light of the results of the operations under the RAK North EPSA provided that no changes can be made to the approved annual work programme and budget without the prior approval of the RAK Government.

Note:

- * *As at LPD, the JMC has not been formed.*

Petroleum operations and conduct of operations

Dahan is appointed as Operator under the RAK North EPSA. Prior to the DOC, the participants (being the entities having participating interest pursuant to the RAK North EPSA and at DOC and shall include the successors and permitted assignees of such parties and all entities from time to time comprising Dahan) (“RAK North Participants”) shall enter into a joint operating agreement that will provide for the appointment and removal of the Operator and its authorisations to act on behalf of Dahan.

The Operator will act as Dahan's (in its position as the Contractor) agent and shall act on behalf of Dahan under the provisions of the joint operating agreement. Acting in this capacity, the Operator will have all the rights, privileges, powers and responsibilities granted to Dahan and the RAK North Participants (except in relation to the assignment provisions) under the RAK North EPSA. All acts and omissions of the Operator under the RAK North EPSA shall be binding upon and deemed to constitute acts and omissions of the Contractor and the Contractor shall be jointly liable therefore.

Any change of Operator requires the prior written approval of the RAK Government. Dahan shall conduct its operations in accordance with approved work programmes and budgets and the other provisions which include: (i) taking all reasonable measures to prevent fire, pollution etc; (ii) not carrying out operations in Ras Al Khaimah within 200 metres of a mosques and sacred buildings or graveyards; (iii) abstaining from damaging any property belonging to the RAK Government or a third party; and (iv) conducting its operations in accordance with sound industry practice.

SUMMARY OF THE SALIENT TERMS OF THE RAK NORTH EPSA (Cont'd)

Dahan will conduct its operations in accordance with the joint operating agreement. Dahan agrees to indemnify the RAK Government for any loss suffered or damage done to the property or personnel of the RAK Government or third parties by Dahan's or its contractors' wrongful or negligent acts or omission while carrying out its operations under the RAK North EPSA. Also, Dahan agrees to indemnify the RAK Government against all claims and liabilities arising out of such wrongful or negligent acts or omissions. Indirect or consequential losses have been carved out.

The laws, rules and regulations of Ras Al Khaimah will apply to Dahan's operations and performance under the RAK North EPSA.

Bonuses and other payments to the RAK Government

Dahan must make the following payments to the RAK Government:

- (a) a signature bonus of USD100,000 (equivalent to RM305,920) within 30 days of the Effective Date;
- (b) a renewal bonus of USD50,000 (equivalent to RM152,960) within 30 days after commencing the Second Term;
- (c) an annual rental fee of USD25,000 (equivalent to RM76,480) each year or parts thereof until DOC (the first rental payment to be made within 30 days of the Effective Date);
- (d) an annual rental of USD50,000 (equivalent to RM152,960) or part thereof after DOC (each subsequent rental payment to be made within 30 days of each anniversary of the Effective Date);
- (e) from the Effective Date, USD10,000 (equivalent to RM30,592) for training purposes per year before DOC (the first payment to be made within 30 days of the Effective Date); and
- (f) from the Effective Date, USD5,000 (equivalent to RM15,296) for the RAK Government's oil and gas data repository per year during the exploration term (the first payment to be made within 30 days of the Effective Date).

Any late payments made by Dahan to the RAK Government will be subject to interest at LIBOR plus 5%.

Recoverable costs

The Contractor shall provide all funds required for and shall bear all costs and expenses and assume all obligations incurred in connection with operations under the RAK North EPSA. Expenditures shall only be included in recoverable cost if the costs:

- (a) are attributable to the approved annual work programme and budget;
- (b) comply with the tendering and procurement process or specific prior approval given by the government to exclude such expenditures from the process;
- (c) are supported by sufficient documentary evidence;
- (d) amount to no more than the budgeted amount for that specific activity within the JMC approved annual work programme and budget (including the approved contingency);
- (e) are accounted for, to the extent that it is not in contradiction with the RAK North EPSA;
- (f) with respect to inventory, it shall only be charged as and when used in petroleum operations; and

SUMMARY OF THE SALIENT TERMS OF THE RAK NORTH EPSA (Cont'd)

- (g) with respect to any affiliated party charges, such charges shall be approved by the RAK Government.

All expenditures incurred by Dahan inside and outside of Ras Al Khaimah in connection with its operations and obligations under the RAK North EPSA, shall be recoverable costs in accordance with the RAK North EPSA. Such expenditures include the following:

- (a) actual costs in relation to all the operations carried out by Dahan or its affiliates under the RAK North EPSA;
- (b) overhead expenses of Dahan to the extent that such expenses are attributable to the operations under the RAK North EPSA;
- (c) actual costs billed by third parties in relation to costs and expenses incurred by Dahan for activities carried out by such third parties;
- (d) actual costs of the acquisition, leasing or rental costs of material, equipment, supplies and construction costs of facilities (such costs will be limited to the current competitive prices, rentals and construction costs in Ras Al Khaimah to similar goods and services);
- (e) estimated costs of abandonment; and
- (f) annual subscription fee.

The following expenditures shall not be included as recoverable costs:

- (a) costs and expenses in excess of the limits specified above;
- (b) bonuses and other payments made to the RAK Government by the Contractor;
- (c) the Contractor's Ras Al Khaimah income taxes;
- (d) foreign income taxes or other foreign taxes paid by the Contractor;
- (e) sales expenses incurred for the marketing of petroleum outside Ras Al Khaimah or the costs of transporting hydrocarbons beyond the point of export from Ras Al Khaimah; and
- (f) interest costs incurred for operations under the RAK North EPSA.

If the RAK Government thinks any statement of recoverable costs submitted by Dahan is inaccurate, it shall notify Dahan in writing regarding which items it believes to be inaccurate. The parties will then attempt to settle the matter amicably or refer such matter to one or more mutually acceptable experts. If a matter still remains in dispute in relation to recoverable costs after 3 months of the RAK Government's notification, such dispute will be referred to arbitration.

Prior to 5 years before the termination of the RAK North EPSA (or as otherwise stated in the RAK North EPSA) ("**Funding Commencement Date**"), Dahan must include plans for abandonment activities in the work programme and budget. Abandonment cost estimates must be supported by documentation from technical experts. After the Funding Commencement Date, Dahan must deposit such funds into the account that are required to meet Dahan's estimated costs for the abandonment activities under the RAK North EPSA.

SUMMARY OF THE SALIENT TERMS OF THE RAK NORTH EPSA (Cont'd)

Under the RAK North EPSA, the recovery costs that can be recovered are up to a maximum of 40% of the net production of crude oil, gas and condensate in each month ("Cost Recovery Oil"). Dahan, as the Contractor, shall have the right to take and dispose that quantity of Cost Recovery Oil which, when valued at market price, equals the amount of total recoverable costs incurred in such month plus those recoverable costs which have not been recovered in the prior month.

Appraisal and field development plans

Within 180 days after the date of a discovery, Dahan shall submit to the JMC an appraisal plan to evaluate such discovery. The appraisal plan must specify in reasonable detail the proposed objectives, estimated cost and timeframe in which Dahan shall commence and complete the appraisal work. The RAK Government may supplement and modify the appraisal plan.

If Dahan determines that a discovery may be capable of commercial exploitation, Dahan must submit an integrated field development plan in respect of a discovery to the RAK Government.

Convertible currencies and repatriation of funds

Dahan has the right to maintain bank accounts in any currency within or outside of Ras Al Khaimah, and also can freely convert any of its funds into the official currency of the RAK Government or any foreign currency at the best available bank rate. The Contractor also has the right to retain abroad and freely make use of all the proceeds of sale from the export of hydrocarbons produced under the RAK North EPSA and repatriate any proceeds of sales of hydrocarbons from Ras Al Khaimah.

In relation to foreign exchange and the remittance of funds abroad in relation to the RAK North EPSA, Dahan is entitled to receive no less favourable treatment than that given to any other company carrying on any business in Ras Al Khaimah.

Benefits provided to Ras Al Khaimah under the RAK North EPSA

When purchasing equipment, supplies and services required for operations under the RAK North EPSA, Dahan must give preference to equipment, supplies and services made or produced in Ras Al Khaimah (provided such equipment, supplies and services are of the same quality, price etc as other foreign products and services used in relation to similar operations).

Dahan shall also give Ras Al Khaimah nationals preference over expatriate employees, and shall use its best endeavours to employ and train Ras Al Khaimah nationals for all works in relation to its operations under the RAK North EPSA (subject to the Ras Al Khaimah nationals having the requisite experience and qualifications in relation to such operations).

Government assistance

Dahan is granted several ancillary rights to it by the RAK Government including: the right to construct plants, power stations, transportation and shipping facilities; the right to free building materials and drill for any water on land not privately owned; and the right to use roads (free of charge) and existing harbours and airports (subject to the fees generally applicable).

The RAK Government also agrees to offer assistance to Dahan in their dealings with Government authorities as well as assist with authorisations, approvals and permits required by the RAK North EPSA and by law (including assistance with visas for the employees of Dahan). Also the RAK Government agrees to use its best efforts to provide Dahan with all geological, geophysical, drilling, well production and other information held by the RAK Government in relation to the contract area.

SUMMARY OF THE SALIENT TERMS OF THE RAK NORTH EPSA (Cont'd)

Assignment of participating interest

Dahan has the right to assign its participating interest under the RAK North EPSA, in whole or in part, to any wholly-owned affiliate of Dahan. The Contractor must notify the RAK Government and other RAK North Participants of any such assignment immediately. Any other assignment other than as set out above may be made only with the prior written consent and approval of the RAK Government.

Dispute resolution

The RAK North EPSA shall be construed and interpreted in accordance with the laws of England. The parties shall act in good faith and with the intent to further and not frustrate the purpose of the RAK North EPSA. The parties shall discuss any disputes arising out of or in connection with the RAK North EPSA, promptly following notice from one party to the other in relation to such dispute. Any dispute which is not resolved within 90 days after a party first gave notice to the other party shall be referred to arbitration (other than a dispute relating to an issue to be referred for expert determination).

The right to recourse under arbitration is excluded, if a party states in their notice to the other party that their intention is to refer a matter for dispute resolution but fails to do so within 3 months from the date of the notice. All disputes for arbitration will be settled for arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce by 3 arbitrators appointed in accordance with such rules. The seat of the arbitration would be Geneva, Switzerland, and the language of the proceedings would be English.

The decision of the arbitrators is final and binding, and the RAK Government agrees to waive any right of sovereign immunity in respect of the enforcement and execution of any award by arbitral tribunal or expert appointed.

When construing and interpreting the RAK North EPSA, both the arbitrators and experts must apply the generally accepted customs and usages of the international finance and petroleum industries and principles of law generally recognised by the nations of the world.

Relinquishment

If Dahan fails to announce a commercial discovery at the end of the Initial Term, or if applicable, the Second Term (subject to any further extensions of the term of the RAK North EPSA), Dahan must relinquish the contract area.

Dahan may voluntarily relinquish all of the contract area by written notice to the RAK Government (provided that Dahan has fulfilled all its obligations).

Material breaches and events of default

The RAK North EPSA can be terminated by the RAK Government in the event of a material breach or an event of default by Dahan in relation to the RAK North EPSA. A material breach or event of default includes, failure to make payment or intentionally overstating the recoverable costs, and bankruptcy or insolvency agreements. If the RAK Government wishes to terminate then it must provide Dahan with 90 days' notice to try and remedy such event of default or material breach. Failure to remedy such default within that period (subject to any extensions of time permitted by the RAK Government) will result in termination of the RAK North EPSA by the RAK Government.

SUMMARY OF THE SALIENT TERMS OF THE RAK NORTH EPSA (Cont'd)

Force majeure

Neither party is to be liable for any failure to perform its obligations under the RAK North EPSA arising out of a force majeure event. If a party is unable to carry out its obligations under the RAK North EPSA due to a force majeure event, it must notify the other party without delay, stating the cause of such delay. The definition of force majeure includes any act of God, insurrection, riots, war, floods, fires, strikes, and other labour disturbances or any other cause not due to the fault or negligence of the party claiming force majeure.

Change of law

The RAK Government agrees to remedy any adverse effect that any change of law could have in relation to Dahan's economic return in relation to the petroleum operations under the RAK North EPSA.

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SUMMARY OF THE SALIENT TERMS OF THE BLOCK 50 EPSA

Background

The Block 50 EPSA was entered into and executed on 28 February 2011 by the Government of the Sultanate of Oman (“Oman Government”), Rex and Petroci, (jointly referred to as “Contractor”).

The Oman Government grants the Contractor* the exclusive right to explore for, develop and produce hydrocarbons within concession Block 50 in Oman concession as well as sell and dispose of its share in the hydrocarbons. The effective date of the Block 50 EPSA is 23 March 2011 (“Effective Date”), i.e. the date on which the Royal Decree (promulgated by His Majesty the Sultan) ratifying the Block 50 EPSA becomes effective.

Note:

Upon DOC, “Contractor” shall include the Oman Government Company (being the legal entity assigned by the Oman Government which shall have the right under the Block 50 EPSA to take a participating interest of up to 25% upon DOC) and its permitted successors and assignees.

Participating interests

The original percentage interest holding in the Block 50 EPSA of the Contractor was 74% held by Rex and 26% held by Petroci.

Note:

The Contractor has notified the Ministry of Oil & Gas (“MOG”) of its intention to transfer all their participating interest under the Block 50 EPSA to Masirah. In a letter dated 14 June 2011, the MOG has acknowledged the assignment of the Contractor’s participating interest to Masirah and it was stated that MOG’s approval for such assignment is subject to the ratification by a Royal Decree in accordance with the Oman Oil and Gas Law. In this respect, a Royal Decree ratifying the assignment of the Contractor’s participating interest to Masirah was promulgated on 17 August 2011 and was deemed effective on promulgation.

Term

The Block 50 EPSA states that the Initial Term of the Block 50 EPSA shall be for a period of 3 years from the Effective Date (the “Initial Phase”). The Initial Phase may be extended, subject to the Oman Government’s approval, if the Contractor is in the process of executing the work programme and budget at the conclusion of the Initial Phase, the term may be extended for such additional time as may be reasonably required by the Contractor to conclude drilling, logging, testing and completion operations. The term of the Block 50 EPSA may also be extended for a reasonable period of time if the Contractor makes a discovery, but has not received approval of a field development plan.

The Contractor has the option to extend the agreement for a further 3 years (the “Second Phase”) in either of the following circumstances, if:

- (a) the Contractor has fulfilled its minimum work obligations in respect of the Initial Phase; or
- (b) the Contractor has reimbursed the Oman Government the cost for failing to complete the minimum work obligations at the end of the Initial Phase.

SUMMARY OF THE SALIENT TERMS OF THE BLOCK 50 EPSA (cont'd)

The term of the Block 50 EPSA will be extended for 20 years and may be extended further (if the Contractor is producing hydrocarbons under the Block 50 EPSA at the end of such a 20-year period) in the event of a DOC, being either:

- (a) the date of Oman Government's approval of a field development plan for the commercial discovery of crude oil; or
- (b) the date of Oman Government's approval of a field development plan for the commercial discovery of natural gas, and the date that the relevant gas sales agreement becomes effective.

The Block 50 EPSA will terminate if the Contractor has not made a DOC within 6 years of the Effective Date or as may be extended.

Minimum work obligation

The minimum work obligation to be carried out by the Contractor (subject to optimisations proposed by the Contractor and the finalisation of work programmes and budgets) which in the Initial Phase includes acquiring, processing and interpreting marine seismic data and drilling one exploratory/stratigraphic well (if drillable prospects have been found on seismic data).

The Contractor's indicative costs needed to complete the minimum work obligation are as follows:

- (a) USD4 million (equivalent to RM12.2 million) to USD13 million (equivalent to RM39.8 million) during the Initial Phase in respect of petroleum operations within the contract area; and
- (b) USD13 million (equivalent to RM39.8 million) during the Second Phase in respect of petroleum operations within the contract area.

Work programmes and budget

Within 3 months of the Effective Date of the Block 50 EPSA and 3 months prior to the beginning of each calendar year, the Contractor must prepare and present a work programme and budget to the Joint Management Committee ("JMC") which will include details of the operations which the Contractor proposes to carry out under the Block 50 EPSA, as well as an estimate of the total exploration and development expenditures and operating costs of such operations.

The JMC shall review each work programme and budget and either approve it or propose changes to the work programme and budget based upon prudent oil field practice. The Contractor must use all reasonable efforts to implement each approved work programme and budget, though the Contractor may modify the approved work programme and budget with the prior written approval of the JMC in light of the results of the operations under the Block 50 EPSA.

Petroleum operations and conduct of operations

Rex will be the operator under the Block 50 EPSA until a DOC has occurred ("Operator"). After a DOC, the Operator will be such person as appointed under a joint operating agreement which shall be entered into between Rex and, assuming that the Oman Government exercises its right to back in, the Oman Government Company (a legal entity assigned by the Oman Government, which shall have the right under the Block 50 EPSA to take a participating interest of up to 25% at DOC) pursuant to the joint operating agreement principles. Prior to the DOC, the participants (being the entities having participating interest pursuant to the Block 50 EPSA and at DOC shall include the successors and permitted assignees of such parties and all entities from time to time comprising the Contractor) ("Block 50 Oman Participants") shall enter into a joint operating agreement that will provide for the appointment and removal of the Operator and its authorisations to act on behalf of the Contractor.

SUMMARY OF THE SALIENT TERMS OF THE BLOCK 50 EPSA (cont'd)

The Operator will act as the Contractor's agent and shall act on behalf of the Contractor under the provisions of the joint operating agreement (to be entered into at DOC among the Block 50 Oman Participants) whereby the Operator will have all the rights, privileges, powers and responsibilities granted to the Contractor and the Block 50 Oman Participants (except in relation to the assignment provisions) under the Block 50 EPSA. All acts and omissions of the Operator under the Block 50 EPSA shall be binding upon and deemed to constitute acts and omissions of the Contractor. The Operator and the Contractor agree to be separately or jointly liable to the Oman Government for such acts and omissions.

Any change in the Operator requires the prior written approval of the Oman Government. The Contractor shall conduct its operations in accordance with approved work programmes and budgets and the other provisions of the Block 50 EPSA which include: (i) taking all reasonable measures to prevent fire, pollution etc; (ii) not carrying out operations in Oman within 200 metres of a mosque and sacred buildings or graveyards; (iii) abstaining from damaging any property belonging to the Oman Government or a third party; and (iv) conducting its operations in accordance with sound industry practice. The Contractor has the right to appoint other contractors to carry out operations under the Block 50 EPSA, and in selecting such contractors, the Contractor must give preference to local Omani contractors.

Upon DOC, the Oman Government will pay to Rex its participating interest share of all recoverable costs incurred prior to DOC. Also upon DOC, the cost of the petroleum operations shall be borne by the Block 50 Oman Participants in proportion to their participating interest share.

The Contractor will conduct its operations under the Block 50 EPSA under the direct supervision of the JMC. The Contractor agrees to indemnify the Oman Government for any loss suffered or damage done to the property or personnel of the Oman Government or third parties by the Contractor's or its contractors' wrongful or negligent acts or omission while carrying out its operations under the Block 50 EPSA. Also, the Contractor agrees to indemnify the Oman Government against all claims and liabilities arising out of such wrongful or negligent acts or omissions.

The laws, rules and regulations of the Sultanate of Oman will apply to the Contractor's operations and performance in the Sultanate of Oman under the Block 50 EPSA.

JMC

The JMC will consist of 9 members*. The Contractor will appoint 5 members of the JMC, and the Oman Government will appoint 4 members of the JMC. One of the Oman Government's members of the JMC will be appointed as chairman. The JMC must be established as soon as practicable after the Effective Date.

Certain key decisions of the JMC will be made by unanimous vote of the members present at a duly convened JMC meeting. These decisions include: (i) approval of work programmes, budgets, appraisal plans, field development plans for a discovery; (ii) determination of production areas; and (iii) proposal for relinquishments.

Note:

The current members of the JMC are:

Name	Appointed By	Position
Dr Mohammed Ali Mohammed Al-Balushi	Ministry of Oil & Gas	Chairman
Qasim Mohammed Al-Amri	Ministry of Oil & Gas	Member
Ibrahim Said Al-Harassi	Ministry of Oil & Gas	Member
Khamis Suleiman Al Zarafi	Ministry of Finance	Member
Marcelle Antoinette Ghomea Whitfield Epsc Gauly	Petroci	Member
Roland Adjet	Petroci	Member
Svein Kjellesvik	Lime BVI (Appointed by Rex) [#]	Member
Hans Lidgren	Lime BVI (Appointed by Rex) [#]	Member
Thomas Liljedahl	Lime BVI (Appointed by Rex) [#]	Member

SUMMARY OF THE SALIENT TERMS OF THE BLOCK 50 EPSA (cont'd)

The appointments of Svein Kjellesvik, Hans Lidgren and Thomas Liljedahl were made by Rex. Pursuant to the assignment of Rex's equity interest in Masirah to Lime BVI on 30 August 2011, these representatives are now appointees of Lime BVI.

Bonuses and other payments to the Oman Government

Rex must make the following payments ("Bonus and Other Payments") to the Oman Government:

- (a) a signature bonus of USD150,000 (equivalent to RM458,880) within 30 days of the Effective Date;
- (b) a renewal bonus of USD500,000 (equivalent to RM1,529,600) within 30 days after commencing the Second Phase;
- (c) an annual rental fee of USD100,000 until DOC and USD200,000 (equivalent to between RM305,920 and RM611,840) each year after DOC (the first rental payment to be made within 30 days of the Effective Date);
- (d) a discovery bonus of USD1,000,000 (equivalent to RM3,059,200) within 30 days after DOC;
- (e) from the Effective Date, USD100,000 for training purposes per year (equivalent to RM305,920 before DOC and USD200,000 per year (equivalent to RM611,840) after DOC (the first payment to be made within 30 days of the Effective Date); and
- (f) from the Effective Date, USD50,000 (equivalent to RM152,960) for the Oman Government's oil and gas data repository per year during the exploration phase (the first payment to be made within 30 days of the Effective Date).

Rex was required to provide the Oman Government with a bank guarantee for the Bonus, Rental & Training, and Oil and Gas Data Repository payments from a reputable bank prior to signature of the Block 50 EPSA. The bank guarantee must be in the form provided in the Block 50 EPSA. Any late payments made by Rex to the Oman Government will be subject to interest at LIBOR plus 5%.

Recoverable costs

The Contractor shall provide all funds required for and shall bear all costs and expenses and assume all obligations incurred in connection with operations under the Block 50 EPSA. Expenditures shall only be included in recoverable cost if the costs:

- (a) are attributable to the approved annual work programme and budget;
- (b) comply with the tendering and procurement process or specific prior approval given by the JMC to exclude such expenditures from the process;
- (c) are supported by sufficient documentary evidence;
- (d) amount to no more than the budgeted amount for that specific activity within the JMC approved annual work programme and budget (including the approved contingency);
- (e) are accounted for in accordance with International Financial Reporting Standards (IFRS) to the extent that it is not in contradiction with the Block 50 EPSA;
- (f) with respect to inventory, it shall only be charged as and when used in petroleum operations or approved by JMC; and

SUMMARY OF THE SALIENT TERMS OF THE BLOCK 50 EPSA (cont'd)

(g) with respect to any affiliated party charges, such charges shall be approved by the JMC.

The Contractor shall provide all funds required for the operations and assume all obligations in connection with operations under the Block 50 EPSA. All expenditures incurred by the Contractor inside and outside of Oman in connection with its operations and obligations under the Block 50 EPSA shall be recoverable costs. Such expenditures include the following:

- (a) actual costs in relation to all the operations carried out by the Contractor or its affiliates under the Block 50 EPSA;
- (b) overhead expenses of the Contractor to the extent that such expenses are attributable to the operations under the Block 50 EPSA;
- (c) actual costs billed by third parties in relation to costs and expenses incurred by the Contractor for activities carried out by such third parties;
- (d) actual costs of the acquisition, leasing or rental costs of material, equipment, supplies and construction costs of facilities (such costs will be limited to the current competitive prices, rentals and construction costs in Oman to similar goods and services);
- (e) estimated costs of abandonment; and
- (f) annual subscription fee (based on a model of sharing the Oman's oil and gas data repository costs).

The following expenditures shall not be included as recoverable costs:

- (a) costs and expenses in excess of the limits specified above;
- (b) bonuses and other payments made to the Oman Government by the Contractor;
- (c) the Contractor's Oman income taxes;
- (d) foreign income taxes or other foreign taxes paid by the Contractor;
- (e) sales expenses incurred for the marketing of petroleum outside the Sultanate of Oman or the costs of transporting hydrocarbons beyond the point of export from the Sultanate of Oman; and
- (f) interest costs incurred for operations under the Block 50 EPSA.

Prior to 5 years before the termination of the Block 50 EPSA (or as otherwise stated in the Block 50 EPSA) ("**Funding Commencement Date**"), the Contractor must include plans for abandonment activities in the work programme and budget which must be supported by documentation from technical experts. After the Funding Commencement Date, the Contractor must open an interest-bearing account and deposit such funds into the account that are required to meet the Contractor's estimated costs for the abandonment activities under the Block 50 EPSA.

Under the Block 50 EPSA, the recoverable costs that can be recovered are up to a maximum of 50% of the net production of crude oil, gas and condensate in each month ("**Cost Recovery Oil**"). The Contractor shall have the right to take and dispose that quantity of Cost Recovery Oil which, when valued at market price, equals the amount of total recoverable costs incurred in such month plus those recoverable costs which have not been recovered in the prior month, provided that any recoverable costs in excess of such 50% of the net production of crude oil, gas and condensate for such month shall be carried forward and shall be recoverable, subject to the same limitation, in the subsequent month until fully recovered, but not after termination of the Block 50 EPSA.

SUMMARY OF THE SALIENT TERMS OF THE BLOCK 50 EPSA (cont'd)

Appraisal and field development plans

Within 180 days after the date of a discovery, the Contractor shall submit to the JMC an appraisal plan to evaluate such discovery. The appraisal plan must specify in reasonable detail the proposed objectives, estimated cost and timeframe in which the Contractor shall commence and complete the appraisal work. A comprehensive evaluation of the appraisal work must be submitted to the JMC (copied to the MOG) within 180 days after completion of the appraisal work.

If the Contractor determines that a discovery may be capable of commercial exploitation, the Contractor must submit an integrated field development plan in respect of a discovery to the JMC (copied to the MOG).

Convertible currencies and repatriation of funds

The Contractor has the right to maintain bank accounts in any currency within or outside of Oman, and also can freely convert any of its funds into the official currency of the Oman Government or any foreign currency at the best available bank rate. The Contractor also has the right to retain abroad and freely make use of all the proceeds of sale from the export of hydrocarbons produced under the Block 50 EPSA and repatriate any proceeds of sales of hydrocarbons from Oman.

In relation to foreign exchange and the remittance of funds abroad in relation to the Block 50 EPSA, the Contractor is entitled to receive no less favourable treatment than that given to any other company carrying on any business in Oman.

Benefits provided to the Sultanate of Oman under the Block 50 EPSA

When purchasing equipment, supplies and services required for operations, the Contractor must give preference to equipment, supplies and services made or produced in Oman (provided such equipment, supplies and services is of the same quality, price etc as other foreign products and services used in relation to similar operations).

The Contractor shall give Omani nationals preference over expatriate employees, and shall use its best endeavours to employ and train Omani nationals for all works in relation to its operations under the Block 50 EPSA (subject to the Omani nationals having the requisite experience and qualifications in relation to such operations).

Oman Government assistance

The Contractor is granted several ancillary rights to it by the Oman Government including: the right to construct plants, power stations, transportation and shipping facilities; the right to free building materials and drill for any water on land not privately owned; and the right to use roads (free of charge) and existing harbours and airports (subject to the fees generally applicable).

The Oman Government also agrees to offer assistance to the Contractor in their dealings with Oman Government authorities as well as assist with authorisations, approvals and permits required by the Block 50 EPSA and by law (including assistance with visas for the employees of the Contractor). The Oman Government agrees to use its best efforts to provide the Contractor with all geological, geophysical, drilling, well production and other information held by the Oman Government in relation to the Block 50 Oman Concession Area.

SUMMARY OF THE SALIENT TERMS OF THE BLOCK 50 EPSA (cont'd)

Dispute Resolution

If the parties under the Block 50 EPSA cannot resolve a dispute in good faith within 60 days after 1 party gave notice to another regarding a dispute, then their final recourse is arbitration. The right to recourse under arbitration is excluded, if a party states in their notice to the other party that their intention is to refer a matter for dispute resolution but fails to do so within 3 months from the date of the notice.

All disputes for arbitration will be submitted to the International Centre for Settlement of Investment Disputes ("ICSID") for arbitration by 3 arbitrators pursuant to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States. If the ICSID refuses to take on such dispute, then the matter will be settled for arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce by 3 arbitrators appointed in accordance with such rules. The decision of the arbitrators is final and binding, and the Oman Government agrees to waive any right of sovereign immunity in respect of the enforcement and execution of any award by arbitral tribunal or expert appointed.

During the arbitration process, the Oman Government may elect to suspend the Contractor's rights and obligations under the Block 50 EPSA, while the petroleum operations shall remain undisturbed. As an alternative to arbitration, where it is either expressly stated in the Block 50 EPSA, or is agreed between the parties, a dispute may be referred for expert determination rather than to arbitration. Such expert will be appointed as agreed by the Parties (or if no agreement can be reached, by the International Chamber of Commerce Centre for Expertise) and such expert must have extensive experience in the oil and gas industry and act impartially at all times. The expert will conduct all proceedings in accordance with the Rules of Expertise of the International Chamber of Commerce.

Laws, rules and regulations of the Sultanate of Oman will apply to the Contractor's operations and performance in the Sultanate of Oman under the Block 50 EPSA. However if there is a dispute when construing and interpreting the Block 50 EPSA, both the arbitrators and experts must apply the generally accepted customs and usages of the international finance and petroleum industries and principles of law generally recognised by the nations of the world.

Assignment of participating interest

The Contractor has the right to assign its participating interest under the Block 50 EPSA, in whole or in part, to any wholly-owned affiliate of the Contractor. The Contractor must notify the Oman Government and other Block 50 Oman Participants of any such assignment immediately. Any other assignment other than as set out above may be made only with the prior written consent and approval of the Oman Government.

Upon assignment of any participating interest, the assignor shall be released and discharged from its obligations to the extent that such obligations are assumed by the assignee. Further, any participant assigning its participating interest under the Block 50 EPSA will also need to assign the identical participating interest under the joint operating agreement to such person or affiliate.

Relinquishment

If the Contractor fails to announce a commercial discovery at the end of the Initial Phase, or if applicable, the Second Phase (subject to any further extensions of the term of the Block 50 EPSA), the Contractor must relinquish the contract area.

In the case of DOC, and up to 1 year prior to the 10th anniversary of the Effective Date, the Oman Government has the right to request that the Contractor relinquishes up to 50% of the original contract area. The Contractor may voluntarily relinquish all of the contract area by written notice to the Oman Government (provided that the Contractor has fulfilled all its obligations).

SUMMARY OF THE SALIENT TERMS OF THE BLOCK 50 EPSA (cont'd)

Material breaches and events of default

The Block 50 EPSA can be terminated by the Oman Government in the event of a material breach or an event of default by the Contractor in relation to the Block 50 EPSA. If the Oman Government wishes to terminate then it must provide the Contractor with 30 days' notice to try and remedy such event of default or material breach. Failure to remedy such default within that period (subject to any extensions of time permitted by the Oman Government) will result in termination of the Block 50 EPSA by the Oman Government.

Force majeure

Neither party is to be liable for any failure to perform its obligations under the Block 50 EPSA arising out of a force majeure event. If a party is unable to carry out its obligations under the Block 50 EPSA due to a force majeure event, it must notify the other party without delay, stating the cause of such delay. The definition of force majeure includes any act of God, riots, war, floods, fires, strikes, and other labour disturbances or any other cause not due to the fault or negligence of the party claiming force majeure, as long as it is beyond the reasonable control of the Contractor.

Change of law

In the event of any change of law that materially adversely affects the Contractor's economic return from the conduct of petroleum operations pursuant to the Block 50 EPSA, the Oman Government agrees to take such actions as may be necessary to remedy such adverse economic effect.

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SUMMARY OF THE SALIENT TERMS OF THE SHARJAH CA

Background

The Sharjah CA was entered into and executed on 6 June 2011 (“Effective Date”) by the Government of the Emirate of Sharjah (“Sharjah Government”) and Rex.

Parties

The Sharjah Government grants Rex the exclusive right to prospect, explore and drill for, develop, produce, store, transport, export and sell petroleum produced from within the concession area.

The Sharjah Government represents and warrants that the rights granted to Rex are free and clear of all claims, liens, causes of action and encumbrances arising from any prior concession granted by the Sharjah Government for the exploration and exploitation of petroleum in the Sharjah Concession area. Further, the Sharjah CA is effective from the date that it is signed by all the parties and no decree, publication or further official act is needed to make the Sharjah CA become effective.

Participating interests

Originally Rex owned 100% of the interests in the Sharjah CA*.

Note:

Following the transfer of Rex's rights and obligations under the Sharjah CA to Zubara on 31 August 2011, Zubara now owns 100% of the interests in the Sharjah CA.

Term and relinquishment

Subject to early termination under the Sharjah CA, the term of the Sharjah CA is for 23 years from the Effective Date. The term is divided into the following consecutive terms: (i) the Initial Term (3 years); and (ii) the Second Term (20 years).

Rex shall relinquish to the Sharjah Government:

- (a) 25% of the concession area within 5 years from the Effective Date;
- (b) 25% of the original size of the concession area between 5 and 7 years after the Effective Date; and
- (c) 25% of the original size of the concession area between 7 and 9 years after the Effective Date.

With respect to the areas retained by Rex after fulfilling its relinquishment obligations set out above, Rex shall also relinquish not later than 9 years from the Effective Date, all depths throughout the concession area below the base of the deepest formation penetrated by any well drilled by Rex. In the event that a commercial discovery is not made within 3 years of the Effective Date, the exploration obligations in respect of the concession area will expire.

The portions so relinquished shall so far as is reasonably possible be a block or blocks of sufficient size and convenient shape to enable oil exploration operations to be carried out thereon, taking into account contiguous areas already relinquished and not the subject of a further concession.

SUMMARY OF THE SALIENT TERMS OF THE SHARJAH CA (Cont'd)

Work obligations during the exploration period

The exploration period will be 36 months from the Effective Date during which the following work obligations shall be delivered by Rex:

- (a) during the first 24 months Rex shall:
 - (i) acquire, process and interpret a 300 - 500 sq km of high quality 3D seismic with connecting 2D lines to wells in Fujairah;
 - (ii) conduct special resonance processing i.e. virtual drilling of selected lines; and
 - (iii) develop detailed reservoir models for prospects that have shown hydrocarbon indications at resonance processing and ranking the different prospects.
- (b) within 36 months from the Effective Date and depending on the results of the work carried out as set out above, Rex shall have the right to either (i) abandon the Concession or (ii) shall have drilled and tested in accordance with good oil field practice an exploration well to a depth of 1,000 feet below the top of the lower Cretaceous Thamama formation in a prospect that has shown hydrocarbon indications at resonance processing; and
- (c) by the end of the Initial Term, Rex must either declare a commercial discovery and proceed to the Second Term or relinquish the concession.

Reservation and minerals

If Rex discovers in the course of its operations under the Sharjah CA, any deposits or minerals other than those entrained in, a part of and produced along with petroleum, including but not limited to gold, silver, copper, lead, potash or salt, Rex shall not work or appropriate the same but shall inform the Sharjah Government of the discovery and supply the Sharjah Government with all information relating to such minerals.

Conduct of operations

Rex shall conduct its operations in the Sharjah Concession area with diligence and in a workmanlike manner in accordance with accepted methods and standards of the petroleum industry.

During drilling operations and upon abandonment of a well, Rex must take reasonable precautions to prevent damage to any petroleum bearing formation including damage due to an excess influx of water into the formation.

If Rex discovers any fresh water sources during drilling operations, Rex must take reasonable precautions to protect those freshwater sources during drilling operations. Rex must inform the Sharjah Government of any freshwater sources discovered during drilling operations.

Rex shall take reasonable precaution against fire and any unwarranted wasting of crude oil, natural gas, associated gas or water.

While conducting offshore operations, Rex must take adequate precautions for the protection of navigation, fishing, pearling, natural habitats and any other areas of public interest as well as the prevention of oil pollution in the surrounding seas.

SUMMARY OF THE SALIENT TERMS OF THE SHARJAH CA (Cont'd)

Bonuses and other payments to the Sharjah Government

Rex must make the following payments to the Sharjah Government:

- (a) USD1,000,000 (equivalent to RM 3,059,200) within 30 days of the Effective Date;
- (b) USD2,000,000 (equivalent to RM6,118,400) within 30 days from the first date on which regular production of petroleum has reached and maintained an average rate of 10,000 boe per day for 30 consecutive days;
- (c) USD5,000,000 (equivalent to RM 15,296,000) within 30 days from the first date on which regular production of petroleum has reached and maintained an average rate of 50,000 boe per day for 30 consecutive days; and
- (d) USD8,000,000 (equivalent to RM24,473,600) within 30 days from the first date on which regular production of petroleum has reached and maintained an average rate of 100,000 boe per day for 30 consecutive days.

Prior to the export commencement date (the date on which Rex first commences regular exports of crude oil or natural gas), Rex agrees to pay to the Sharjah Government the following advance rental payments:

- (a) USD50,000 (equivalent to RM152,960 per annum for the first 3 years and the payment shall start within 30 days after the Effective Date and then each anniversary of the Effective Date; and
- (b) after 3 years the rental rate shall be increased to USD100,000 (equivalent to RM305,920) per annum.

Rex must pay to the Sharjah Government certain pre-determined royalty payment. The entire amount of the royalty payment shall be fully deductible as an expense for the purpose of determining taxable income. The Sharjah Government can elect whether the royalty payment is made in whole or in part, in kind or in cash. Natural gas taken by the Sharjah Government as royalty payment must be delivered at the well head. Crude oil taken by the Sharjah Government as royalty payment shall be delivered at the Sharjah Government's option either at the point of storage or the point of export.

Payments and foreign exchange

All payments made by Rex to the Sharjah Government shall be made in United States Dollars. Rex shall have the right:

- (a) to maintain and operate bank accounts inside and outside Sharjah in whatever currency and freely retain or dispose of any funds within such bank accounts; and
- (b) freely to import, export and exchange currency and foreign exchange.

Cost recovery

Rex is allowed to designate a maximum 50% of net yearly production of oil and gas towards the recovery of any allowable costs each year.

SUMMARY OF THE SALIENT TERMS OF THE SHARJAH CA (Cont'd)

Benefits provided to the State of Sharjah

Rex shall give priority to contractors who are citizens of the Sharjah Government provided that Rex is reasonably satisfied with their ability to perform the work entrusted to them under the Sharjah CA.

The Sharjah Government and Rex agree that the efficiency of the operations under the Sharjah CA must be given first priority when selecting employees in relation to such operations. With this principle in mind, Rex shall give first priority to the citizens of the Sharjah Government, second priority to other citizens of the UAE and third priority to other Arab nationals.

Within 6 months of the Effective Date, Rex must submit to the Sharjah Government for its approval a training programme for the citizens of the Sharjah Government employed by Rex. Such training programme is for the purpose of educating and training such employees in the various aspects of the petroleum industry including technical, supervisory and management training. Subject to the approval of the Sharjah Government, such training programme shall be initiated within 1 year of the export commencement date.

Government assistance and benefits

Rex is granted several ancillary rights to it by the Sharjah Government including: the right to build, construct, maintain, operate and use all sorts of buildings, installations, docks, loading facilities and engineering works of every description. Rex may remove soil, limestone, clay etc belonging to the Sharjah Government as may be necessary for Rex's operations and also Rex may take any water belonging to the Sharjah Government that Rex considers necessary for the operations under the Sharjah CA. The usual charges and payments as well as third party rights and applicable laws will apply to the removal of such materials and water.

If Rex requires for the purpose of its operation under the Sharjah CA, any privately owned, developed or cultivated land within Sharjah, Rex may buy or lease such land with the permission of the Sharjah Government.

Rex shall be entitled to use in its operations under the Sharjah CA any form of transport whether it be by land, water or air for the movement of its employees, equipment or materials and shall be entitled to use communication and port facilities in Sharjah.

Information

Rex agrees to keep the Sharjah Government informed as to the progress and results of all of its operations within Sharjah. Rex will provide the Sharjah Government with maps and monthly and quarterly and annual reports concerning the same. Rex shall also provide the Sharjah Government with technical and economic reports as may be prepared from time to time including geological and geophysical data and drilling reports. Upon termination of the Sharjah CA, Rex shall provide complete copies of all the information which is required to be disclosed, and has not been previously provided, to the Sharjah Government.

Committee meetings

The Sharjah Government shall nominate from time to time one or more of its officials as its representative to act on its behalf in all matters relating to the Sharjah CA. Such government representative and Rex's key operational personnel in Sharjah shall meet as a committee at least twice a year to discuss all aspects of Rex's operations in Sharjah.

SUMMARY OF THE SALIENT TERMS OF THE SHARJAH CA (Cont'd)

Assignment

Rex shall not without the prior written consent (such consent not to be unreasonably withheld) of the Sharjah Government assign any of its rights under the Sharjah CA to a non-affiliate. Rex may make an assignment to an affiliate or associated company without the Sharjah Government's consent and shall inform the Sharjah Government of such assignment.

Note:

As stated above, no Sharjah Government consent was granted to the assignment to Zubara on the basis that Zubara is an affiliate of Rex.

Arbitration and governing law

Except in relation to market price disputes, all disputes arising out of the Sharjah CA shall be finally resolved by arbitration. The tribunal shall be composed of 2 arbitrators nominated by the parties and a referee appointed by the arbitrators within 30 days of the appointment of such arbitrators.

Each party shall nominate its arbitrator within 30 days of being requested to do so, failing which an arbitrator will be appointed by the President of the International Chamber of Commerce ("ICC"). If the arbitrators cannot agree upon a referee, the President of the ICC will appoint a referee. The decision of the arbitrators and referee shall be final and binding on all parties to the Sharjah CA.

The place of arbitration shall be London, England, unless otherwise agreed by the arbitrator, and the referee determines the procedure of the arbitration in accordance with the Rules of Arbitration and Conciliation of the ICC.

The Sharjah CA shall be interpreted and applied in conformity with the standards, custom and usage in the international petroleum industry and principles of law normally recognised by civilised states in general.

Termination

The Sharjah Government has the right to terminate the Sharjah CA if the following events occur:

- (a) if Rex fails to make any payments under the Sharjah CA and if Rex fails to comply with the Sharjah Government's notice requiring any delayed payments to be made within 60 days after Rex receives such notice;
- (b) if Rex fails to conform to the provisions of an arbitration award of the Sharjah CA within the period of time stipulated in each award; and
- (c) if Rex is in material breach of its work obligations and fails to comply with a notice from the Sharjah Government requiring Rex to remedy such material breach within 60 days after Rex receives such notice.

SUMMARY OF THE SALIENT TERMS OF THE SHARJAH CA (Cont'd)

Force majeure

If a force majeure event hinders or prevents any party from performing any obligation under the Sharjah CA, then to the extent that the force majeure hinders or delays performance, such delay shall be excused and the obligation will be suspended while the force majeure event continues. A party affected by force majeure must resume its obligations under the Sharjah CA as soon as it is reasonably possible to do so.

The Sharjah Government may not claim force majeure for any action taken by the Sharjah Government or any entity or agency operating under the authority or auspices of the Sharjah Government.

Damages for breach

The penalty shall be monetary damages for any breach of any warranty, covenant or condition in the Sharjah CA (for which no penalty or damage provision is made in the Sharjah CA or in the Sharjah Income Tax Decree, as defined in the Sharjah CA).

Under the Sharjah CA and the Sharjah Income Tax Decree, certain payments made to the Sharjah Government and other costs incurred by Rex (in its role as a producing company) are deductible from Rex's taxable income. Under the Sharjah Income Tax Decree, any person who makes a false declaration relating to its annual income is guilty of an offence and may be liable to imprisonment for up to 2 years or a fine.

Operating limits

Where operations in a specific area might in the opinion of the Sharjah Government result in disputes with neighbouring states, the Sharjah Government may lay down operating limits within the Sharjah Concession area.

Unitisation in respect of the concession area

If a commercial discovery is made within the concession area and such discovery extends beyond the concession area to other areas of Sharjah in which other parties have obtained rights, the Sharjah Government may require that the production of hydrocarbons be carried out in collaboration with the other contractors.

Field abandonment activities

Rex is responsible for implementing the field abandonment activities, including decommissioning and cleaning, for all facilities, installations and wells related to the concession area in accordance with a decommissioning plan and in adherence to the laws of the Emirates of Sharjah and the UAE and internally accepted petroleum industry practices.

Applicable laws

Rex shall abide by all the Emirate of Sharjah and Federal UAE laws and regulations.

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E&P Industry Report

Prepared for: Hibiscus Petroleum Berhad



February 2012

E&P INDUSTRY REPORT (Cont'd)

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16 February 2012

Definitions

"~"	: Approximately
"1P"	: Proven reserves
"2P"	: Proven and probable reserves
"3P"	: Proven, probable and possible reserves
"bbl(s)"	: Barrel(s)
"bbl(s)/d"	: Barrel(s) per day
"bcf"	: Billion cubic feet
"Best estimate"	: Best estimate of prospective resources, having at least a 50% probability (P50) that the quantity of resources actually recovered will equal or exceed this best estimate
"boe"	: Barrels of oil equivalent – is a unit of energy based on the energy released by burning one barrel of crude oil
"boe/d"	: Barrels of oil equivalent per day
"Brent Forward Curve"	: Price of forward contracts for Brent oil based on Brent deliverable contracts
"CA"	: Concession agreement
"Capex"	: Capital expenses
"DCF"	: Discounted cash flow – a valuation method based on present value of future cash flows
"DD&A"	: Depletion, Depreciation and Amortization
"dwt"	: Dead weight tonnes, a measure of how much weight a ship can carry
"E&P"	: Exploration and Production
"EIA"	: Energy Information Agency
"EIU"	: Economist Intelligence Unit
"EOR"	: Enhanced oil recovery
"FPSO"	: Floating production, storage and offloading unit – a floating vessel used by the offshore industry for the processing of hydrocarbons and for storage of oil
"FSO"	: Floating storage and offloading unit
"FSU"	: Former Soviet Union
"GCoS"	: Geological chance of success
"GIIP"	: Gas initially in place – the total estimated volume of gas available in a given reservoir
"IEA"	: International Energy Agency
"IMF"	: International Monetary Fund
"IOC"	: International oil company
"JU"	: Jack-up rig
"mcf"	: Million cubic feet
"MENA"	: Middle-East and North Africa
"mmbbls"	: Million barrels
"mmboe"	: Million barrels of oil equivalent
"mmcf"	: Million cubic feet – unit used to measure gas
"LNG"	: Liquefied natural gas
"NGL"	: Natural gas liquids
"NOC"	: National oil company
"NPV"	: Net present value
"OECD"	: Organisation for Economic Co-operation and Development – a group of 34 countries
"OIIP"	: Oil initially in place – the total estimated volume of oil available in a given reservoir
"Oil in place"	: The amount of oil in a subsurface reservoir
"OPEC"	: Organization of the Petroleum Exporting Countries
"Opex"	: Operating expenses
"OSV"	: Offshore support vessel – includes anchor handling, tug supply and platform supply vessels, accommodation, utility and fire-fighting vessels, crew boats, etc.
"PDO"	: Petroleum Development Oman – Oman's largest and 60% state-owned oil & gas company
"POD"	: Plan of Development – for E&P companies to develop and produce from a prospect
"PSC"	: Production sharing agreement
"Seismic"	: An exploration method in which strong low-frequency sound waves are generated on the surface or in the water to find subsurface rock structures that may contain hydrocarbons
"SPE"	: Society of Petroleum Engineers
"SSV"	: Subsea support vessel – includes pipelay barges, derrick barges, heavylift barges, well intervention vessels, etc.
"Tcf"	: Trillion cubic feet
"USD"	: United States Dollar
"Wood Mackenzie"	: A leading research and consulting services provider for the global energy, mining, metal, oil, gas, coal, refining, power, and electricity industries

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1. Introduction

Exploration and Production (E&P) is the upstream part of the value chain that ultimately provides the market with fuel and various petrochemical products. The oil produced is sold at prices which are in most cases linked to recognised oil price indices, while gas, which is not as easily transported, is sold in local markets, unless resources discovered are of a magnitude that makes Liquefied Natural Gas (LNG) production viable.

The main driver for E&P companies that produce, or are envisaged to produce, mainly liquids i.e. oil and/or condensate is the expected oil price in the medium to long term.

E&P companies can face stiff competition from other E&P companies, as well as National Oil Companies (NOCs) and International Oil Companies (IOCs), when seeking to secure potentially valuable oil & gas concessions. Once the concessions are secured, E&P companies are faced with competition and the prevailing market prices in securing qualified personnel, required equipment and various oil services i.e. seismic services, drilling rigs, offshore support vessels etc. As oil prices are expected to follow a long term upward trend, E&P spending is expected to increase, resulting in upstream capital expenditure inflation.

Due to the scale, value and strategic importance of the oil & gas industry, governments have long been using it as an important potential source of revenue. Government-take represents the single largest portion of an oil & gas project's cash flows. Most countries have established separate, distinct tax legislations for the oil & gas industry.

Exploration activity is associated with the potential for significant value creation in the event of discoveries of commercial quantities of hydrocarbons, but also with severe risk and uncertainty. This nature makes it particularly challenging to estimate the value for companies whose principal activity is exploration and where there is limited or no discoveries and/or production. We wish to highlight that valuing exploration assets cannot be regarded as an exact science. This is reflected in the valuation of listed exploration companies, which is highly sensitive to market sentiment and investors risk appetite.

This E&P Industry Report starts out with a description of the oil market. It also describes how the relatively high expected oil prices can impact required capital expenditure levels. It also provides oil & gas basics and gives a brief description of the E&P value chain and the required activities in the respective phases of the chain. Information on oil & gas taxation systems is provided, before moving on to information on the United Arab Emirates and Oman, which is where the concession assets that Hibiscus is proposing to acquire are located.

2. Oil and Gas Industry

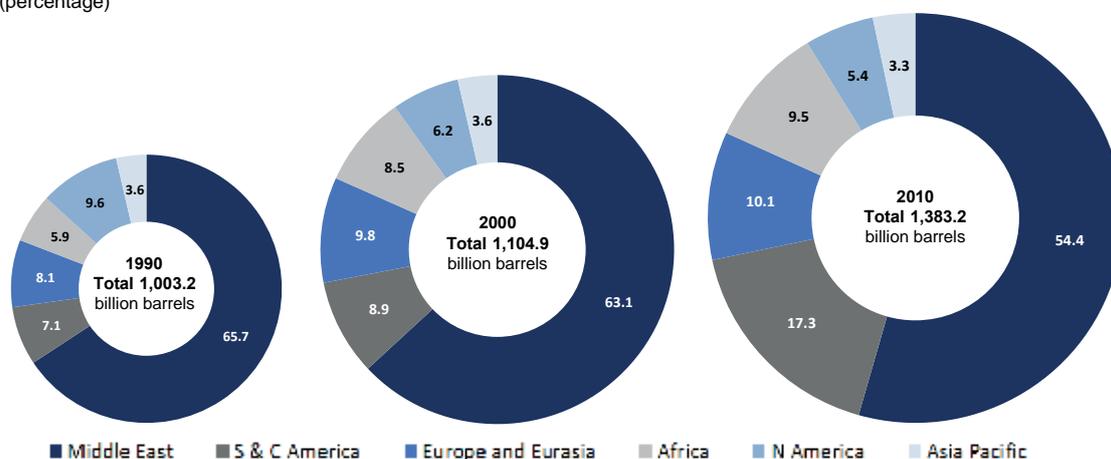
The key driver for the oil and gas industry is the prevailing price of oil and gas and the expected development of these prices in the future. Oil is a global commodity and price developed is, inter alia, affected by global supply and demand trends, GDP growth, geopolitical issues, influence from the OPEC and government regulations.

While oil is a global commodity, gas production is to a greater extent supplied to markets in the vicinity of discovered resources. For larger gas discoveries, it can be economically viable to produce LNG for supply to the global market.

2.1. Oil Market Overview

Figure 1. Distribution of proved oil reserves in 1990, 2000, 2010

(percentage)



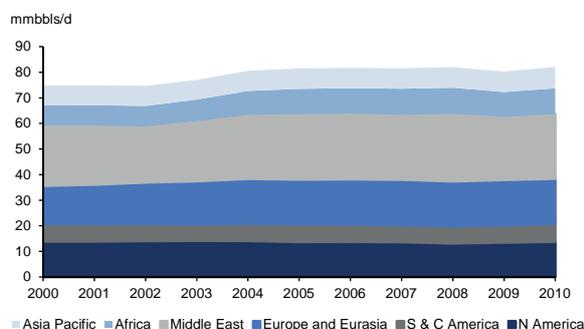
Source: BP Statistical Review

2.1.1. Supply and demand

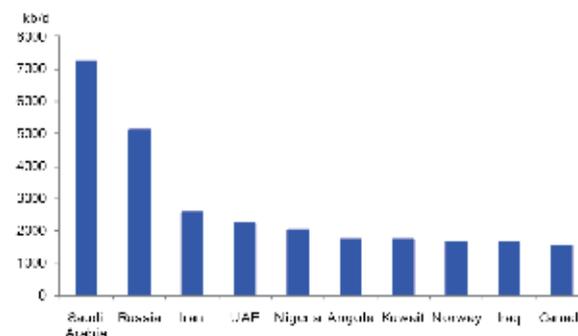
The OPEC countries, located in the Middle East, Africa and South & Central (S & C) America, control over 75% of the total global oil reserves and a large portion of (41% in 2009 and projected to grow to 52% by 2035¹) the world's oil supply is derived from its member countries. OPEC countries produce much more than their domestic consumption. As of 2009, Saudi Arabia was the largest exporter with over 7 million bbls/d.

Figure 2. Producers and exporters of oil

Global oil production profile 2000 – 2010



World's largest net exporters of crude oil in 2009



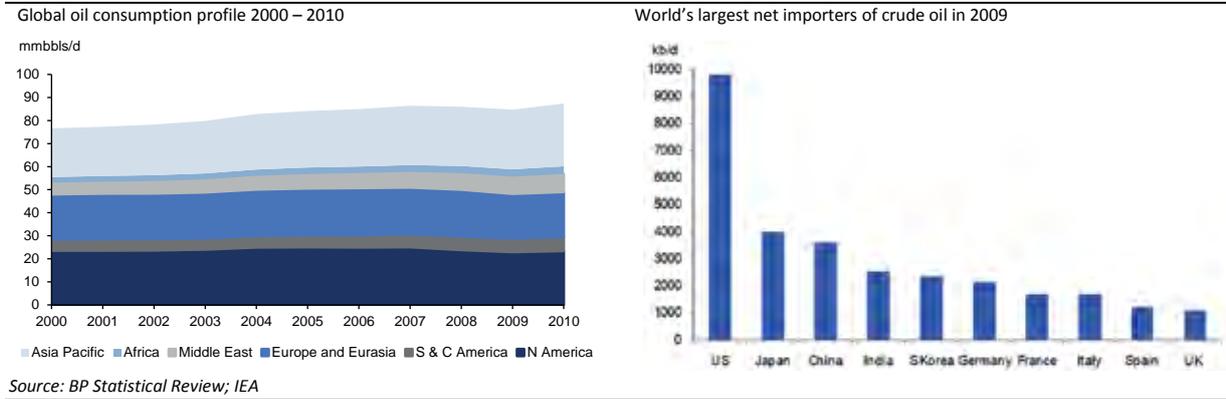
Source: BP Statistical Review; IEA

¹ IEA World Energy Outlook 2010

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On the other hand, demand for oil is dominated by developed economies of U.S. and Japan, followed by the rapidly growing economies of China and India, while the Middle East only accounts for a small portion (9% in 2009) of oil demand.

Figure 3. Consumers and importers of oil

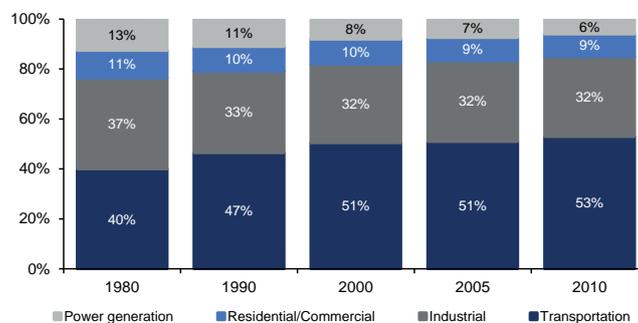


Transportation constitutes the largest share (53% in 2010) of oil usage and its share has been growing over the years as there are few substitutes in this segment. This is followed by industrial usage (32% in 2010), which has shown a relatively flatter trend over time. Following that are residential/commercial usage (9% in 2010) and power generation (6% in 2010), both of which are declining in terms of their total share of consumption.

2.1.2. Usage

Transportation constitutes the largest share (53% in 2010) of oil usage and its share has been growing over the years as there are few substitutes in this segment. This is followed by industrial usage (32% in 2010), which has shown a relatively flatter trend over time. Following that are residential/commercial usage (9% in 2010) and power generation (6% in 2010), both of which are declining in terms of their total share of consumption.

Figure 4. World oil demand distribution 1980 – 2010



2.2. Recent trends

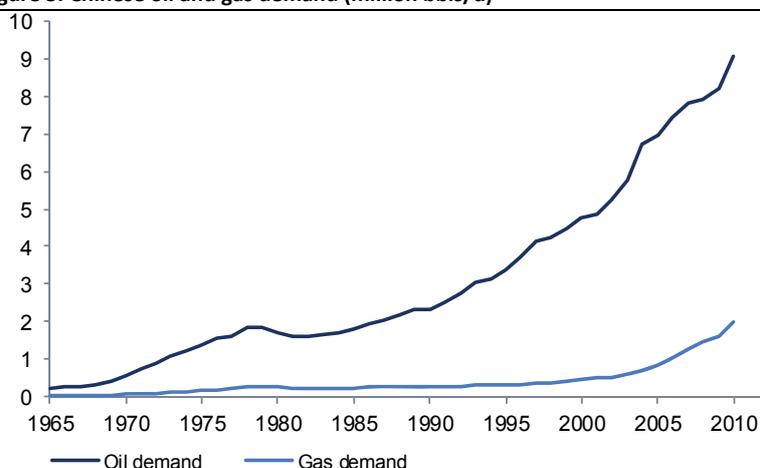
The recent trend in oil prices suggests that the global oil market has entered a period of increased scarcity. The origins of this scarcity can be traced to the tension between the upward shift in global oil consumption growth due to fast-growing emerging market economies and supply constraints which have led to a downshift in oil supply growth. The latter particularly reflects the drag from a growing share of maturing oil fields, which have raised both the production and the opportunity cost of bringing an additional barrel to the market. (Source: IMF, World Economic Review, April 2011)

2.2.1. Demand

Demand from OECD countries has been declining while that from non-OECD countries has been showing a robust growth since 2007. Demand growth is mainly being driven by the populous countries of Asia, which are experiencing high economic growth. Over the last decade China has accounted for about 40% of global oil demand growth (followed by the Middle East at 26%).²

² BP Statistical Review 2010

Figure 5. Chinese oil and gas demand (million bbls/d)

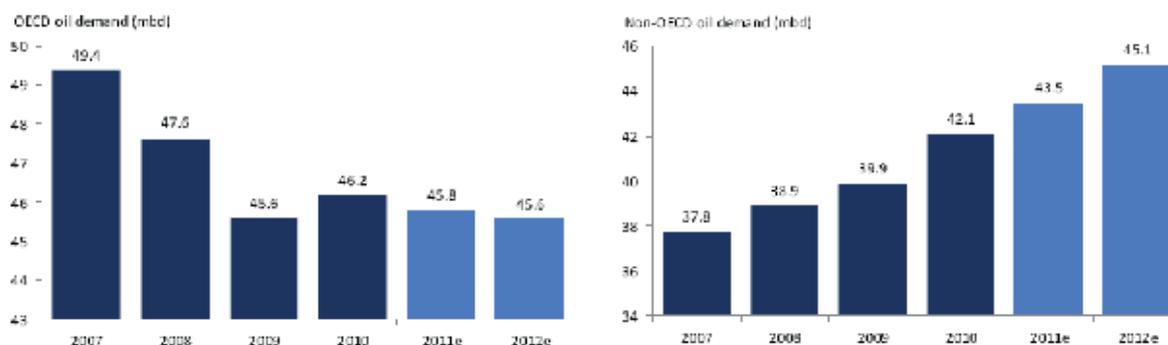


Source: BP; IEA; Bloomberg

2.2.2. Demand outlook

According to IEA, the global primary energy demand will continue to grow through 2035. Economic activity is the principal driver of demand for each type of energy service and the underlying GDP data (obtained from IMF, World Bank databases and IEA databases) shows a global GDP growth rate averaging at 3.2% per year from 2008 to 2035, with OECD growth at 1.8% and non-OECD growth at 4.6% for the same period. Population growth is also an important driver of the amount and type of energy use and data (obtained from United Nations Development Programme and World Bank databases) shows a global population growth of 0.9% with an OECD growth of 0.8% and a non-OECD growth of 1.0%.

Figure 6. Oil demand (mbd) from OECD and non-OECD countries



Source: IEA, Pareto

Non-OECD demand is expected to show robust growth fuelled by Asian economies.

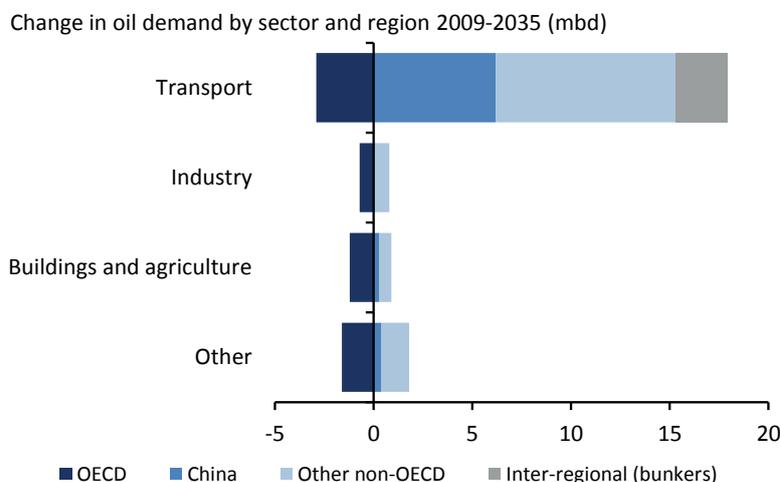
In the medium-term, demand from the OECD countries is expected to remain fairly stable while non-OECD demand is expected to show robust growth fuelled by Asian economies. In the longer term IEA expects OECD demand in 2035 to have fallen by over 6 million bbls/d compared to 2009 levels and that it would be offset by an increase of 19 million bbls/d in non-OECD countries over the same period. The biggest increase in demand in absolute terms occurs in China, increasing from just over 8 million bbls/d in 2009 to more than 15 million bbls/d in 2035, an increase of 2.4% per year on average.

According to the IEA, global demand for oil (excluding biofuels) is expected to increase from 84.8mmbbls/d in 2009 to 99 mmbbls/d in 2035³.

³ IEA World Energy Outlook 2010

The transport sector is expected to fuel the growth in global oil demand, accounting for almost all of the increase between 2009 and 2035.

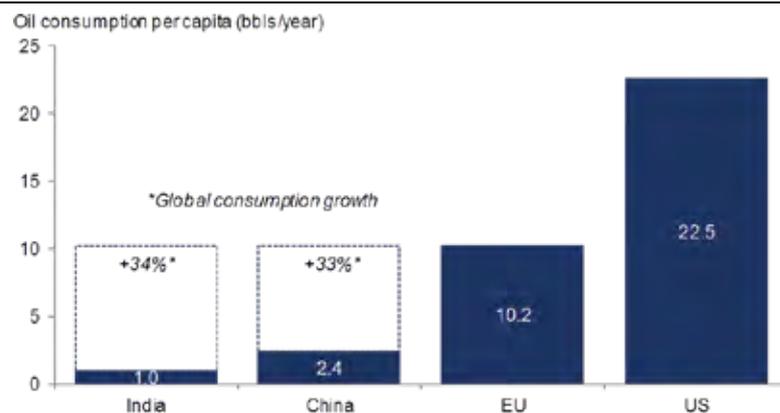
Figure 7. Demand growth 2009 – 2035 by industry and region



Source: IEA World Energy Outlook 2010

The transport sector is expected to fuel the growth in global oil demand, accounting for almost all of the increase between 2009 and 2035 according to the IEA. Demand for road transport fuels is set to continue to expand rapidly in China and other emerging non-OECD economies in line with rising incomes and expanded road networks, which will boost car ownership and usage as well as freight. Currently, there are only 30 cars for every thousand people in China, compared with around 700 in the United States and almost 500 in Europe. IEA projects the passenger light-duty vehicles in non-OECD countries to quadruple over the projection period to about 850 million, overtaking that of OECD countries soon after 2030. Moreover, since the growth of road transportation, oil consumption per capita will be highest in the most populous countries of China and India, which will have a significant expansionary effect on overall fuel consumption.

Figure 8. Oil consumption per capita (bbls/year)



Source: BP; IMF

If China and India were to reach EU levels, world oil demand would increase by ~ 67% from the 2010 level.

Overall oil consumption per capita in China and India remain low, at 2.4 and 1.0 barrels per year, respectively, compared to EU and USA, at 10.2 and 22.5 barrels per year, respectively (2010). If China and India were to reach EU levels, world oil demand would increase by ~ 67% from the 2010 level.

Although the long term oil demand is predicted to grow, turbulence in the global economy may impact demand for oil and gas and consequently, putting downward pressure on prices in the short to medium term.

2.2.3. Supply trends

The table below lists the major oil-producing countries based on 2010 production levels. Russia, Saudi Arabia and the U.S. lead with a cumulative share of ~34%. UAE ranks 8th and Oman ranks 23rd in the major oil producing nations as of 2010 with 3.5% and 1.1% global market share, respectively.

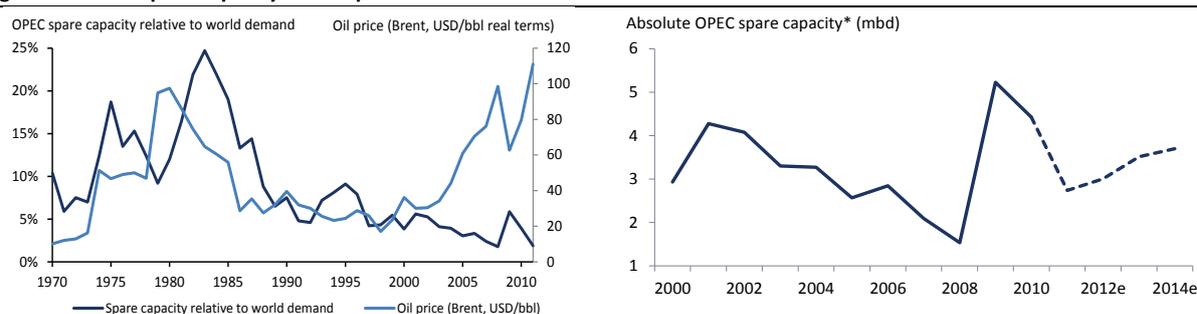
UAE ranks 8th and Oman ranks 23rd in the major oil producing nations as of 2010 with 3.5% and 1.1% global market share, respectively

Figure 9. Major oil producing countries

	Country	2010 Production (thousand bbls/d)	2010 Share of total
1	Russian Federation	10,270	12.5%
2	Saudi Arabia	10,007	12.2%
3	U.S.	7,513	9.2%
4	Iran	4,245	5.2%
5	China	4,071	5.0%
6	Canada	3,336	4.1%
7	Mexico	2,958	3.6%
8	United Arab Emirates	2,849	3.5%
9	Kuwait	2,508	3.1%
10	Venezuela	2,471	3.0%
11	Iraq	2,460	3.0%
12	Nigeria	2,402	2.9%
13	Brazil	2,137	2.6%
14	Norway	2,137	2.6%
15	Angola	1,851	2.3%
16	Algeria	1,809	2.2%
17	Kazakhstan	1,757	2.1%
18	Libya	1,659	2.0%
19	Qatar	1,569	1.9%
20	United Kingdom	1,339	1.6%
21	Azerbaijan	1,037	1.3%
22	Indonesia	986	1.2%
23	Oman	865	1.1%
24	India	826	1.0%
25	Colombia	801	1.0%
26	Egypt	736	0.9%
27	Malaysia	716	0.9%
28	Argentina	651	0.8%
29	Australia	562	0.7%
30	Ecuador	495	0.6%
	Rest of the world	5,072	6.2%
	Total world	82,095	100.0%

Source: BP Statistical Review 2010

Although the current global production of oil and gas is sufficient to meet current global demand, spare production capacity is limited and the lead time to develop new supplies is long. The main global spare capacity is estimated to be within the member countries of the OPEC. According to EIA reports, OPEC spare production capacity has, however, been declining fairly steadily over the past decade, interrupted only by a temporary spike during the global financial crisis 2008/09. Going forward, IEA forecasts a fall in OPEC spare capacity in 2011 with a modest growth until 2014.

Figure 10. OPEC spare capacity and oil prices

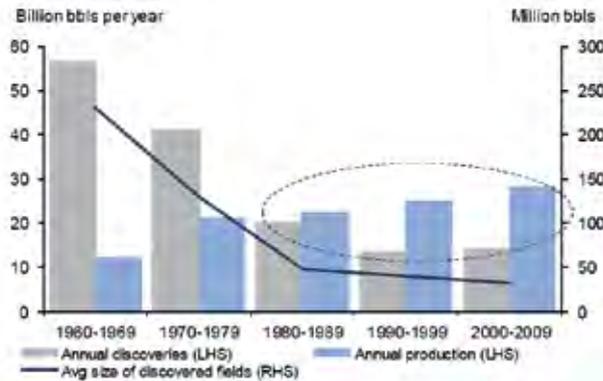
*Capacity in Libya: 0.4 mbd in 2011, 0.7 mbd in 2012, 1.5 mbd in 2013, 1.6 mbd in 2014 and 2015

Source: IEA; BP Statistical Review

Replacing production with new discoveries has become increasingly difficult with annual discoveries increasingly falling short of production since the 1980s, as easy and more accessible resources are continuously being depleted and it is becoming more challenging to uncover further resources. Exploration companies increasingly have to shift to deeper waters and unconventional sources to continue making discoveries. As a result, adding new production capacity becomes harder, and more marginal and higher cost resources have to be developed to meet demand.

Discoveries are struggling to keep pace with production since the 1980s

Figure 11. World oil* discoveries and production 1960 – 2009



Note: *crude and NGLs
Source: IEA, Pareto

Over the last decade FSU increased production by 5.5 million bbls/d meeting about 60% of increased demand. However, FSU’s contribution to increased production over the coming decade is expected to be marginal and new production will need to come from deeper water developments, Iraq, shale oil and oil sands.

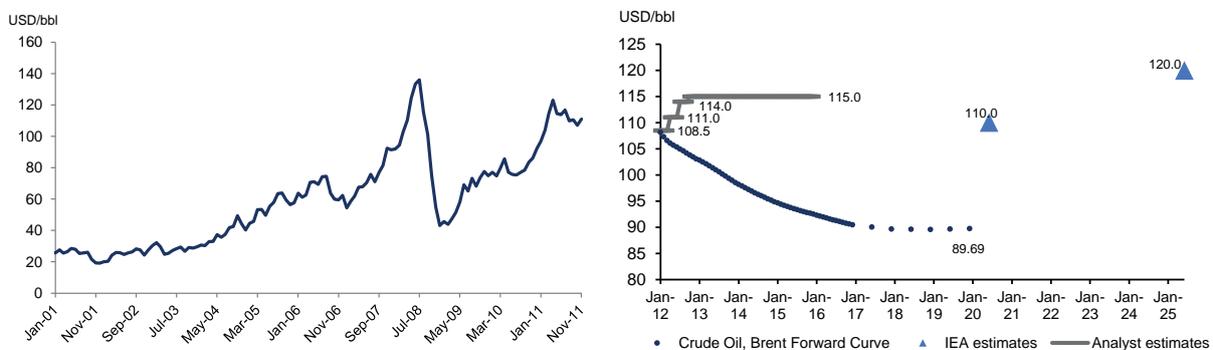
Vast global recoverable gas resource could potentially supply parts of future energy demand in the longer term, but will require significant infrastructure investments.

2.3. Price

2.3.1. Historical oil prices

Oil prices have significantly increased from the region of USD 20 to USD 30 per barrel in 2001 to the USD 90 to USD 100 per barrel region in 2011, having peaked in the middle of 2008 before it underwent a correction. Recently, oil prices have been significantly volatile as demand factors are affected by the European debt-crisis as well as a slower rate of economic recovery in European nations and the U.S.

Figure 12. Oil (Brent) price development 2001 – 2011 (Left) and oil (Brent) price predictions 2012 – 2020 (Right)



Note: Analyst estimates represent the median of the future Brent price published by 38 analysts and has been obtained from Bloomberg
Source: IEA; Bloomberg

E&P INDUSTRY REPORT (Cont'd)

Forward oil price contracts indicate a long-term crude oil (Brent) price of USD 91.5 per barrel

2.3.2. Oil price predictions

IEA's 2010 World Energy Outlook assumes an upward sloping price curve, reaching USD 120 per barrel in 2025 and USD 135 per barrel in 2035 (in real terms, 2009 prices) according to their Current Policies Scenario.

As of the date of this report, forward oil price contracts indicate a long-term crude oil (Brent) price of **USD 91.5 per barrel**.

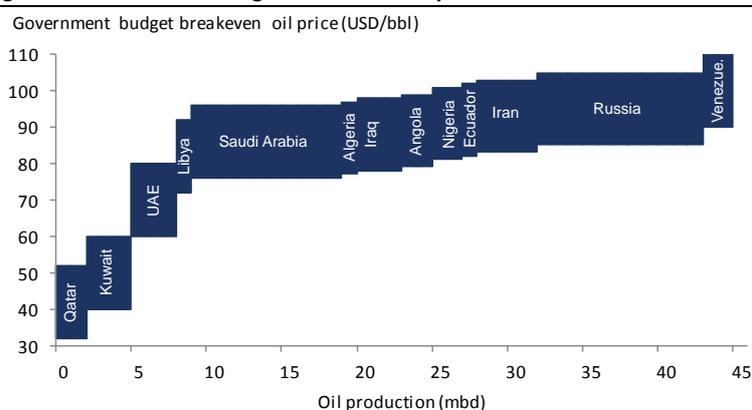
While most analysts and the IEA expect a rising price curve based on predicted future global GDP growth and the perceived tightness in the oil market, the forward Brent price curve reflects, among others, the probability of a new recession that is expected to have a negative impact on the oil price in the short to medium term.

2.3.3. OPEC influence on oil prices

The OPEC countries control over 75% of the total global oil reserves and a large portion of the world's oil supply. OPEC has a stated mission to "....ensure stabilization of oil markets...and...a steady income to producers..." and has shown a willingness to adjust production to meet its goals. For example, with the decline in exports from Libya during the uprising earlier this year, Saudi Arabia increased production to meet demand, seeking to avert a short term spike in prices.

On the other hand, the large oil producers of OPEC, in addition to Russia, have an interest in keeping prices steady, not only to avert price spikes that could be harmful to global GDP growth, but also to maintain a relatively high price to ensure that their respective government budget are balanced.

Figure 13. Government budget breakeven* oil price 2011



*Oil price needed to balance government budget
Source: IEA

The chart above shows the government breakeven price for the OPEC countries and Russia. It can be seen that the major oil producing countries such as Russia, Saudi Arabia, Iran and Venezuela have relatively high oil price requirement to finance their government spending. These countries (Russia and OPEC) therefore have an expected willingness to curb production to ensure that prices do not significantly drop below the current price level.

2.4. Gas Market

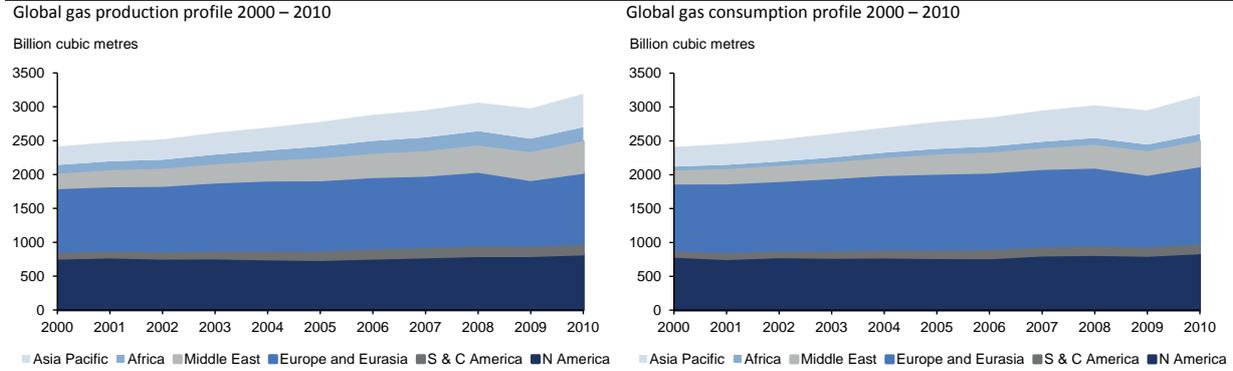
2.4.1. Demand

Natural gas is the world's third largest source of primary energy, accounting for 24% of total energy use in 2009. However, as a result of limitations of infrastructure, transportation and currency pricing, gas markets generally remain regional. However, there has been an increased focus on gas resources in recent years due to increased global gas demand. Oil companies have begun to search for gas in its own right, seeking to monetize it through the production of LNG. Due to this and the fact that gas, which historically would have been flared, is now being

Though natural gas is the world's third largest source of primary energy, gas markets generally remain regional

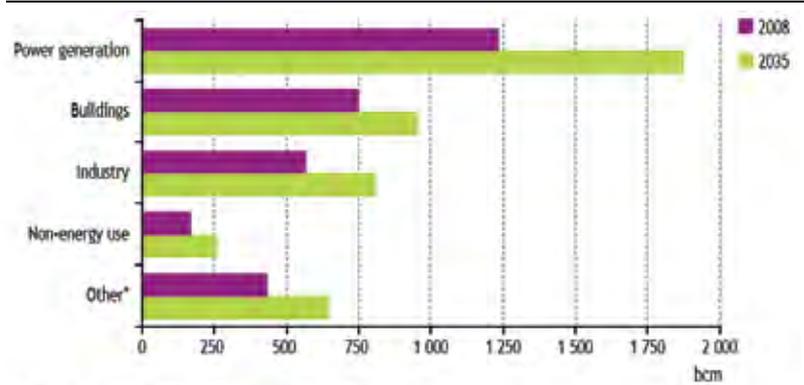
re-injected for later recovery, commercial gas reserves have risen by almost 30% over the last decade.

Figure 14. Global gas production (Left) and consumption (Right) profile 2000 – 2010



Source: BP Statistical Review

Figure 15. World natural gas demand by sector



* Includes other energy sector, transport and agriculture.

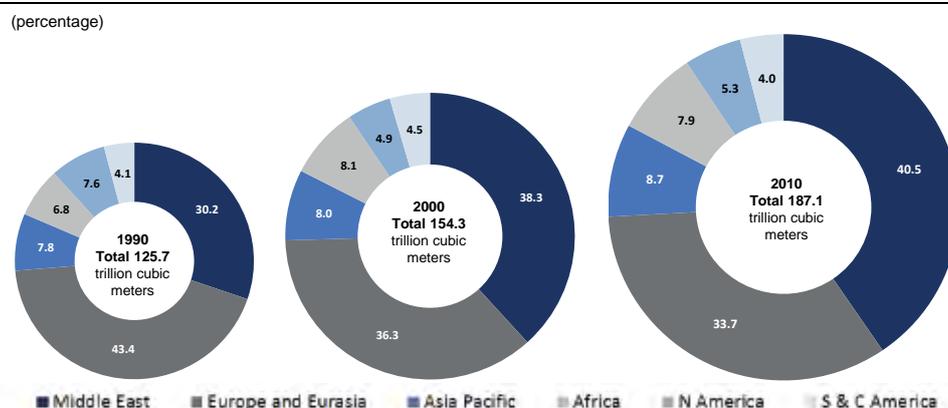
Source: IEA World Energy outlook 2010

2.4.2. Supply

Remaining resources of natural gas are abundant, relative to those of oil, and large enough to meet the projected increase in global demand. The overwhelming bulk of the world’s proven reserves are in the Middle East and FSU countries; just three countries — Russia, Iran and Qatar — hold 54% of the world total. Over the outlook period of 2008 – 2035, IEA expects the Middle East to have the largest expansion of gas production, with output more than doubling from 393 billion cubic meters in 2008 to 801 billion cubic meters in 2035. The region holds the largest reserves and has relatively low production costs, both for gas produced in association with oil and for dry gas. Four countries — Qatar, Saudi Arabia, Iran and Iraq — account for almost all of the increase. Around two-thirds of the increase in output will be consumed locally, mainly in power stations, and the remaining will be exported.

E&P INDUSTRY REPORT (Cont'd)

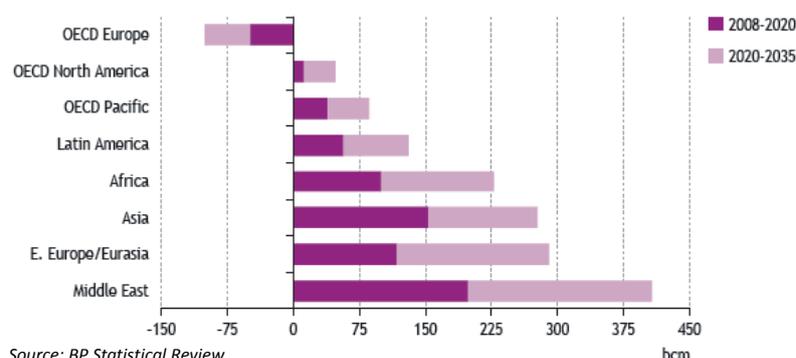
Figure 16. Distribution of proved gas reserves in 1990, 2000, 2010



Source: BP Statistical Review

IEA expects the Middle East to have the largest expansion of gas production, with output more than doubling from 393 billion cubic metres in 2008 to 801 billion cubic metres in 2035

Figure 17. Change in natural gas production by region 2008 – 2035



Source: BP Statistical Review

However, significant infrastructure investments are required to bring the gas to market.

2.4.3. Oman and the UAE

Oman's gas reserves are estimated by Wood Mackenzie to be 30 to 35 trillion cubic feet (tcf) and approximately 85% of that is held in ten fields operated by PDO, which will continue to be the main supplier of gas in the future. However, PDO will not be able to meet Oman's gas demand alone and will require assistance from other operators. It must be noted that whilst the oil sector is highly developed, the gas sector is relatively under-developed, with an average gas recovery factor of 52%. The UAE's sales gas reserves are estimated by Woods Mackenzie to be 45 to 50 trillion cubic feet. These estimates do not include gas which may be produced or used in operations or for re-injections into mature oil reservoirs. Gas production in the UAE is dominated by Abu Dhabi contributing 88% of total the UAE sales gas production. Gas infrastructure is well developed in the UAE.

2.5. Key producers in the Oil and Gas Industry

The producers are segregated into IOCs and NOCs. The six largest players globally, referred to as the 'supermajors' are IOCs such as Exxon, Chevron, RD/Shell, BP, ConocoPhillips and Total. Two other prominent ones are Statoil (Norway) and Ente Nazionale Idrocarburi or Eni (Italy). Some prominent NOCs are Saudi Aramco, National Iranian Oil Company, National Iraq Oil Company, Kuwait Oil Company, Qatar Petroleum, Petroleos de Venezuela, Gazprom (Russia), Petrobras (Brazil), Pemex (Mexico), Petronas (Malaysia) and China National Petroleum Corporation.

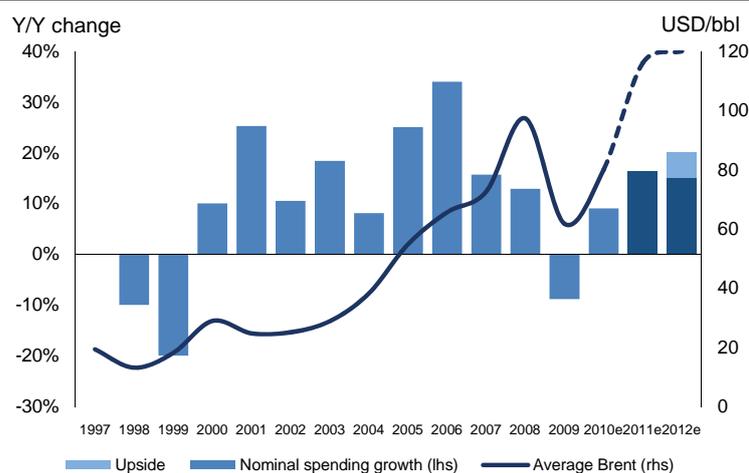
2.6. Global E&P spending outlook

Oil prices have been trading within a range of USD 70-120/bbl since 2010 and a continued recovery in global oil demand, MENA unrest and continued production challenges have supported an oil price of above USD 100/bbl year to date. Over the

recent weeks financial market volatility has increased significantly, however, oil prices have remained resilient to the uncertainty and are still trading at a favorable level for E&P spending, well above the average project planning price at USD 80/bbl E&P companies use for budgeting, with an average breakeven for new projects below USD 60/bbl. This has supported investment decisions on new upstream projects and E&P spending is expected to increase.

Pareto expects E&P spending to increase by 16% in 2011 based on recent data points

Figure 18. Percentage change in E&P spending vs. oil price



Source: Pareto

The development in oil and gas companies' upstream spending levels (E&P spending) is the main driver for oil services demand in general. In 2009, with the steep drop in oil prices, the operational cash flow of E&P companies declined significantly, impacting the ability to invest in new projects and in exploration in particular. Overall E&P spending declined 9% in 2009. With the improving market conditions in 2010, higher oil prices and improved E&P company cash flows, spending increased by 9%. In 2011, with oil price on average above USD 100/bbl, cash flows have improved and E&P spending increased. In particular, smaller and medium sized E&P companies saw strong increases in spending levels. Current budgets now point to an increase of 16% in E&P spending in 2011. Recent data points suggest that there may be an upside to the spending growth estimate in 2011.

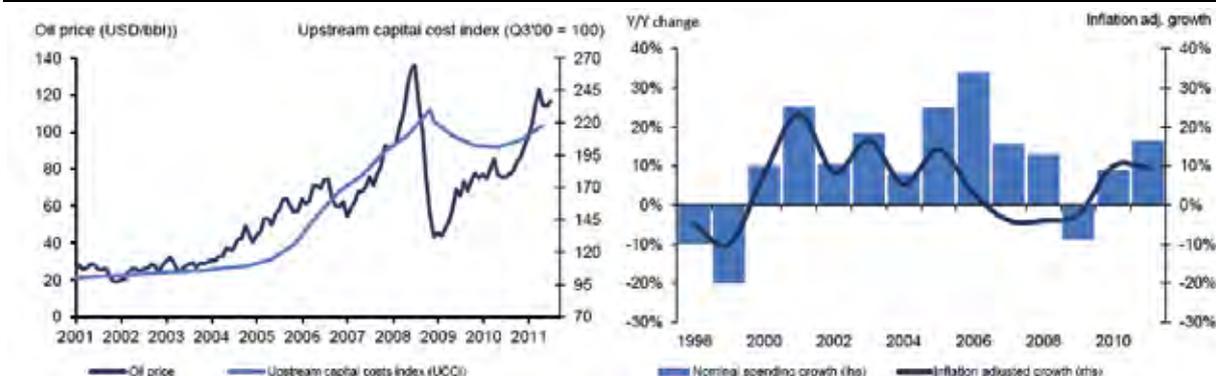
2.7. General impact of oil price on E&P

E&P spending impacts development in volumes (i.e. activity) and cost of oil services. In 2009, E&P companies viewed lower costs as one of the key factors for sanctioning projects. This came after upstream development costs more than doubled through the last bullish cycle, as capacity constraints lifted oil service pricing significantly. In 2006 to 2008, the cost development was in fact the main contributor to spending increases, leaving volumes slightly up (2006) or down (2007-2008).

As E&P companies slowed their project roll-out in the second half of 2008 and 2009, the supply side (oil services etc.) saw utilization drop, hence impacting their pricing negatively. Costs of oil services in 2010 declined by some 1-2%, on top of the drop of 7% in 2009, and hence the E&P spending growth last year of 9% saw a higher growth figure in terms of volumes (10-11%). This year, we estimate 16% growth in E&P spending. However, as costs have started to increase (drilling rig rates, OSV day rates, qualified personnel, onshore service costs etc.) volume growth will be lower (estimated to ~9%). As oil services utilization continues to improve in 2011 and into 2012, we believe that costs will continue to increase in 2012e.

E&P INDUSTRY REPORT (Cont'd)

Figure 19. Development in offshore/onshore costs (Left) and Nominal spending growth vs. volume growth (Right)



Source: Pareto Research, Bloomberg, IHS CERA Index (The index reflects only development costs, no finding costs such as exploration, seismic or appraisal costs are taken into consideration), Inflation adj. growth estimated by subtracting the CERA index from nominal spending growth

2.8. Summary

The oil market is, amongst others, highly dependent on future global GDP growth. However, most analysts see the oil market as being structurally tight and have adopted the following views:

- i. In the short to medium term oil price movement could be affected by the current turmoil in global financial markets. A double-dip recession will have a negative impact on the oil price in the short to medium term
- ii. However, the oil market remains structurally tight with low OPEC spare production capacity and most analysts expect this to limit the downside risk in oil prices. This view is supported by IMF: "The recent trend increase in oil prices suggests that the global oil market has entered a period of increased scarcity"
- iii. Oil demand growth is positively correlated to economic growth. This is especially true for the populous countries of Asia that have low consumption per capita relative to the developed economies of North America and Europe. The growth prospects of emerging economies, especially China and India, will significantly impact overall demand for and the price of oil
- iv. Vast global gas reserves should be able to meet some of the increase in energy demand, however, it will take time and significant investments to enable the supply of gas to the main consuming markets and substitution from oil to gas based consumption
- v. As the oil price is expected to stay above the USD 100/bbl level, E&P spending is also expected to increase. An increase in E&P spending and activity will increase demand for oil services and thereby lead to an increase in E&P capex and opex costs

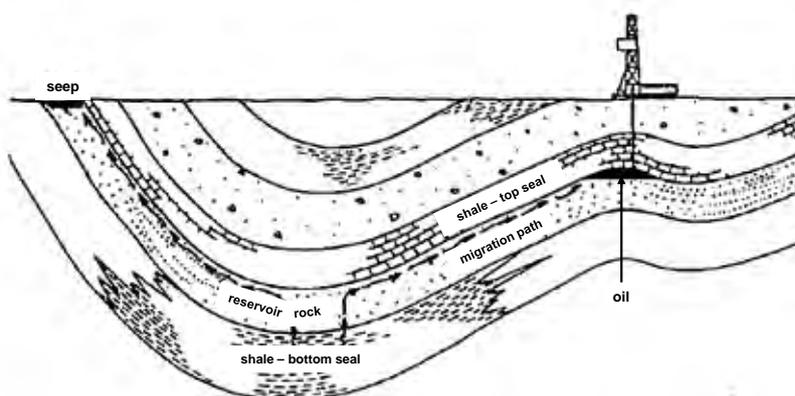
3. Hydrocarbon systems

The source of oil & gas is organic matter preserved in sedimentary rocks. As sediments are deposited, both inorganic (sands and mud) and organic matter (dead plants and animals) are mixed. The decomposition of organic matter from plants and micro-organisms in waters with little oxygen, or at a rate faster than at which they could be consumed/oxidised, led to the establishment of layers of organic matter and sand/mud particles on the sea bed, which were subsequently buried under further sedimentary layers and compacted as the earth's conditions changed.

The most important factor in the generation of the crude oil from organic matter in sedimentary rocks is temperature. A minimum temperature of about 65°C is necessary for oil generation under typical sedimentary basin conditions. The temperature is obtained through the burying of organic rich sedimentary layers. The greater the temperature and pressure the more the hydrocarbon chains were broken down from bitumen to oil to natural gas.

To successfully accumulate oil and gas in economic quantities four elements must coincide – (i) kitchen; (ii) migration/reservoir rock; (iii) seal/trap; and (iv) accumulation/reservoir.

Figure 20. Migration of oil and gas in sedimentary rock basin



Source: Norman J.Hyne, Pareto

To successfully accumulate oil and gas in economic quantities four elements must coincide

Kitchen

Migration/permeable reservoir rock

Trap/seal

Accumulation/reservoir

(i) Source rock/'kitchen'

As the organic rich 'source rocks' were buried over time and subjected to ever greater pressure and temperature the organic matter was broken down to form hydrocarbons in the earth's 'source' **kitchen**.

(ii) Migration/permeable reservoir rock

Once these hydrocarbons are formed, they are less dense and occupy a greater volume, and are hence driven upwards from the host rocks via micro fractures in permeable reservoir rock into new depositional stratum or to the surface through a process known as **migration**.

(iii) Seal/trap

The migration process is likely to continue until the oil or gas reaches an impermeable layer of rock whereupon it gets trapped, with the rock in which it was trapped most likely reefs, sandstone or limestone, effectively acting as reservoir. Oil and gas seeps on the surface occur when the migration of hydrocarbons does not meet a seal/trap, when a reservoir is saturated or the seal does not have a configuration that traps the oil and gas in a reservoir.

(iv) Accumulation/reservoir

The permeability and porosity of the rock beneath a seal/trap i.e. the **reservoir rock** determines the quality of the oil and gas reservoir. A reservoir rock is a rock that can both store and transmit fluids. Porosity is the percentage volume of the

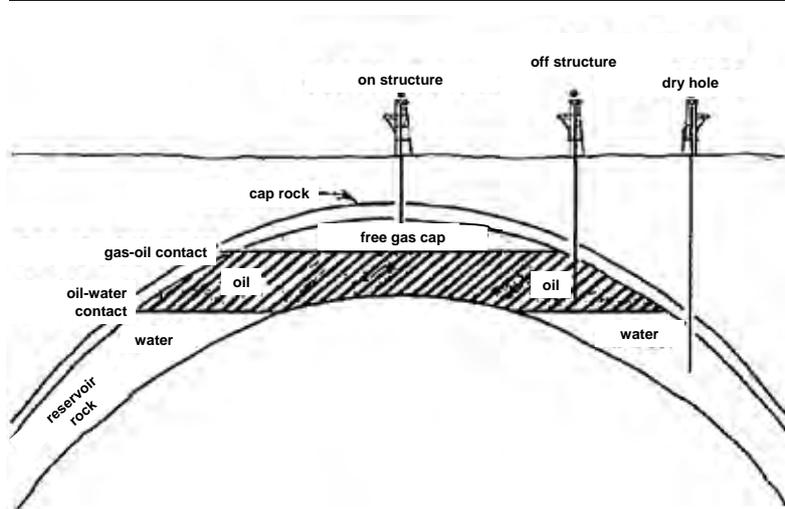
rock that is not occupied by solids. These volumes are called spores and in the subsurface they contain fluids such as water, gas and oil. Permeability is a measure for the ease with which a fluid can flow through a rock. Porosity and permeability is interrelated; in general the greater the porosity the greater the permeability.

Once the gas and oil migrate into the trap they separate according to density. Gas accumulates at the top to form the free-gas-cap, oil goes to the middle forming the oil reservoir and salt water, being the heaviest goes to the bottom.

'Dynamic' working hydrocarbon system

In order to accumulate oil & gas in economic quantities, the four elements mentioned above must coincide in a **dynamic system** in which each element can interact; the source rock generates the hydrocarbons, which needs to migrate to a suitable reservoir interval and being contained by an effective seal/trap.

Figure 21. Oil and gas accumulation



Source: Norman J. Hyne, Pareto

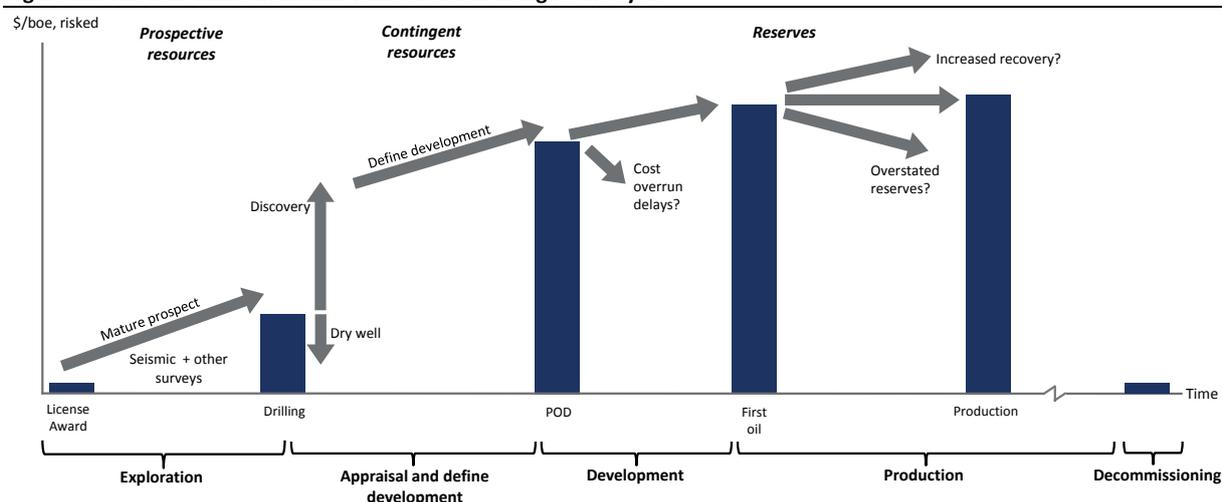
4. The Life Cycle of Exploration and Production

4.1. Overview

The greatest value-add is between the drilling and POD (Plan of Development) phases if there has been a discovery

For E&P companies, the first major value creation takes place in the exploration phase, subject to discovery of commercial resources. In the event of a dry well the value of an asset will be significantly reduced. The second key value generating milestone is the approval of the Plan of Development (POD). As the development is progressing towards production, the inherent risk in development is reduced resulting in increased valuations of the asset. However, valuation might be reduced by higher than projected capex requirements or unforeseen delays. Subsequently, after first oil, value may be added or diminished. Value could be increased by improved reserve estimates, lower than projected operating costs or higher than estimated recovery rates, while it might be diminished if reserve estimates are reduced, recovery is less than projected, or an unforeseen increase in operating costs. As the reservoir is depleted towards abandonment, the value of the field is also depleted.

Figure 22. The E&P value chain and value creation along its life cycle



Source: Gaffney, Cline & Associates, Pareto

The above illustration is based on DCF estimates of a generic offshore oil field and validated by value/boe in asset transactions. The E&P value chain may be divided into various phases, each of which is explained further below.

4.1.1. Exploration phase

Exploration activities involve the search for rock formations with hydrocarbon deposits, typically using seismic surveys, to increase probability of drilling in the right location

Exploration activities involve the search for rock formations with hydrocarbon deposits. After obtaining an exploration license from the host government, seismic surveys are typically used to assess the potential of oil and gas prospects, and increase probability of drilling in the right location. Other methods for verifying the probability of existing hydrocarbon systems and accumulations and to reduce exploration risks are also employed – such as identification of oil & gas seeps and gravity & magnetic surveys. Prospects with promising geological structure are then identified for drilling. Upon drilling, one may be successful in discovering resources or may encounter a dry well. A significant portion of the drilled exploration wells are dry with a large amount of the discoveries being non-profitable. On average 50% of all exploration wells are dry, with about half of the discoveries being of commercially recoverable quantities.

The discovery of commercial amounts of hydrocarbons can provide a significant uplift in the value of an oil & gas asset and the companies with interest in it. The E&P Company will then usually proceed to drill delineation wells to obtain better understanding of the reservoir and the volumes actually recoverable.

The Geological Chance of Success (GCoS) is a risk factor estimated by geologists relating to uncertainties about the existence and recoverability of resources in a given field. The GCoS is estimated based on seismic data and other available

information and is the product of seven probability factors/elements – (i) source (ii) source efficiency (iii) reservoir presence (iv) reservoir quality (v) seal (vi) trap geometry and (vii) hydrocarbon quality. A source rock is needed to generate the hydrocarbons which must then efficiently migrate from the mature source rock into the reservoir rock. A suitable reservoir interval is needed to bear the hydrocarbons and the quality of this reservoir is judged by its porosity such that the hydrocarbons can be extracted efficiently. A seal is needed on the top of the reservoir to contain the hydrocarbons in the reservoir and the geometry of the trap should be favorable to allow extraction of these hydrocarbons. The hydrocarbon quality must be assessed to ensure the oil is not biodegraded or that the gas does not contain non-desirable content. All these factors/elements must coincide and occur in a dynamic system in order to accumulate oil & gas in economic quantities.

Development involves planning and setting up the necessary infrastructure to produce hydrocarbons

4.1.2. Development phase

Once the discovered resources are well understood and the POD is approved by the host government, the contractor can proceed to develop the asset for production. The development phase can involve significant capital expenditures. Development involves drilling of production wells and possibly also injection wells, in addition to the necessary infrastructure to produce the hydrocarbons, which could be in the form of platform, subsea facilities, pipelines, floating production storage facilities.

Generally, an offshore field can be developed using offshore platforms and floating production systems. If the field is close to shore and in relatively shallow water production could be piped to shore for processing. Depending on the size of the field, more wells may be required to optimize production.

Developing E&P assets is challenging and involves a long list of risks. When valuing oil and gas assets that are in the exploration and development phases, a risk factor is normally employed on discounted cash flows that takes into account risks related to development process of oil and gas fields, including risk of commercialization, technical challenges, cost overruns, delays, changes in volume estimates etc.

Production phase involves the extraction, processing, storage, and transportation of hydrocarbons

4.1.3. Production phase

The production phase involves the extraction, processing, storage, and transportation of hydrocarbons from the fields. Oil and gas fields have significantly different production profiles. While oil fields generally reach peak production early in the production period, gas assets often produce at a peak plateau before commencing decline.

As oil and gas is produced, pressure in the reservoir drops, resulting in declining flow rates and gas production tends to increase at the expense of higher valued oil. Furthermore, as the reservoir is depleted water production may increase. Various techniques are employed to enhance recovery rates and maximize oil production; the contractor can drill more wells, shut off lower producing zones to reduce water production, drill water or gas injection wells, installation of surface or down-hole pumps, fracturing of the reservoir etc. However, even if the efforts could stabilize production and increase the lifespan of the field, they will increase the operation expenses incurred.

4.1.4. Decommissioning phase

As production from a field declines to a point where the cost of production does not justify further extraction, the field will be abandoned. The wells will need to be plugged, and production facilities will need to be removed. This can be a costly process and the host government usually will require the contractor to build up an abandonment fund prior to the estimated time of decommissioning. As this fund is being built up, the contractor is normally allowed to recover the cost from the field's revenue.

4.2. Types of oil services assets used

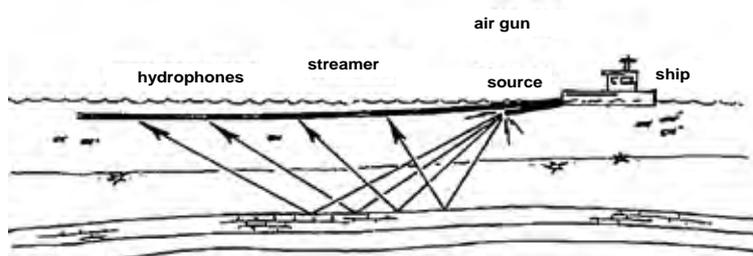
4.2.1. Seismic assets

The objective for an oil company in applying seismic techniques is to provide input in their exploration activities to de-risk prospects before drilling. Traditional seismic is based on acoustic sound waves, providing information about different subsurface geological layers. It is typically based on a towed streamer approach, where the

E&P companies most commonly use seismic techniques during their exploration phase

assets involved are typically the streamer itself and the vessel towing the streamer, possibly working in combination with a source vessel and other streamer vessels. Various other methods involving a variety of assets exist, but towed seismic is considered to be the most common methods.

Figure 23. Illustration of seismic methods at sea



Source: Norman J.Hyne, Pareto

4.2.2. Offshore drilling assets

Offshore drilling assets refer primarily to offshore rigs including tender rigs, drill barges, jack-up rigs (JU), semi-submersible rigs, and drill ships. “Floaters” is a generalized term for semi-submersible rigs and drillships. Typically, tender rigs, drill barges, and jack-up rigs are used in shallow water regions, while floaters are used in deeper water regions.

Figure 24. Deployment of oil services assets in each E&P phase

	Exploration	Development	Production	Decommissioning
Period:	1-3 years	2-4 years	5-50+ years	Upon oilfield depletion
Sensitivity to oil price:	High	Medium	High oil price extends lifespan of oilfield	High oil price defers decommissioning
Drilling and production assets required:	<ul style="list-style-type: none"> Drilling barges / drillships Rigs 	<ul style="list-style-type: none"> Drilling barges / drillships Rigs Production facilities Storage facilities 	<ul style="list-style-type: none"> Production facilities Storage facilities 	N.A.
Vessels deployed:	<ul style="list-style-type: none"> Seismic survey vessels Offshore supply vessels 	<ul style="list-style-type: none"> Subsea support vessels Offshore supply vessels 	Offshore supply vessels	<ul style="list-style-type: none"> Offshore supply vessels Subsea support vessels

Source: Pareto

4.2.3. Offshore production and storage assets

Offshore production and/or storage assets refer to production platforms, floating production storage, and offloading vessels (FPSOs), and floating storage and offloading vessels (FSOs). Production platforms are categorized into fixed and floating platforms. Fixed platforms are anchored directly onto the seabed. These assets have deck space for drilling equipment, production facilities and crew quarters. Due to their immobile characteristics, these assets are designed for very long-term use. Fixed platforms can operate in water depths of up to 2,000ft.

4.2.4. Offshore support vessels and subsea support vessels

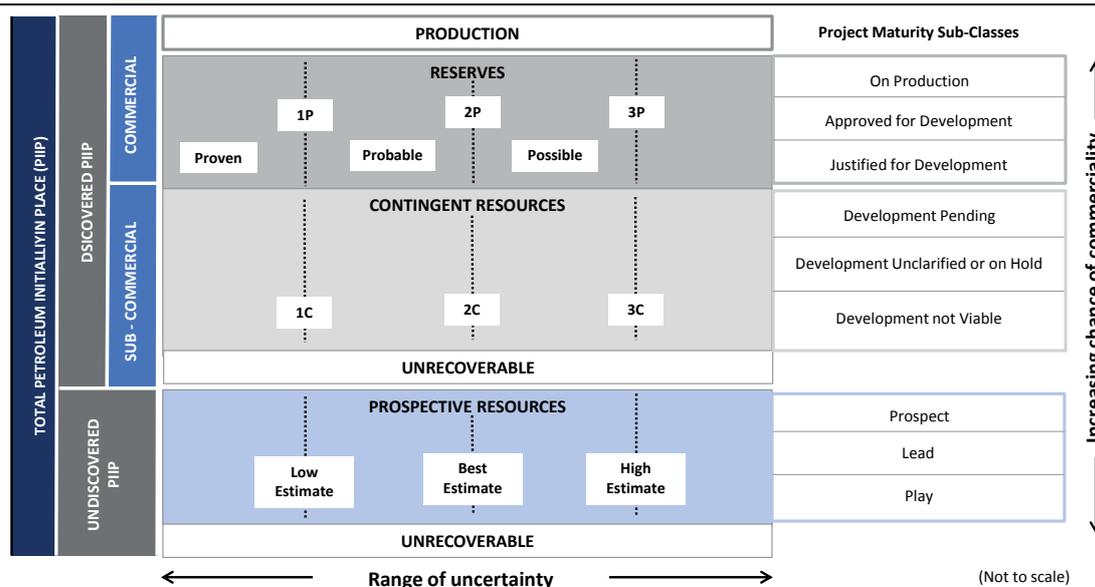
Offshore Support Vessels (OSVs) and subsea support vessels (SSVs) are marine assets that provide support services to offshore drilling (rigs) and production assets (production platforms, FPSOs, and FSOs) utilized in E&P activities. Different drilling and production assets require different degrees of support from offshore vessels; typical support activities include rig towage, anchor setting, and cargo supply. As a general rule, harsher operating environments require support from deepwater-capable vessels.

OSVs and subsea support vessels are marine assets that provide support activities to offshore drilling, and production assets.

5. Resources and reserves

Oil and gas assets are classified according to uncertainty and chance of commerciality. Exploration assets with undiscovered oil and gas are typically classified as prospective resources and are associated with low chance of commerciality while oil and gas discoveries with an approved plan of development have a higher chance of commerciality and are classified as reserves.

Figure 25. Resource classification



Source: Gaffney, Cline & Associates, Pareto

5.1. Prospective resources - Undiscovered oil and gas

The prospective resource estimates for unexplored areas where no prior drilling has confirmed the existence of oil and gas is primarily based on interpretation of data collected from various seismic technologies. Hence, the chance of commerciality is relative low. The estimated volume of recoverable prospective oil and gas resources is typically classified either low estimate (conservative estimates having a high degree of certainty), best estimate (most realistic assessment and best estimation of certainty) or high estimate (aggressive estimates having a low degree of certainty).

For best estimate there is at least a 50 percent probability (P50) that the quantity of resources actually recovered will equal or exceed this best estimate. In addition, the geologists will typically estimate the GCoS for prospects, i.e. the likelihood of finding oil or gas represented by a probability figure in percent.

Recoverable prospective resources are a subset of the total estimated prospective resources thought to be technically recoverable. The recovery factor is the percentage of OIIP or GIIP that the reservoir will produce and it depends on 1) the viscosity of the oil 2) the permeability of the reservoir, and 3) the reservoir drive.

5.2. Contingent resources and reserves – Discovered oil and gas

For the resources to be classified as reserves they will need to be confirmed through drilling of the prospect and a POD will need to be approved by the host government.

5.2.1. Contingent resources

Contingent resources are those quantities of hydrocarbons which are estimated, on a given date, to be potentially recoverable from known accumulations, but which are not currently declared to be commercially recoverable. These resources may be of a significant size but still have constraints to development. The estimated

volume of recoverable contingent oil and gas resources is typically classified as either 1C (conservative estimates having a high degree of certainty), 2C (most realistic assessment and best estimation of certainty) or 3C (aggressive estimates having a low degree of certainty), resources.

For 2C there is a 50 percent probability that the volumes actually recovered will equal or exceed the estimates. The GCoS is typically 100% as the estimate is from known accumulation.

5.2.2. Reserves

In order to be classified as reserves, a detailed plan of development for the resources prepared by the company or companies which intend to develop the prospect needs to be approved by the host government of the country in which the resource is located. Hence, reserves have high chance of commerciality. The estimated volume of recoverable oil and gas reserves is typically classified as 1P (conservative estimates having a high degree of certainty), 2P (most realistic assessment and best estimation of certainty) and 3P (aggressive estimates having a low degree of certainty), resources.

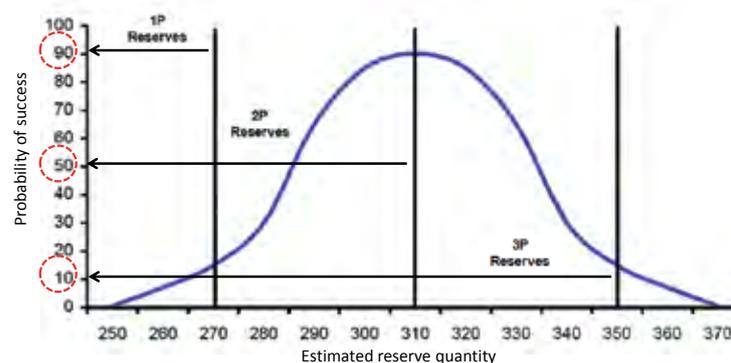
For 2P there is a 50% probability that the volumes actually recovered will equal or exceed the estimates. The geological chance of success is 100% as the estimate is from a known accumulation.

However, the absolute level of reserves in a given field and their recoverability will remain unknown until production reaches the economic limit and the reservoir is abandoned. Any reserves estimate is thus almost certain to be inaccurate. The objective of the guidelines and requirements on reserves reporting is to provide investors with a realistic but, if anything, conservative estimate of available reserves.

Definitions – proven, probable and possible resources and reserves

The Society of Petroleum Engineers' definition is based on a probabilistic approach and is classified as follows:

Figure 26. 1P, 2P and 3P reserves



Source: Pareto

SPE definitions – Proven reserves (1P), proven and probable reserves (2P) and proven, probable and possible (3P) reserves

Proven (1P) reserves: Reserves that, to a high degree of certainty (90% probability or P90), are recoverable from known reservoirs under existing economic and operating conditions and there is relatively little associated risk.

Proven plus Probable (2P) reserves: Reserves that analysis of geological and engineering data suggests are more likely than not to be recoverable. There is at least a 50% probability (P50) that reserves recovered will exceed the estimate of Proven plus Probable reserves.

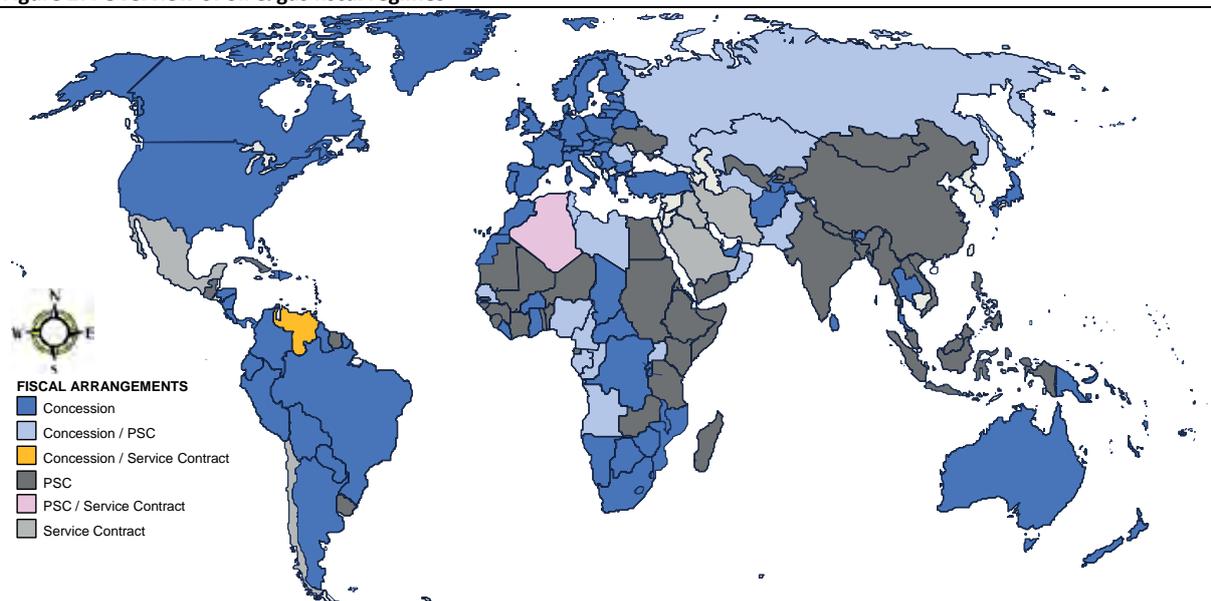
Proven, Probable plus Possible (3P) reserves: These are those reserves that, to a low degree of certainty (10% probability or P10), are recoverable.

6. Oil and Gas Taxation

Government take represents the single largest portion of an oil and gas project's cash flows, with the global average estimated to be ~67% of the industry's pre-tax NPV

Due to the scale, value and strategic importance of the oil & gas industry, governments have long been using it as an important potential source of revenue. Government-take represents the single largest portion of an oil & gas project's cash flows, with the global average estimated to be ~67% of the industry's pre-tax NPV. Most countries have established separate, distinct tax legislations with specific fiscal terms for calculating the revenues and taxable profits. While no two countries will have identical fiscal legislation, the two main systems are (1) tax & royalty, and (2) production sharing arrangements. Those which are based on CAs focuses on a tax and royalty system and those which are contract based represent a defined contractual arrangement between the resource holder and the contractor, most commonly in the form of PSCs.

Figure 27. Overview of oil & gas fiscal regimes



Source: Wood Mackenzie, Pareto

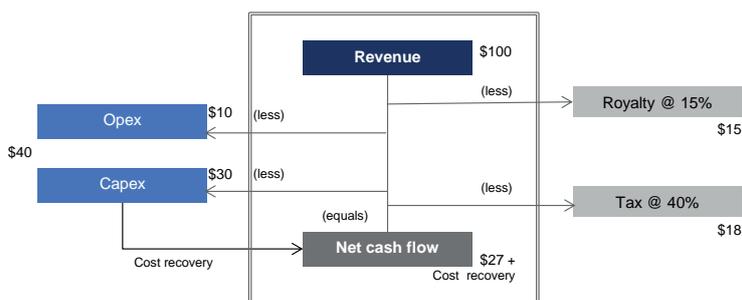
6.1. Tax and royalty concessions

This is a system where the oil company is granted the rights to explore for resource within a defined onshore or offshore acreage. The concession holder takes ownership of all resources found on that acreage, but pays a percentage of their value upon extraction to the government, often together with a modest annual fee to retain the acreage. Overall, the government's take under a concession varies, depending upon royalty rate, various hydrocarbon taxes, corporation tax rate and the rate at which capex can be recovered against profits. When oil prices or recovered oil or gas volumes rise, the government's relative share of the profit tend to increase on a sliding scale basis.

Tax and Royalty Concessions

Concession holder takes ownership but pays a percentage of extracted value to the government along with a modest annual retention fee

Figure 28. Example of Tax and Royalty Concessions*



Source: Pareto

7. Country Information

7.1. Oman

7.1.1. General information

The Sultanate of Oman is located in the Middle-East, bordering UAE, Saudi Arabia and Qatar and with the Arabian Sea on the east.

Oman is the largest non-OPEC producer in the Middle-East offering a stable operating environment with a collaborative government offering PSCs with relatively attractive terms. Crude oil output in Oman has been increasing year-on-year since 2008, yet its offshore fields remain largely unexplored.⁴

Oman is an Islamic absolute monarchy with a population of approximately 2.8 million⁵ as of December 2010.

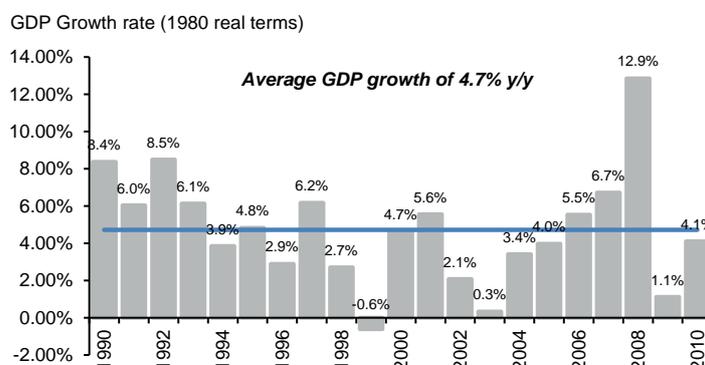


Quick facts:

Population (Dec 2010):	2.8m
Capital:	Muscat
Liquid reserves (1/1/11):	4.8 bn bbbls
Liquid production (2009):	813k bbl/d
Reserves/production:	16.3 years
Gas reserves(1/1/2011):	30.1 tcf
Gas production (2009):	2.4 bcf/d
Reserves/production:	33.8 years

Source: Wood Mackenzie

Figure 30. GDP growth rate year-on-year



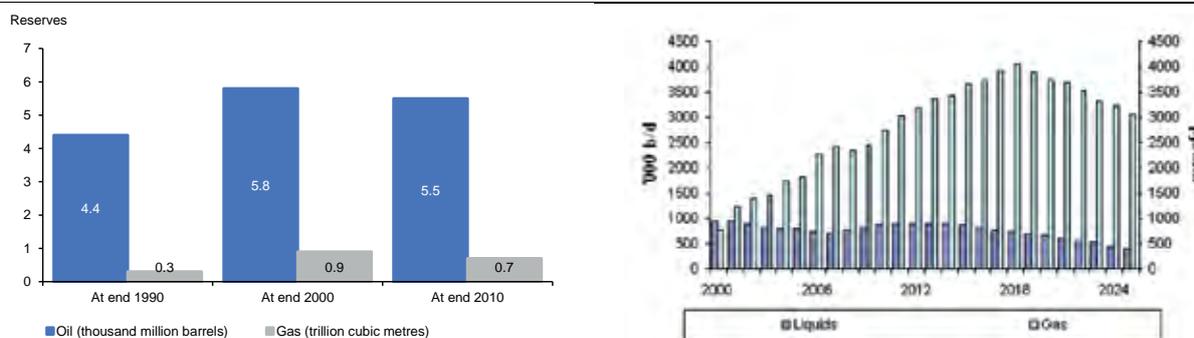
Source: Bloomberg, Pareto

The Economic Intelligence Unit estimates a GDP growth rate of 4.4% for 2011.

7.1.2. Reserves and production

Commercial liquids and gas reserves are found in five sub-basins in Oman, namely the Central Oman, Musandam, Oman Foreland, South Oman and West Oman Sub-basins. Oman's initial reserves are distributed fairly evenly among the four main producing basins of South, Central and West Oman and the Oman Foreland Sub-basin in northern Oman. The South Oman and the Oman Foreland Sub-basins contain predominately oil reserves, while the Central and West Oman Sub-basins, besides having significant oil and condensate reserves also contain vast reserves of both free and associated gas. Compared to 1990, both oil and gas reserves in Oman have increased, though they have declined since 2000, seen in Figure 31.

Figure 31. Reserves development (1990 – 2010) (Left) and liquids and gas production (2000 – 2024E) in Oman (Right)



Source: BP Statistical Review 2010, Wood Mackenzie, Pareto

⁴ Wood Mackenzie Oman Country Report, Middle East – SE Arabia & Iran – Oman, July 2011

⁵ Oman Census final results (December 2010)

Oman's main oil fields are now mature and remaining oil reserves depend largely on how successful PDO and Occidental of Oman, Inc. (Occidental), Oman's second-largest oil producer, are in increasing recovery rates from existing, technically challenging, reservoirs. After years of declining oil production due to PDO's aging fields, crude oil output has been increasing again year-on-year since 2008, largely due to the success of Oman's major enhanced oil recovery (EOR) project at the Mukhaizna field, and the stabilization of production on PDO's Block 6, Oman's main producing area. PDO has also implemented a number of EOR initiatives to maintain its own crude production around 550,000 bbls/d over the next five to eight years. The success of these and future EOR projects will largely dictate the level to which Oman's total liquids production can be maintained over the medium term.

After years of declining oil production due to PDO's aging fields, crude oil output has been increasing again year-on-year since 2008, largely due to the success of Oman's major enhanced oil recovery (EOR) project declining

Oman's remaining gas reserves are estimated at 30 to 35 tcf and, as with oil, the vast majority is held within PDO's contract area. The deep reservoir of the Saih Rawl field is the country's largest proven non-associated gas field, containing around 40% of the remaining reserves. Oman's gas reserves will increase significantly if Oman Oil Company's Abu Butabul and BP's Khazzan-Makarem fields are successfully appraised.

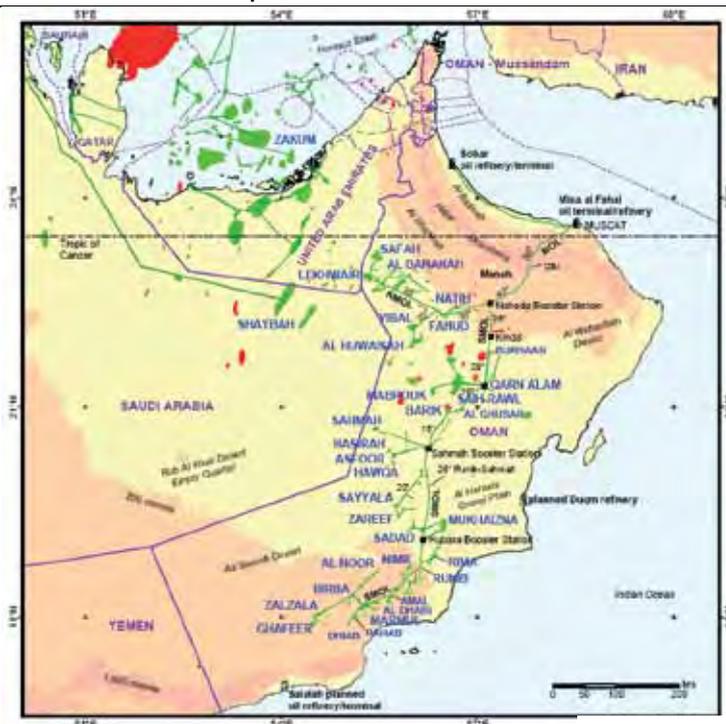
(Source: Wood Mackenzie Oman Country Report, Middle East – SE Arabia & Iran – Oman, July 2011)

7.1.3. Oil and gas infrastructure

Oman has a highly developed oil infrastructure network which is almost exclusively owned and operated by PDO and comprises around 2,200 kilometres of oil pipelines. This includes Main Oil Line (MOL), which extends from the south to north through the main production areas, as well as the other tributary inter-field oil and condensate pipelines. Oman has oil storage facilities at Mina Al Fahal, its main oil terminal, with a capacity of around 4.8 million barrels and two export single buoy moorings, which berth around 350 crude tankers on an annual basis. In addition, PDO operates four major oil pumping stations at Hubara, Sahmah, Qarn Alam and Nahada. The MOL segment from Nahada to Mina Al Fahal has a nominal export capacity of 994,000 bbls/d.

Oman has a highly developed oil infrastructure network comprising ~2,200 kilometres of oil pipelines

Figure 32. Oil infrastructure map - Oman

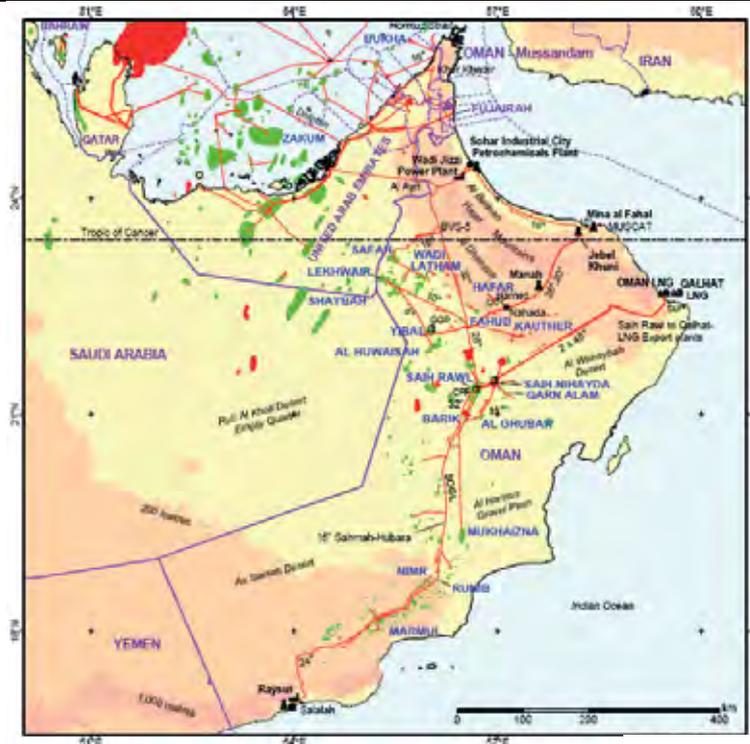


Source: Wood Mackenzie

There are two refineries operating in Oman, including the Mina Al Fahal refinery and the Sohar refinery. There are also tentative plans for new refineries at Duqm and Salalah. The Mina Raysut port near Salalah has an oil pier with one dolphin berth for handling tankers of up to 45,000 dwt.

The gas pipeline network in Oman comprises ~2,500 kilometres of well-connected pipelines

Figure 33. Gas infrastructure map - Oman



Source: Wood Mackenzie

Oman's gas pipeline network comprises approximately 2,500 kilometres of pipelines, including the main gas export pipeline to the LNG terminals at Qalhat near Sur, pipelines from Saih Rawl to Muscat, Sohar in the north and Salalah in the south, inter-field pipelines and pipelines supplying associated gas for injection into the oil reservoirs of fields located in southern Oman. The primary supply of gas in Oman comes from the northern and central producing regions within PDO's contract area. A major gas pipeline, known as the South Oman Gas Line, extends from the Saih Nihayda field in the Qarn Alam area to the Marmul fields in the south. This line is used to supply gas primarily for injection (for reservoir pressure maintenance), power generation and other local use.

(Source: Wood Mackenzie Oman Country Report, Middle East – SE Arabia & Iran – Oman, July 2011)

7.1.4. Overall country risk - BBB

The EIU estimates the overall country risk in Oman to BBB. This aggregated risk estimate is primarily based on the following risk assessments:

Political risk: EIU believes that Oman's political environment will remain somewhat uncertain as a result of discontent among certain sections of the population with the system of government. Although protests have died down since May 2011, there is a chance the country may see renewed protests in 2012 if the sultan fails to implement genuine political reform and address corruption and unemployment. Externally, Oman is located in a region where international tensions are high, therefore, it could become involved in a regional conflict. However, it has managed to maintain cordial relations with the West and Iran. (EIU rating: BB)

Sovereign risk: Costly government spending initiatives introduced in 2011 will remain in place in 2012 and 2013, leading to fiscal deficits in both years. However,

robust non-oil exports and high oil prices are expected to keep the current account in surplus. Oman will be able to meet its debt-payment obligations comfortably, and it can draw on its State General Reserve Fund if needed. **(EIU rating: A)**

Currency risk: The risk of renewed protests may put pressure on the Omani rial. However, the Central Bank of Oman will be able to maintain the rial's peg to the US dollar over through 2012 and 2013. **(EIU rating: BBB)**

Banking sector risk: Omani banks will remain vulnerable to concentrated lending to a small group of powerful businesses. Nevertheless, the banks are well capitalized and resilient to macroeconomic shocks. **(EIU rating: BBB)**

Economic structure risk: Omani economy remains highly dependent on oil and gas which accounted for 41.3% of nominal GDP in 2010⁶ and their share will remain substantial, despite efforts to diversify the economy. **(EIU rating: BBB)**

(Source: Economist Intelligence Unit October 2011)

7.2. UAE (RAK and Sharjah)

7.2.1. General information

United Arab Emirates (UAE) is a federation of seven states.

UAE is the third largest liquids producer in the Middle-East with the overwhelming majority of production coming from Abu Dhabi. Crude oil production in the UAE is subject to quotas agreed by OPEC which apply only to crude oil and not to condensate and NGLs.⁷

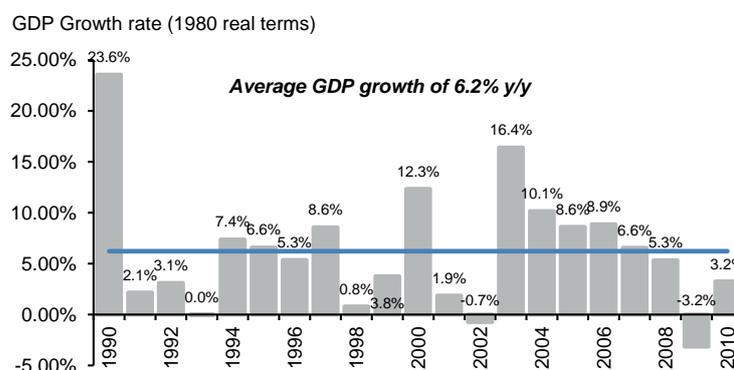


Quick facts:

Population (July 2010):	8.3m
Liquid reserves (1/1/11):	45.1 bn bbl
Liquid production (2009):	3.2m bbl/d
Reserves/production:	38.8 years
Gas reserves(1/1/2011):	52.1 tcf
Gas production (2009):	3.2 bcf/d
Reserves/production:	44.6 years

Source: Wood Mackenzie

Figure 34. GDP growth rate year-on-year



Source: Bloomberg, Pareto

The country follows a federal presidential system and an elective constitutional monarchy with a population of approximately 8.3 million⁸ as of July, 2010.

7.2.2. Reserves and production

Compared to 1990, both oil and gas reserves in UAE have increased as can be seen in Figure 35. Like production, oil reserves in the UAE are also dominated by Abu Dhabi while those in the remaining Emirates are either close to exhaustion – as in Dubai, dominated by gas – Sharjah, or in the early stages of exploration and development – the northern Emirates.

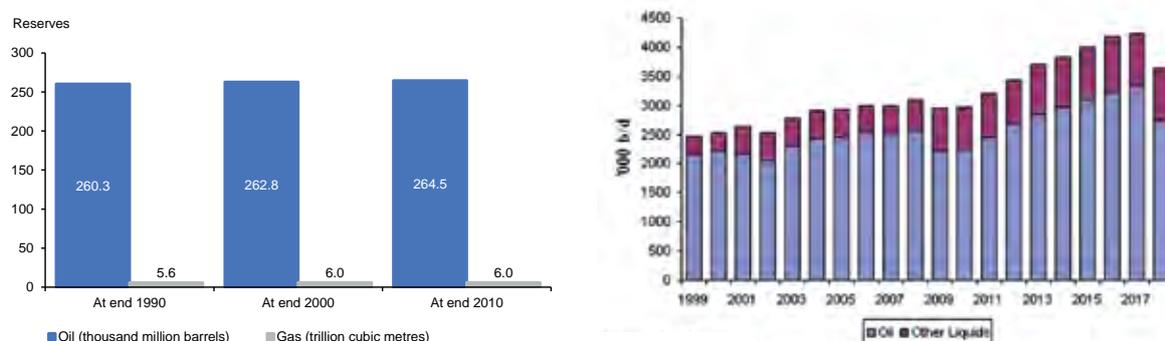
⁶ Economist Intelligence Unit Country Risk Service October 2011

⁷ Wood Mackenzie UAE Country Report, Middle East – SE Arabia & Iran – UAE, Dec 2011

⁸ Official estimate by United Arab Emirates National Bureau of Statistics (July 2010)

E&P INDUSTRY REPORT (Cont'd)

Figure 35. Reserves development (1990 – 2010) (Left) and liquids production (1999 – 2017E) in UAE (Right)



Source: BP Statistical Review 2010, Wood Mackenzie, Pareto

Abu Dhabi plans to increase oil production capacity to between 3.5 and 4.0 million barrels per day by 2017

Abu Dhabi plans to increase oil production capacity to between 3.5 and 4.0 mmbbls/d by 2017. Since 1950 drilling activity has been concentrated in Abu Dhabi, where approximately 330 exploration and appraisal wells have been drilled. In Ras Al Khaimah (RAK), around 24 wells, eight onshore and 16 offshore, have been drilled since the mid-1960s.

(Source: Wood Mackenzie UAE Country Report, Middle East – SE Arabia & Iran – UAE, Dec 2011)

7.2.3. Oil and gas infrastructure

The oil infrastructure of the UAE has been long established, particularly in the leading producing Emirates of Abu Dhabi and Dubai. The offshore network is centred on the major oil export terminals at Das Island and Zirku Island, to which crude supplies are delivered by pipeline from, among others, the two largest offshore fields, Umm Shaif and Zakum. A number of other offshore terminals are located at Abu Al Bukhoosh, Mubarraz Island and Hair Dalma Island for export of crude from several of the smaller offshore fields. Onshore oil production in Abu Dhabi is served by a network of pipelines which link the producing onshore fields to the major export terminals at Ruwais and Jebel Dhanna and the oil refineries at Ruwais and Umm Al Nar. Additionally, smaller export facilities are located at Umm Al Nar and Port Zayed. In Dubai, oil is produced in four offshore fields and loaded offshore in facilities adjacent to the Fateh field.

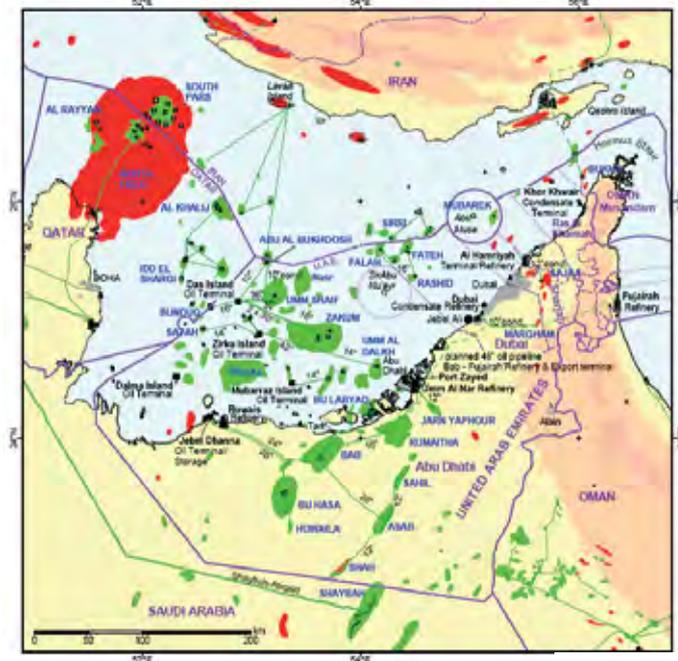
UAE's refinery capacity is approximately 490,000 bbls/d. There are two oil refineries in Abu Dhabi, at Ruwais (120,000 bbls/d) and Umm Al Nar (85,000 bbls/d), both of which have been operating above their nominal design capacity in recent years. The Ruwais refinery is Abu Dhabi's largest, located close to the Jebel Dhanna oil export terminal. There are also two condensate splitters at the refinery complex, each with a capacity of 140,000 bbls/d. Dubai has no oil refinery, but a 120,000 bbls/d condensate refinery was brought on-stream in late 1999. The Al Hamiriyah Refinery in Sharjah has a capacity of 75,000 bbls/d. Fujairah's only refinery was brought on-stream in 1995 and has a capacity of 90,000 b/d currently. Vitol, a renowned global energy trading company, in partnership with the government of Fujairah, is considering future expansions, in a bid to establish Fujairah as a key oil export hub for the UAE.

Abu Dhabi is served by a total of nine oil terminals, the largest of which are at Ruwais, Jebel Dhanna and Das Island, while there are three terminals in Dubai - at Port Rashid, Jebel Ali and Fateh, two in Sharjah - one onshore and one offshore, and a single terminal in RAK.

E&P INDUSTRY REPORT (Cont'd)

UAE has a long-established oil infrastructure, particularly in the leading producing Emirates of Abu Dhabi and Dubai

Figure 36. Oil infrastructure map - UAE



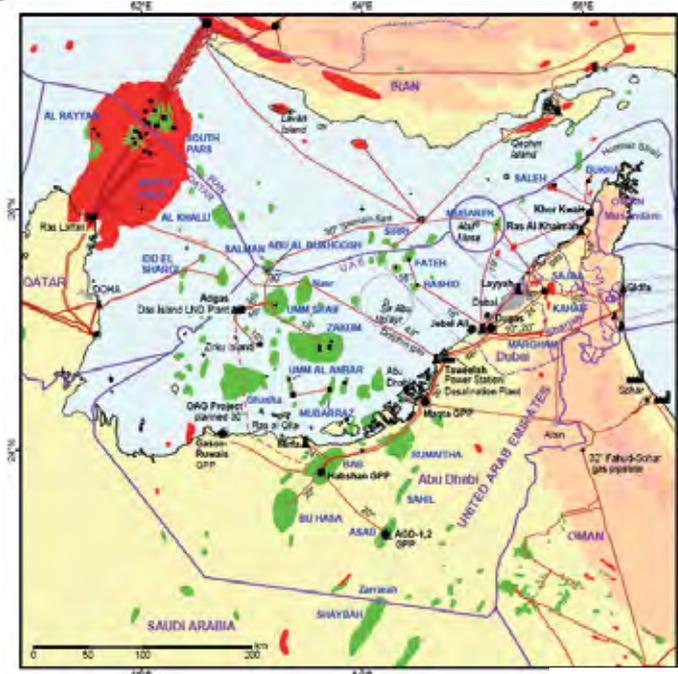
Source: Wood Mackenzie

UAE has a highly developed network of trunk gas pipelines across the country covering in excess of 1,300 kilometres. The offshore gas infrastructure of Abu Dhabi is centred on the major LNG plant at Das Island, which is provided with gas by the offshore fields of Umm Shaif, Zakum and Abu Al Bukhoosh. Onshore, gas is used primarily in the gas processing plants at Habshan and Ruwais.

(Source: Wood Mackenzie UAE Country Report, Middle East – SE Arabia & Iran – UAE, Dec 2011)

Figure 37. Gas infrastructure map - UAE

UAE has a highly developed network of trunk gas pipelines across the country covering in excess of 1,300 kilometres



Source: Wood Mackenzie

7.2.4. Overall country risk – BB

The EIU estimates the overall country risk in UAE to be BB. This aggregated risk estimate is primarily based on the following risk assessments:

Political risk: The domestic political scene is stable, although there is a possibility of a transfer of power in Abu Dhabi from the current ruler to the crown prince and a very small risk that some protests will be held. The northern emirates present a risk, as the wealth gap between the Emiratis there and those in Dubai and Abu Dhabi is widening. However, in general, the president of the UAE and ruler of Abu Dhabi enjoys the support of the rulers of the other six emirates and faces no significant threat to his authority. Externally, there may be calls for greater political representation, in light of protests in Bahrain and the wider region. UAE will continue to balance its relations with the West and Iran, but the US is likely to maintain pressure on the UAE to implement tougher sanctions against Iran. However, overall, the political scene is expected to be stable. **(EIU rating: BBB)**

Sovereign risk: UAE's total external debt stock is forecast to reach USD 184.5bn (44% of GDP) in 2012. Dubai government-related entities face heavy repayments in 2012 and may face difficulties in rolling over their debt given the uncertain economic climate (and hence may need to do so at a higher cost and for shorter maturities). However, the EIU believes that Abu Dhabi will extend financial help in the unlikely event that Dubai cannot roll over its debt next year. **(EIU rating: BB)**

Currency risk: Though authorities are committed to maintaining the currency peg to the USD, the setting up of an International Advisory Council at the Central Bank of the UAE may presage a review of the peg. **(EIU rating: BBB)**

Banking sector risk: Provisioning in the month of June increased by 28.2% y/y⁹. This will hit profitability. EIU expects the banking sector to recover gradually and that banks will resume lending by 2012. There is a risk of further restructurings. **(EIU rating: BB)**

Economic structure risk: High oil prices and earnings from foreign assets will continue to support the economy. However, the construction sector in Dubai remains depressed. **(EIU rating: BBB)**

(Source: Economist Intelligence Unit September 2011)

⁹ Economist Intelligence Unit Country Risk Service September 2011

EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND
REPATRIATION OF PROFITS OF ISLE OF MAN

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Dear Sirs

Isle of Man – policies governing foreign investment, taxation and the repatriation of profits

We refer to the attached expert's report dated 18 November 2011 (the **Isle of Man Expert's Report**) and confirm that as at the date of this letter the statements made in that report remain true and correct

We assume no obligation to review or update the Isle of Man Expert's Report if applicable law or the existing facts or circumstances should change.

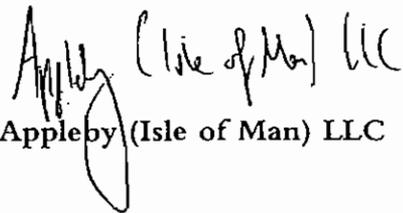
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**EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND
REPATRIATION OF PROFITS OF ISLE OF MAN (Cont'd)**

APPLEBY

This letter is governed by and is to be construed in accordance with Isle of Man law. It is given on the basis that it will not give rise to any legal proceedings with respect thereto in any jurisdiction other than the Isle of Man.

Yours faithfully


Appleby (Isle of Man) LLC

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EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS OF ISLE OF MAN (Cont'd)

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Dear Sirs

Isle of Man – policies governing foreign investment, taxation and the repatriation of profits

We are lawyers practising in the Isle of Man and are familiar with current Isle of Man laws and policies. You have requested this firm to provide you with a summary of certain provisions of Isle of Man law and general policy in relation to foreign investment, taxation and the repatriation of profits from an Isle of Man company.

This summary does not purport to contain all applicable qualification and exemptions and does not purport to be a complete review of all relevant matters of Isle of Man law. The summary relates only to the laws of the Isle of Man as currently in force and is intended

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EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND
 REPATRIATION OF PROFITS OF ISLE OF MAN (Cont'd)

APPLEBY

to be a general statement of the law. It is not intended to constitute a legal opinion on the position relating to taxation of, foreign investment into or by, or repatriation of profits by or to any particular natural or legal person. The general policy set out in this letter may not apply where, for instance, contrary agreement has been reached with the Isle of Man government or other governmental or quasi-governmental agency, as a result of extra-territorial measures such as UN Security Council sanctions. These cases are provided by way of example only and should not be considered to limit the general proposition that they exemplify.

Foreign Investment

There are no limitations under Isle of Man law on the rights to subscribe for or otherwise hold shares in Isle of Man companies solely by reason that a person is not a resident of the Isle of Man or is a national of a foreign state. There are no specific requirements that a minimum percentage of a company's equity share capital be held by an Isle of Man resident person or Isle of Man incorporated company.

Certain industries in the Isle of Man are regulated and, as such, the consent of the relevant regulator is required before shareholdings in excess of a particular threshold may be acquired by any person (irrespective of residence, nationality or jurisdiction of incorporation). These industries include (but are not limited to) banking, insurance and financial services. We understand that the business activities of Lime Petroleum PLC (the Company) are limited to acting as a holding company for a number of subsidiaries, none of which (i) are incorporated in the Isle of Man or registered in the Isle of Man as an oversea company, (ii) have any presence in the Isle of Man or (iii) undertake any business in the Isle of Man. On that basis, no regulatory approval is required in the Isle of Man before a person may become a shareholder in the Company.

Tax

In principle, taxes which are charged in the Isle of Man by the Isle of Man Government include:

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bermuda
British Virgin Islands
Cayman Islands
Guernsey
Hong Kong
Isle of Man
Jersey
London
Mauritius
Seychelles
Zurich | (a) indirect taxes in the form of value added tax, customs and excise duties and vehicle licence duty; and

(b) direct tax in the form of income tax which is chargeable upon income arising or accruing from sources in the Isle of Man or income arising or accruing from sources outside the Isle of Man that belong to natural persons residing in the Isle of Man. |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
- No capital gains tax is charged in the Isle of Man.

**EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND
REPATRIATION OF PROFITS OF ISLE OF MAN (Cont'd)**

APPLEBY

With effect from 6 April 2006 the Isle of Man introduced a zero rate of tax for all companies except those which derive their income from banking business or land and property in the Isle of Man or who elect to pay income tax at a rate of 10 per cent.

Notwithstanding the zero rate of corporate tax applicable to companies that do not derive their income from banking business or land and property in the Isle of Man or who elect to pay income tax, there are currently measures in place to ensure that Isle of Man resident shareholders are subject to Isle of Man income tax on their share of undistributed corporate profits. The "Attribution Regime for Individuals" requires shareholders resident in the Isle of Man to pay a charge based on their proportionate interest in undistributed profits where the company in which they hold shares does not meet certain minimum distributions targets. An exemption applies in respect of companies whose shares are traded on a recognised stock exchange. In February 2011 the Isle of Man government announced that the attribution regime for individuals would be abolished. The abolition will take effect in April 2012.

Repatriation of Profits

An Isle of Man company that does not derive its income from banking business or land and property in the Isle of Man (**Taxable Activities**) and does not elect to pay income tax at a rate of 10 per cent has no requirement to make any deduction or withholding of tax on dividends paid to Shareholders resident outside of the Isle of Man. We understand that the company does not derive its income from Taxable Activities and that it has not elected to pay income tax. On that basis, it has no requirement to make any deduction or withholding of tax on dividends paid to Shareholders outside the Isle of Man.

Disclosure

This report is addressed to you solely for your benefit and is neither to be disclosed to any other person, nor relied upon by any other person other than your legal advisers or transaction advisers or for any other purpose nor quoted or referred to in any public document nor filed with any governmental agency or person (save only that a copy of this report may be attached to a circular to be distributed to the shareholders of Hibiscus Petroleum Berhad, which it is noted will be a publicly available document on the website of Bursa Malaysia and, a copy of this report may be submitted to the regulatory authorities having jurisdiction over the addressees to this report as part of the relevant regulatory approval process, for the avoidance of doubt, this opinion may not be relied upon in any way by any persons other than the addressees to this report and their legal advisers and transaction advisers) unless required by mandatory law or regulation.

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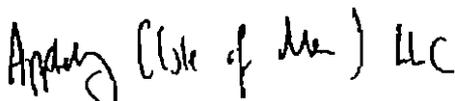
**EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND
REPATRIATION OF PROFITS OF ISLE OF MAN (Cont'd)**

APPLEBY

Further, this report speaks as of its date and is strictly limited to the matters stated herein and is not to be extended by implication, to any other matters. We assume no obligation to review or update this report if applicable law or the existing facts or circumstances should change.

This report is governed by and is to be construed in accordance with Isle of Man law. It is given on the basis that it will not give rise to any legal proceedings with respect thereto in any jurisdiction other than the Isle of Man.

Yours faithfully


Appleby (Isle of Man) LLC

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EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND
REPATRIATION OF PROFITS OF BVI

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Dear Sirs

**British Virgin Islands (BVI) – policies governing foreign investments, taxation
and the repatriation of profits**

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We refer to the attached expert's report dated 18 November 2011 (the **BVI Expert's Report**) and confirm that as at the date of this letter the statements made in that report remain true and correct.

We assume no obligation to review or update the BVI Expert's Report if applicable law or the existing facts or circumstances should change.

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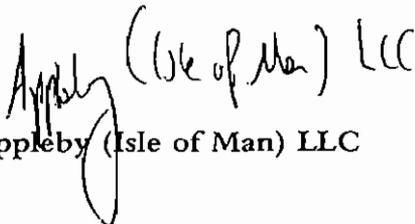
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**EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND
REPATRIATION OF PROFITS OF BVI (Cont'd)**

APPLEBY

This letter is governed by and is to be construed in accordance with BVI law. It is given on the basis that it will not give rise to any legal proceedings with respect thereto in any jurisdiction other than the BVI.

Yours faithfully


Appleby (Isle of Man) LLC

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EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND
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Dear Sirs

**British Virgin Islands (BVI) – policies governing foreign investments, taxation
and the repatriation of profits**

We are lawyers practising BVI law and are familiar with current BVI laws and policies. You have requested this firm to provide you with a summary of certain provisions of BVI company law and BVI general policy in relation to foreign investment, taxation and repatriation of profits from a BVI company.

This summary does not purport to contain all applicable qualification and exemptions and does not purport to be a complete review of all relevant matters of BVI law. This summary relates only to the laws of BVI currently in force and is intended to be a general statement of the law. It is not intended to constitute a legal opinion on the position

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EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND
 REPATRIATION OF PROFITS OF BVI (*Cont'd*)

APPLEBY

Hibiscus Petroleum Berhad

18 November 2011

relating to taxation of, foreign investment into or by, or repatriation of profits by or to any particular natural or legal person. The general policy set out in this letter may not apply where, for instance, contrary agreement has been reached with the BVI government or other governmental or quasi-governmental agency, as a result of extra-territorial measures such as UN Security Council sanctions. These cases are provided by way of example only and should not be considered to limit the general proposition that they exemplify.

Foreign investment

There are no limitations, under BVI law on the right to subscribe for or otherwise hold shares in BVI companies solely by reason that a person is not a resident of the BVI or is a national of a foreign state. There are no requirements under BVI law for any person in the BVI to be an equity participant in a BVI business company.

Taxation

BVI companies are exempt from all provisions of the Income Tax Ordinance of the BVI (including with respect to all dividends, interests, rents, royalties, compensation and other amounts paid by them to persons who are not persons resident in the BVI).

Capital gains realised with respect to any shares, debt obligations or other securities of a BVI Company by persons who are not persons resident in the BVI are also exempt from all provisions of the Income Tax Ordinance of the BVI.

No estate, inheritance, succession or gift tax is payable by persons who are not persons resident in the BVI with respect to any shares, debt obligations or other securities of a BVI company.

No stamp duty is payable in the BVI on a transfer of shares, debt obligations or other securities of a BVI company, unless that company, or any of its subsidiaries has an interest in land in the British Virgin Islands.

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EXPERT'S REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND
 REPATRIATION OF PROFITS OF BVI (Cont'd)

APPLEBY

Hibiscus Petroleum Berhad

18 November 2011

Repatriation of Profits

There are no exchange control restrictions or currency restrictions in the BVI that would prevent the repatriation of funds of a profit nature derived from an investment in a BVI business company by shareholders resident outside of the BVI.

Disclosure

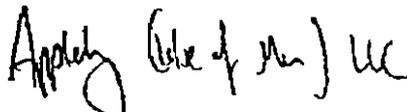
This report is addressed to you solely for your benefit and is neither to be disclosed to any other person, nor relied upon by any other person other than your legal advisers or transaction advisers or for any other purpose nor quoted or referred to in any public document nor filed with any governmental agency or person (save only that a copy of this report may be attached to a circular to be distributed to the shareholders of Hibiscus Petroleum Berhad, which it is noted will be a publicly available document on the website of Bursa Malaysia and, a copy of this report may be submitted to the regulatory authorities having jurisdiction over the addressees to this report as part of the relevant regulatory approval process, for the avoidance of doubt, this opinion may not be relied upon in any way by any persons other than the addressees to this report and their legal advisers and transaction advisers) unless required by mandatory law or regulation.

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Yours faithfully


 Appleby (Isle of Man) LLC

LEGAL OPINION ON THE OWNERSHIP/TITLE TO LIME SHARES AND THE ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY LIME UNDER THE RELEVANT LAWS OF ISLE OF MAN BY APPLEBY (ISLE OF MAN) LLC

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Malaysia

Dear Sirs

Lime Petroleum PLC

We are lawyers qualified to practise and opine on Isle of Man law. We have acted as Advocates in the Isle of Man for the purpose of delivering an opinion in respect of Lime Petroleum PLC (the **Company**), a company incorporated under the laws of the Isle of Man with company number 007600V (formerly company number 126222C), in connection with a proposed reorganisation of its share capital and certain documentation relating thereto.

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Claire Milne
Charles Davies

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1. **The Documents**

In arriving at the opinions expressed below we have examined and relied upon the following documents:-

- 1.1 a copy of an English law governed share purchase agreement (the **Share Purchase Agreement**) dated 24 October 2011 and made between Rex Oil & Gas Limited (**Rex**) as seller and Gulf Hibiscus Limited (**Hibiscus**) as buyer of 22,153,846 issued and existing ordinary shares in the capital of the Company (**SPA Shares**);
- 1.2 a copy of an English law governed subscription agreement (the **Subscription Agreement**) dated 24 October 2011 and made between Hibiscus and the Company relating to the subscription by Hibiscus for, and the allotment and issue by the Company to Hibiscus of, 76,923,077 ordinary shares in the capital of the Company;
- 1.3 a copy of an English law governed shareholders' agreement dated 24 October 2011 and made between Rex, Schroder & Co Banque S.A (**Schroder**), Hibiscus and the Company (the **Shareholders Agreement**); and
- 1.4 a copy of an English law governed project management & technical services agreement dated 24 October 2011 and made between the Company and Hibiscus Oilfield Services Limited (the **PMTSA**),

(together, the **Documents**),

- 1.5 a copy of minutes of a meeting of the board of directors of the Company held on 24 October 2011 containing resolutions (the **Board Resolutions**) approving the execution, delivery and performance of the Subscription Agreement, the Shareholders Agreement and the PMTSA;
- 1.6 a copy of minutes of an extraordinary general meeting of the Company dated 9 September 2011 containing resolutions granting the directors unconditional authority, pursuant to Article 5.2.7 of the Company's former Articles of Association, to allot and issue new ordinary shares of the Company as if the pre-emption provisions in Article 5.2 did not apply, and a copy of minutes of an extraordinary general meeting of the Company dated 21 October 2011 consenting to the substitution of Gulf Hibiscus

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Limited in place of Hibiscus Petroleum Berhad as an investor in the Company (the **Shareholders' Resolutions**);

- 1.7 a copy of the Memorandum and Articles of Association of the Company in force at the time that the Company executed the Documents (the **1931 Act Memorandum and Articles**) and a copy of the Memorandum and Articles of Association of the Company currently in force and adopted by the Company (the **2006 Act Memorandum and Articles**) and other documents on the file of the Company at the Isle of Man Companies Registry (the **Registry**) as revealed by our search carried out on 18 November 2011 and updated on 16 February 2012 (the **Search**);
- 1.8 a copy of the results of a litigation search in respect of the Company undertaken at the Rolls Office of the High Court of Justice in the Isle of Man on 18 November 2011 and updated on 16 February 2012 (the **Litigation Search**); and
- 1.9 a certified copy of the register of members of the Company dated 20 October 2011 provided to us by Laurence Keenan Advocates (the **Register of Members**); and
- 1.10 an original copy of a registered agent's certificate addressed to us dated 17 November 2011 identifying the directors and members of the Company, issued by Laurence Keenan Advocates & Solicitors who, according to the Search, are the registered agent of the Company (the **Registered Agent's Certificate**).

2. Isle of Man Law

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- 2.1 Our opinion is limited to the present laws of the Isle of Man and the present practice of the Isle of Man courts and is limited to facts and circumstances known to us and subsisting at the date hereof.
- 2.2 We do not purport to be experts on or generally familiar with or qualified to express legal opinions on any laws other than the laws of the Isle of Man and accordingly express no legal opinion upon any laws other than the laws of the Isle of Man in force at the date hereof.

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3. Limitations

- 3.1 We have not made any other enquiries concerning the Company and in particular we have not investigated or verified any matter of fact or opinion (whether set out in any of the Documents or elsewhere) other than as expressly stated in this opinion.
- 3.2 Except as stated in paragraph 1, we have not examined any contracts, instruments or other documents entered into by or affecting the Company or any corporate records of the Company.
- 3.3 We express no opinion on the implications of the Documents or on whether they give effect to the commercial intention of the parties.
- 3.4 We have not been asked to and we do not express any opinion as to any taxation which will or may arise in any jurisdiction, including (save as expressly stated in this opinion or in the Isle of Man Expert's Report dated 18 November 2011) the Isle of Man, as a result of any transaction effected by or in connection with the Documents.
- 3.5 This opinion is strictly limited to the matters specifically stated and is not to be read as extending by implication to any other matter.
- 3.6 We express no opinion upon any documents other than the Documents and we express no opinion as to the financial capacity of the Company to perform its obligations under them.

4. The Assumptions

In describing and examining the documents in paragraph 1 and in rendering the opinion stated below we have, with your permission, made the following assumptions:-

- 4.1 that the obligations of all parties to the Documents are or will be recognised as valid, legal and binding obligations of all parties thereto under the laws of England to which they are expressed to be subject and under any other applicable law (excluding the laws of the Isle of Man);
- 4.2 that each party to any Document (other than the Company (in the case of the Subscription Agreement, Shareholders Agreement and the PMTSA)) is

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duly incorporated and organised, validly existing and in good standing (where such concept is legally relevant) under the laws which govern its capacity and has full power, capacity and authority and all necessary regulatory and other approvals, licences, authorisations and consents to enter into the Documents and to exercise its rights and perform its obligations thereunder, and all corporate and other action required to authorise the execution of the same and the performance of its obligations thereunder has been or will be duly taken and that each party to the Documents (excluding the Company (in the case of the Subscription Agreement, the Shareholders Agreement and the PMTSA)) has duly executed and delivered them;

- 4.3 that all acts, conditions and things required to be done, fulfilled or undertaken under any law (including all filings, registrations, notifications or recordals in any jurisdiction) other than Isle of Man law in respect of the lawful execution delivery or performance of the Documents and in order to ensure that the Documents are binding upon and enforceable against the parties have been or will be done, fulfilled or undertaken;
- 4.4 that all consents, approvals, authorisations and licences of any public authority, regulatory authority or any other person or entity outside the Isle of Man in respect of the lawful execution, delivery or performance of the Documents and in order to ensure that the Documents are binding upon and enforceable against the parties have been or will be obtained within the time permitted;
- 4.5 that, insofar as any obligation under the Documents is to be performed in any jurisdiction outside the Isle of Man, its performance will be legal and effective in accordance with the law of that jurisdiction and that no provisions of the laws of any jurisdiction outside the Isle of Man will be contravened by the execution and delivery of the Documents;
- 4.6 that by entering into the Documents the parties thereto (other than the Company (in the case of the Subscription Agreement, the Shareholders Agreement and the PMTSA)) will not be in conflict with or in breach of their constitutional documents or in breach of or otherwise in violation of any provision of the laws of the jurisdictions to which they are subject or in which they are respectively constituted and established;

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- 4.7 that no party to the Documents by entering into and performing the transactions contemplated by the Documents will be in breach of any other agreement, deed, trust deed or licence to which it is a party or by which it is bound;
- 4.8 that all documents submitted to us as originals are authentic, that all documents submitted to us as copies conform to the originals, that all signatures and seals on original, faxed or copy documents are genuine, that the signatures on all executed documents are of those persons who are apparently signing and who are authorised to sign, that all facts stated in and representations made in any documents and correspondence submitted to us are correct (save for those matters upon which we have expressly opined below) and that all parties to the Documents have signed actual existing authoritative versions of the Documents;
- 4.9 that the minutes referred to in paragraph 1.5 are a true and correct record of the proceedings at the said meeting of the directors of the Company and that the said meeting was duly convened, constituted and conducted and that all of the directors declared their interests (if any) in the transaction or transactions under consideration as required by law and the Company's Articles of Association;
- 4.10 that the minutes referred to in paragraph 1.6 are a true and correct record of the proceedings at the said meetings of the shareholders of the Company and that the said meetings were duly convened, constituted and conducted as required by law and the Company's Articles of Association;
- 4.11 that the Board Resolutions and Shareholder Resolutions referred to in paragraphs 1.5 and 1.6 have not been revoked, amended or superseded and remain in full force and effect at the date hereof;
- 4.12 the accuracy and currency of the records and filing systems maintained at the public offices where we have searched or enquired or have caused searches or enquiries to be conducted;
- 4.13 that the information disclosed by the Search and the Litigation Search was accurate and complete in all respects and the Search did not fail to disclose any resolutions passed by the Company or any other actions taken by, or events relating to, the Company which give rise to a requirement for the

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Company or any other person to deliver any forms or documents to the Registry for filing;

- 4.14 that the information in the Register of Members is accurate and correct as at the date of this opinion;
- 4.15 that the details and statements contained in the Registered Agent's Certificate are accurate and correct as at the date of this opinion;
- 4.16 that the Company was not unable to pay its debts within the meaning of the Companies Acts 1931-2004 (the Act) when it executed the Subscription Agreement, Shareholders' Agreement and PMTSA and did not become unable to do so as a result of the execution and delivery of the Subscription Agreement, Shareholders' Agreement and PMTSA;
- 4.17 that no circumstances exist which would justify the setting aside of the Documents by reason of fraud, misrepresentation, mistake or undue influence;
- 4.18 that the execution and delivery of the Subscription Agreement, the Shareholders Agreement and the PMTSA by the Company and the performance of its obligations thereunder is for the commercial benefit of the Company and that the Company has entered into the Subscription Agreement, the Shareholders Agreement and PMTSA in good faith and on arm's length terms;
- 4.19 that if the Company is obliged to repurchase any shares pursuant to clause 4.6(a)(ii) of the Subscription Agreement, it will immediately after such purchase be able to satisfy the Solvency Test as defined in section 40(a) of the Companies Act 2006; and
- 4.20 that no grounds exist or will exist for the rectification of the Company's register of members.

The making of each of these assumptions indicates that we have assumed that each matter the subject of each assumption is true, correct and complete in every particular. That we have made an assumption in this opinion does not imply that we have made any enquiry to verify an assumption. No assumption specified above is limited by reference to any other assumption.

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5. The Opinion

Based upon and subject to the foregoing, the qualifications set out below and any matters not disclosed to us, we are of the opinion that:-

5.1 Status

The Company is a company limited by shares duly incorporated and existing under the laws of the Isle of Man and is a separate legal entity and possesses the capacity to sue and be sued in its own name. The ownership by the Company of its assets and property is separate from the ownership of it by its members.

5.2 Power

The Company has all corporate power and authority to enter into and be bound by the Subscription Agreement, the Shareholders Agreement and the PMTSA.

5.3 Authorisation

The execution, delivery and performance of the Subscription Agreement, the Shareholders Agreement and the PMTSA has been duly authorised by all necessary corporate action on the part of the Company.

5.4 Binding Obligations and Execution

The Subscription Agreement, Shareholders' Agreement and the PMTSA (including but not limited to all representations, warranties and undertakings on the part of the Company in each of those agreements) constitutes the legal, valid, binding and enforceable obligations of the Company under the laws of the Isle of Man and the Subscription Agreement, the Shareholders Agreement and the PMTSA have been duly executed by or on behalf of the Company.

5.5 Non-violation of Constitutional Documents and Laws

Neither the execution and delivery of the Subscription Agreement, the Shareholders Agreement and the PMTSA by the Company nor the consummation by the Company of any of the transactions contemplated

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thereby violates or will violate (i) any term or provision of the 1931 Act Memorandum and Articles or the 2006 Act Memorandum and Articles or (ii) any present Isle of Man law or regulation.

5.6 Registrations

It is not necessary or advisable to file, register or record any of the Documents with any court or authority in the Isle of Man. The Company is, however, obliged to file a return of allotments form with the Companies Registry in respect of the shares allotted under the Subscription Agreement.

5.7 Consents

No consents, licences, approvals or authorisations of any governmental or other authority or agency in the Isle of Man are required by law in connection with the execution, delivery and performance of the Subscription Agreement, the Shareholders Agreement or the PMTSA by the Company.

5.8 Enforcement of a New York Convention Award

In accordance with Part III of the Isle of Man Arbitration Act 1976, an award made in pursuance of an arbitration agreement (being an agreement in writing to submit to arbitration present or future differences capable of settlement by arbitration) in the territory of a State, other than the United Kingdom, which is a party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the **New York Convention**) adopted by the United National Conference on International Commercial Arbitration on the 10th June 1958 (a **Convention Award**) may be enforceable in the Isle of Man either:

- (a) by an action on the Convention Award; or
- (b) by leave of the Isle of Man High Court, in the same manner as a judgment or order to the same effect.

A person seeking to enforce a Convention Award must produce (a) the duly authenticated original award or a duly certified copy of it; (b) the original arbitration agreement or a duly certified copy of it; and (c) where

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the award is in a foreign language, a translation of it certified by an official or sworn translator or by a diplomatic or consular agent.

Enforcement of a Convention Award may be refused if the person against whom it is invoked proves:

- (a) that a party to the arbitration was (under the applicable law to him) under some incapacity; or
- (b) that the arbitration agreement was not valid under the law to which the parties subjected it, or failing any indication thereon, under the law of the country where the award was made; or
- (c) that he was not given proper notice of the appointment of the arbitrator or of the arbitration proceedings or was otherwise unable to present his case; or
- (d) that the award deals with a difference not contemplated by, or not falling within the terms of, the submission to arbitration or contains decisions on matters beyond the scope of the submission to arbitration; provided that a Convention Award which contains decisions on matters not submitted to arbitration may be recognised or enforced to the extent that it contains decisions on matters submitted to arbitration which can be separated from those on matters not so submitted; or
- (e) that the composition of the arbitral authority or the arbitral procedure was not in accordance with the agreement of the parties or, failing such agreement, with the law of the country where the arbitration took place; or
- (f) that the award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the country in which, or under the law of which, it was made.

Enforcement of a Convention Award may also be refused if the award is in respect of a matter which is not capable of settlement by arbitration, or if it would be contrary to public policy to enforce the award.

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Enforcement of a Convention Award may not be refused except in the cases mentioned above.

If Her Majesty by Order in Council declares that any State specified in the Order is a party to the New York Convention, the Order shall, while in force, be conclusive evidence that the State is a party to that Convention.

5.9 Application of governing law

The choice of the laws of England and Wales as the governing law of the Documents will be upheld as a valid choice of law by the courts of the Isle of Man and applied by them in proceedings in relation to the Documents provided that the choice of those laws is reasonable and not contrary to Isle of Man public policy and was decided in good faith.

5.10 Submission to Jurisdiction

The Company's voluntary submission to the jurisdiction of the courts of England in the Documents will generally be recognised as valid by the courts in the Isle of Man and the courts of the Isle of Man may stay proceedings brought in the Isle of Man if such proceedings are in breach of any agreement to refer disputes to the jurisdiction of the English courts, unless the claimant proves that it is just and proper to allow them to continue.

5.11 Stamp Duties

There are no registration, stamp or any similar taxes or duties of any kind (other than court fees) payable in the Isle of Man in connection with the signature, performance or enforcement by legal proceedings of any of the Documents.

5.12 Issue of shares

The issue of the Subscription Shares (as defined in the Subscription Agreement) by the Company pursuant to the Subscription Agreement has been duly and validly authorised and, when issued against payment therefor as provided in the Subscription Agreement, the Subscription Shares will be duly and validly issued. The register of members constitutes *prima facie*

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evidence of any matters directed or authorised to be inserted therein by Isle of Man law.

5.13 Pari passu ranking

Any claim against the Company under the Documents (other than the Share Purchase Agreement) will rank at least pari passu with the claims of any other unsecured, non-preferred and unsubordinated creditors of the Company.

5.14 No immunity

The Company is not entitled to claim immunity from suit, execution or other legal process in the Isle of Man.

5.15 No winding-up

According to the Search, the Company has not taken any corporate action nor have any steps been taken or legal proceedings been started by or against the Company for the liquidation, winding-up, striking off, dissolution or reorganisation of the Company or for the appointment of a liquidator, receiver, trustee or similar officer of the Company or of all or any of its assets.

5.16 Litigation

According to the Litigation Search, there is no material pending litigation in which the Company is involved.

5.17 Registered Shareholders of the Company

According to the Register of Members, Rex is the registered holder of 181,800,000 ordinary shares of 0.05 cents each (which would include the SPA Shares) in the capital of the Company and Schroder & Co Banque SA is the registered holder of 24,353,846 ordinary shares of 0.05 cents each in the capital of the Company. Under the Act, the register of members is prima facie evidence of any matters directed or authorised to be inserted therein by Isle of Man law.

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6. Qualifications

The opinion expressed above is subject to the following qualifications which are not to be limited by reference to each other:-

- 6.1 Our opinion is subject to any limitations arising from bankruptcy, insolvency, liquidation, reorganisation, court schemes, schemes of arrangement, moratoriums and similar laws affecting the rights of creditors generally.
- 6.2 Provisions relating to set-off contained in any document will only be enforceable in a liquidation of a company in so far as they do not purport to contract out of the mandatory set-off rules imposed by the Bankruptcy Code 1892.
- 6.3 Enforcement may be limited by general principles of private international law and of equity. Equitable remedies are available only at the discretion of the court and are not available where damages are considered to be an adequate remedy.
- 6.4 Whilst an Isle of Man court has power to give judgment expressed as an order to pay in a currency other than pounds sterling, it may decline to do so in its discretion.
- 6.5 Claims may be or become statute-barred under the Limitation Acts 1984 and 1988 or become subject to a defence of set-off or counterclaim.
- 6.6 Enforcement against a company on the Isle of Man or its assets, if any, in the Isle of Man will be governed by Isle of Man law and procedure. The appointment of an insolvency official by a foreign court may require to be recognised by the Isle of Man court before the exercise of his powers in respect of assets situated in the Isle of Man.
- 6.7 To the extent that any document makes reference to foreign statutes, regulations or codes, we express no opinion upon the meaning or effect of such provisions.
- 6.8 Where any obligation of any person is to be performed in any jurisdiction outside of the Isle of Man, such obligation may not be enforceable under the law of the Isle of Man to the extent that the performance thereof would

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be illegal or contrary to public policy under the laws of that foreign jurisdiction.

- 6.9 A foreign judgment could not form the basis of an action in the Isle of Man without a re-trial or re-examination of the matters thereby adjudicated upon if the foreign court did not have jurisdiction to give the foreign judgment (according to the Isle of Man rules of the conflict of laws), if the foreign judgment was obtained by fraud, if the proceedings in which the foreign judgment was obtained were opposed to natural justice and/or if enforcement of the foreign judgment would be contrary to Isle of Man public policy. Enforcement may also be withheld if the relevant foreign judgment is not a final and conclusive judgment for a debt or definite sum of money (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty).
- 6.10 As regards any provision in any document relating to jurisdiction, Isle of Man courts may stay proceedings if concurrent proceedings are being brought elsewhere.
- 6.11 Any clause in any document which provides that remedies in the courts of enforcement shall not be affected by invalidity under other laws could be seen to contemplate the ousting of the jurisdiction of the court by the parties. An Isle of Man court would be unlikely to permit parties to contract out of the invalidating effect of a foreign law where it is material to the transaction envisaged by any document.
- 6.12 An Isle of Man court would determine in its discretion whether or not any provision of any document may be severed from the other provisions thereof on account of invalidity illegality or unenforceability in order to save the other provisions thereof.
- 6.13 An Isle of Man court might not give effect to any indemnity for legal costs incurred by a litigant as costs will be in the court's discretion.
- 6.14 The effectiveness of any term exculpating a party from a liability or duty otherwise owed may be limited by law and any provision requiring a party to indemnify another in relation to legal costs may not be enforced by an Isle of Man court if contrary to an order made by the court.

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- 6.15 Any provision as to payment of default interest or agreed compensation contained in any document may be unenforceable to the extent that any element of interest or agreed compensation constitutes a penalty rather than a compensatory amount.
- 6.16 If proceedings were commenced in an Isle of Man court any provision in any document to the effect that calculations and/or certifications and/or determinations will be conclusive and binding will not be effective under Isle of Man law if such calculations and/or certifications and/or determinations are fraudulent or erroneous on their face or manifestly inaccurate and will not necessarily prevent judicial enquiry into the merits of any claim by any party to any such document respecting any such calculation, certification or determination.
- 6.17 Under Isle of Man law the terms of an agreement under hand may be varied by oral or written agreement of the parties and this should be borne in mind if proceedings are intended to be brought in an Isle of Man court.
- 6.18 We express no opinion as to the enforceability of any obligation to act in good faith.
- 6.19 Save as otherwise specifically stated herein this opinion addresses law and not fact.
- 6.20 Notwithstanding that the Company is a company incorporated in the Isle of Man, the Documents are expressed to be governed by the laws of England and the parties to the Documents have agreed to submit to arbitration in Geneva. Please note that enforcement of the transfer of shares in the Company in the Isle of Man pursuant to the terms of the Documents will require an order of the Isle of Man court ordering the rectification of the register of members of the Company. An arbitral award ordering the transfer of shares in an Isle of Man incorporated company would not be directly enforceable in the Isle of Man.
- 6.21 Obligations expressed to be assumed by the Company that constitute a fetter of its statutory powers will not be enforceable against it pursuant to the decision in *Russell v Northern Bank Development Corp Ltd and others* ([1992] 3 All ER 161), which we would expect to be applied by the Isle of Man Courts. Certain of the obligations set out in Schedule 5 of the Subscription Agreement may fall within the restrictions set out in that case.

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6.22 The Search only reveals documentation which has been delivered to and processed by the Registry and placed on the Company's company file and does not reveal any documentation which has been delivered to the Registry for registration but which has not yet been placed on the Company's company file. Additionally, the record may be incomplete due to filing of the appropriate document having been overlooked or the time limit for the filing of the document not having yet expired.

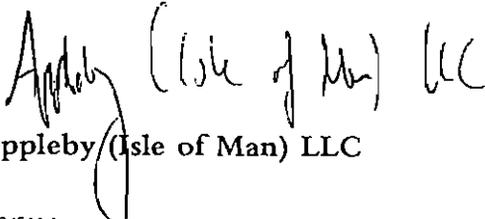
6.23 The search at the Rolls Office is a manual search and cannot be relied upon to reveal whether or not a particular entity is a party to litigation in the Isle of Man. Notwithstanding this, a search at the Rolls Office is the only means of checking whether or not an entity is a party to litigation in the Isle of Man.

7. Governing Law and Reliance

This opinion is given on the basis that it will be governed and construed in accordance with the laws of the Isle of Man, is solely for the benefit of the persons to whom it is addressed, their legal advisers and other transaction advisers and is not to be disclosed to or relied upon by any other person or for any other purpose nor is it to be quoted or made public in any way (save only that a copy of this opinion may be attached to a circular to be distributed to the shareholders of Hibiscus Petroleum Berhad, which it is noted will be a publicly available document on the website of Bursa Malaysia and, a copy of this opinion may be submitted to the regulatory authorities having jurisdiction over the addressees to this report as part of the relevant regulatory approval process, for the avoidance of doubt, this opinion may not be relied upon in any way by any persons other than the addressees to this report and their legal advisers and transaction advisers) unless required by mandatory law or regulation. It is strictly limited to the matters stated herein and does not extend to, and is not to be extended by implication, to any other matters.

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Yours faithfully


Appleby (Isle of Man) LLC

LEGAL OPINION ON THE OWNERSHIP/TITLE TO LIME SHARES AND THE ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY REX UNDER THE RELEVANT LAWS OF THE BVI BY APPLEBY (ISLE OF MAN) LLC

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Federal Territory Labuan

Malaysia

Dear Sirs

Rex Oil & Gas Ltd. – Company No. 1504624 (Rex)

We are lawyers qualified to practise and opine on the laws of British Virgin Islands (**BVI laws**). This opinion as to BVI laws is addressed to you in connection with the following documents which we have examined and relied upon:

1.1 an English law governed share purchase agreement dated 24 October 2011 entered into between Rex and Gulf Hibiscus Limited (**Hibiscus**) relating to the acquisition by Hibiscus of 22,153,846 ordinary shares (the **Shares**) in Lime Petroleum PLC (**Lime**) from Rex (the **SPA**); and

1.2 an English law governed shareholders' agreement dated 24 October 2011 entered into between Rex, Hibiscus, Schroder & Co Banque S.A. (**Schroder**) and Lime relating to their shareholding in Lime (the **Shareholders' Agreement**),

(hereinafter collectively referred to as the **Documents**).

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Appleby (Iste of Man) LLC (the Legal Practice) is a limited liability company with company number 000944L, incorporated in the Iste of Man with its registered office at 33-37 Athol Street, Douglas, Iste of Man, IM1 1LB. Its registered agent is Appleby Trust (Iste of Man) Limited. "Partner" is a title referring to a member or employee of the Legal Practice. A list of such persons can be obtained from your relationship partner.

LEGAL OPINION ON THE OWNERSHIP/TITLE TO LIME SHARES AND THE ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY REX UNDER THE RELEVANT LAWS OF THE BVI BY APPLEBY (ISLE OF MAN) LLC
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1. The Documents

For the purposes of this opinion we have examined and relied upon the following documents and records:

- 1.1 a copy of the executed Documents dated 24 October 2011;
- 1.2 the public records of Rex on file and available for inspection at the Registry of Corporate Affairs, Road Town, Tortola, British Virgin Islands, as revealed by a search on 17 November 2011 and updated on 16 February 2012 (the **Rex Company Search**);
- 1.3 the civil proceedings cause book maintained by the Registry of the High Court of Justice, Road Town, Tortola, British Virgin Islands, as revealed by a search on 17 November 2011 in respect of Rex and updated on 16 February 2012 (the **Rex Litigation Search**);
- 1.4 copies of the Memorandum and Articles of Association and Certificate of Incorporation of Rex, obtained from the British Virgin Islands Registry of Corporate Affairs on 17 November 2011 (collectively referred to as the **Rex Constitutional Documents**);
- 1.5 a copy of the Minutes of the Meeting of the Board of Directors of Rex held on 20 October 2011 approving Rex's entry into, and authorising the execution and delivery by Rex of the Documents (the **Resolutions**); and
- 1.6 a scanned registered agent's certificate dated 22 September 2011 issued by Icaza, Gonzalez-Ruiz & Aleman (BVI) Trust Limited, who according to the Rex Company Search is the registered agent of Rex (the **Rex Registered Agent's Certificate**).

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2. Limitations

- 2.1 We have not made any other enquiries concerning Rex and in particular we have not investigated or verified any matter of fact or opinion (whether set out in any of the Documents or elsewhere) other than expressly stated in this opinion. Except as specifically stated herein, we make no comment with respect to any representations and warranties which may be made by or with respect to Rex in the Documents.

LEGAL OPINION ON THE OWNERSHIP/TITLE TO LIME SHARES AND THE ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY REX UNDER THE RELEVANT LAWS OF THE BVI BY APPLEBY (ISLE OF MAN) LLC
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- 2.2 We do not express any opinion as to any taxation which will or may arise in any jurisdiction, including (save as expressly stated in this opinion) the British Virgin Islands, as a result of any transaction effected by or in connection with the Documents.
- 2.3 This opinion is strictly limited to the matters specifically stated and is not to be read as extending by implication to any other matter.
- 2.4 We express no opinion upon any documents other than the Documents and we express no opinion as to the commercial terms or the financial capacity of Rex to perform its obligations under them.
- 2.5 Our opinion is limited to the present laws of the British Virgin Islands and the present practice of the British Virgin Islands Courts and is limited to facts and circumstances known to us and subsisting at the date hereof. We have made no investigation of, and express no opinion on, the laws of any other jurisdiction.
- 2.6 We do not purport to be experts on or generally familiar with or qualified to express legal opinions on any laws other than the laws of the British Virgin Islands and accordingly express no legal opinion upon any laws other than the laws of the British Virgin Islands in force at the date hereof.

3. Assumptions

In examining the Documents and rendering our opinion we have assumed without further enquiry:

- 3.1 the authenticity, accuracy and completeness of all Documents and other documentation examined by us submitted to us as originals and the conformity to authentic original documents of all Documents and other such documentation submitted to us as certified, conformed, notarised, faxed or photostatic copies;
- 3.2 that each of the Documents and other such documentation which was received by electronic means is complete, intact and in conformity with the transmission as sent;
- 3.3 the genuineness of all signatures and seals on the Documents;
- 3.4 the authority, capacity and power of each of the persons signing the Documents (other than Rex in respect of the Documents);

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- 3.5 that any representation, warranty or statement of fact or law, other than as to the laws of the British Virgin Islands, made in any of the Documents is true, accurate and complete;
- 3.6 that all acts, conditions and things required to be done, fulfilled or undertaken under any law (including all filings, registration, notifications or recordals in any jurisdiction) other than British Virgin Islands law in respect of the lawful execution delivery or performance of the Documents and in order to ensure that the Documents are binding upon and enforceable against the parties have been or will be done, fulfilled or undertaken;
- 3.7 that all consents, approvals, authorisations and licences of any public authority, regulatory authority or any other person or entity outside of the British Virgin Islands in respect of the lawful execution, delivery or performance of the Documents and in order to ensure the Documents are binding upon and enforceable against the parties have been or will be obtained within the time permitted;
- 3.8 that the Documents constitute the legal, valid, binding and enforceable obligations of each of the parties thereto, other than Rex, under the laws of its jurisdiction of incorporation or its jurisdiction of formation;
- 3.9 that the Documents have been validly authorised, executed and delivered by each of the parties thereto, other than Rex, and the performance thereof is within the capacity and powers of each such party thereto, and that each such party to which Rex purportedly delivered the Documents has actually received and accepted delivery of such Documents;
- 3.10 that the Documents will effect, and will constitute legal, valid and binding obligations of each of the parties thereto, enforceable in accordance with their terms, under the laws of England by which they are expressed to be governed;
- 3.11 that no matters arising under any foreign law will affect the views expressed in this opinion;
- 3.12 that none of the parties to the Documents by entering into and performing the transactions contemplated by the Documents will be in breach of any other agreement, deed, trust deed or licence to which it is a party or by which it is bound;

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- 3.13 that no circumstances exist which would justify the setting aside of the Documents by reason of fraud, misrepresentation, mistake or undue influence;
- 3.14 that the Documents, are in the proper legal form to be admissible in evidence and enforced in the courts of England and in accordance with the laws of England;
- 3.15 that there are no provisions of the laws or regulations of any jurisdiction other than the British Virgin Islands which would be contravened by the execution or delivery of the Documents or which would have any implication in relation to the opinions expressed herein and that, in so far as any obligation under, or action to be taken under, the Documents is required to be performed or taken in any jurisdiction outside the British Virgin Islands, the performance of such obligation or the taking of such action will constitute a valid and binding obligation of each of the parties thereto under the laws of that jurisdiction and will not be illegal by virtue of the laws of that jurisdiction;
- 3.16 that the records and information which were the subject of the Rex Company Search and Rex Litigation Search (together, the Searches) were complete and accurate at the time of such search and disclosed all information which is material for the purposes of this opinion and such information has not since the date of the Searches been materially altered and remains true and correct;
- 3.17 that the information and statements contained in the Rex Registered Agent's Certificate is accurate and correct as at the date of this opinion;
- 3.18 that the Resolutions are in full force and effect, have not been rescinded, or superseded either in whole or in part, and accurately record the resolutions passed by the Board of Directors of Rex in meetings which were duly convened and at which a duly constituted quorum was present and voting throughout and that there is no matter affecting the authority of the Directors of Rex to effect entry by the Rex into the Documents, not disclosed by the Rex Constitutional Documents or the Resolutions, which would have any adverse implication in relation to the opinions expressed herein;
- 3.19 that no Director of Rex has a financial interest in or other relationship to a party to any transaction to be entered into pursuant to the Documents or if such an interest does exist, the material facts of the interest of each Director has been disclosed in good faith or is known by the other Directors of the relevant company and/or that the material facts of the interest of each director has been disclosed to the

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Shareholders of the relevant company and Shareholder approval or ratification will be obtained;

- 3.20 that, in the event of exercise or intended exercise of any power of attorney contained within the Documents which is expressed to be irrevocable, Rex will not, at the point of exercise of that power, have been struck off the register of companies pursuant to section 213 of the BVIBC Act;
- 3.21 that the execution and delivery of the Documents by Rex and the performance of its obligations thereunder is for the commercial benefit of Rex and that Rex has entered into the Documents in good faith and on arms length terms; and
- 3.22 that Rex was not unable to pay its debts within the meaning of section 8(1) of the Insolvency Act 2003 when it executed the Documents and will not become unable to do so as a result of the execution and delivery of the Documents.

The making of each of these assumptions indicates that we have assumed that each matter the subject of each assumption is true, correct and complete in every particular. Where we have made an assumption in this opinion does not imply that we have made any enquiry to verify an assumption. No assumption specified above is limited by reference to any other assumption.

4. Opinion

Based upon and subject to the foregoing and subject to the reservations set out below and to any matters not disclosed to us, we are of the opinion that:

- 4.1 Rex is a company limited by shares duly incorporated under the British Virgin Islands Business Companies Act, 2004 (the **BVIBC Act**), validly existing and in good standing under the laws of the British Virgin Islands. Rex is a separate legal entity and possess the capacity to sue and be sued in its own name.
- 4.2 Rex has all requisite corporate power and authority to enter into, execute, deliver, and perform its obligations under the Documents and to take all action as may be necessary to complete the transactions contemplated thereby.
- 4.3 The execution, delivery and performance by Rex of the Documents has been duly authorised by all necessary corporate action on the part of Rex.
- 4.4 The Documents have been duly executed for and on behalf of Rex.

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- 4.5 The obligations of Rex as set out in the Documents (including but not limited to all representations, warranties and undertakings on the part of Rex) constitute legal, valid and binding obligations of Rex, enforceable against Rex and would be so treated in courts of the British Virgin Islands.
- 4.6 No consent, licence or authorisation of or by any governmental authority of the British Virgin Islands is required to be obtained by Rex in connection with the execution, delivery or performance by Rex of the Documents.
- 4.7 The execution, delivery and performance by Rex of the Documents and the transactions contemplated thereby does not and will not violate, conflict with or constitute a default under (i) any current requirement of any law or any regulation of the British Virgin Islands or (ii) the Rex Constitutional Documents.
- 4.8 No stamp duties or similar documentary taxes imposed by or in the British Virgin Islands are payable in respect of the Documents and Rex will not be required by any laws of the British Virgin Islands to make any deduction or withholding from any payment they may make under the Documents. There are no government controls or exchange controls in relation to the performance by Rex of its obligations under the Documents.
- 4.9 There is no applicable usury or interest limitation law in the British Virgin Islands which would restrict the recovery of payments or the performance by Rex of its obligations under the Documents.
- 4.10 Any monetary judgment in a court of the British Virgin Islands in respect of a claim brought in connection with the Documents is likely to be expressed in the currency in which such claim is made, since such courts have power to grant a monetary judgment expressed otherwise than in the currency of the British Virgin Islands, but they may not necessarily do so.
- 4.11 It is not necessary in order to ensure the legality, validity, enforceability or admissibility in evidence in proceedings of the obligations of Rex under the Documents that the Documents or any other document be notarised, filed, registered or recorded in the British Virgin Islands.
- 4.12 The obligations of Rex under the Documents rank at least *pari passu* in priority of payment with all other unsecured and unsubordinated indebtedness (whether actual or contingent) issued, created or assumed by Rex.

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- 4.13 The choice of the laws of England as the proper law to govern the Documents would be recognised, upheld and applied by the courts of the British Virgin Islands as a valid choice of law and the proper law of the Documents in proceedings brought before them in relation to the Documents, except for those laws (i) which such courts consider to be procedural in nature; (ii) which are revenue or penal laws; or (iii) the application of which would be inconsistent with public policy, as that term is interpreted under British Virgin Islands law.
- 4.14 The submission by Rex to arbitration pursuant to the terms of the Documents is not contrary to British Virgin Islands law and would be recognised by the courts of the British Virgin Islands as a legal, valid and binding submission, if such submission is legal, valid and binding under the laws of England.
- 4.15 An arbitration award made in a foreign country other than the United Kingdom that is a signatory to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards adopted by the United Nations Conference on International Commercial Arbitration on 10 June 1958 (the “**New York Convention**”) in respect of the Documents for a definite sum obtained against Rex may be enforced with the BVI High Court in the British Virgin Islands and judgement entered in the terms of the award. The BVI High Court may only exercise its discretion to refuse leave if:
- (1) a party to the arbitration agreement was, under the law applicable to him, under some incapacity;
 - (2) the arbitration agreement was not valid under the governing law of the arbitration agreement;
 - (3) Rex was not given proper notice of the appointment of the arbitrator or of the arbitration proceedings, or was otherwise unable to present its case;
 - (4) the award deals with an issue not contemplated by or not falling within the terms of the submission to arbitration, or contains matters beyond the scope of the arbitration, subject to the proviso that an award which contains decisions on such matters may be enforced to the extent that it contains decisions on matters submitted to arbitration which can be separated from those matters not so submitted;

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- (5) the composition of the arbitral authority was not in accordance with the agreement of the parties or, failing such agreement, with English law;
- (6) the award has not yet become binding upon the parties, or has been set aside or suspended by a competent authority, either in England, or Geneva, Switzerland;
- (7) the subject matter of the award was not capable of resolution by arbitration; or
- (8) enforcement would be contrary to public policy.

4.16 Rex is not entitled to claim immunity from suit or enforcement of a judgment on the ground of sovereignty or otherwise in the courts of the British Virgin Islands in respect of proceedings against it in relation to the Documents and the execution of the Documents and performance of its obligations under the Documents constitute private and commercial acts.

4.17 Under the laws of the British Virgin Islands, Hibiscus will not be deemed to be resident, domiciled or carrying on any commercial activity in the British Virgin Islands or subject to any tax in the British Virgin Islands by reason only of the execution, delivery and performance of the Documents nor is it necessary for the execution, delivery, performance and enforcement of the Documents that Hibiscus be authorised or qualified to carry on business in the British Virgin Islands.

4.18 Based solely upon the Searches:

- (i) no court proceedings are pending against Rex; and
- (ii) no currently valid order or resolution for winding up of Rex and no current notice of appointment of a receiver over Rex or any of its assets appears, but it should be noted that failure to file notice of appointment of a receiver with the Registrar of Corporate Affairs does not invalidate the receivership but merely gives rise to penalties on the part of the receiver.

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5. Reservations

Our opinion is subject to the following reservations which are not to be limited by reference to each other:

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- 5.1 We express no opinion as to any law other than British Virgin Islands law and none of the opinions expressed herein relate to compliance with or matters governed by the laws of any jurisdiction except the British Virgin Islands. This opinion is limited to British Virgin Islands law as applied by the courts of the British Virgin Islands at the date hereof.
- 5.2 We express no opinion as to the validity, binding effect or enforceability of any provision incorporated into any of the Documents by reference to a law other than that of the British Virgin Islands, or as to the availability in the British Virgin Islands of remedies which are available in other jurisdictions.
- 5.3 The term “good standing” as used in this opinion means solely that Rex has paid its annual licence fees to the Registry of Corporate Affairs. Failure to pay its annual licence fees would make it liable to be struck off the Register of Companies. When a company is struck off the Register of Companies it is prohibited from carrying on any business or in any way dealing with its assets and this prohibition extends to any persons authorised to act on behalf of the company. Rex would eventually cease to exist under the laws of the British Virgin Islands if the outstanding licence fees and any penalties are not paid within a period of ten years from the date on which it was struck off the Register of Companies.
- 5.4 The term “enforceable” as used in this opinion means that a document is of a type and form enforced by the British Virgin Islands courts. It does not mean that each obligation will be enforced in all circumstances in accordance with its terms. For example, certain legal rights and obligations may be qualified by inconclusiveness of certificates, doctrines of good faith and fair conduct, the availability of equitable remedies and other matters.
- 5.5 Enforcement of the obligations of Rex under the Documents may be limited or affected by applicable laws from time to time in effect relating to bankruptcy, insolvency or liquidation or any other laws or other legal procedures affecting generally the enforcement of creditors’ rights.
- 5.6 Enforcement of the obligations of Rex may be the subject of a statutory limitation of the time within which such proceedings may be brought or may be or become subject to defences of set-off or counterclaim.
- 5.7 Enforcement may be limited by the principle of forum non conveniens or similar principles.

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- 5.8 We express no opinion as to the validity or binding effect of any provision in the Documents which provides that Rex will not exercise its statutory powers. This may constitute an unlawful fetter on the statutory powers of Rex.
- 5.9 We express no opinion as to the validity or binding effect of any provision of the Documents which provides for the severance of illegal, invalid or unenforceable provisions.
- 5.10 Any provision in the Documents that certain calculations or certificates will be conclusive and binding will not be effective if such calculations or certificates are fraudulent or erroneous on their face and will not necessarily prevent juridical enquiries into the merits of any claim by an aggrieved party.
- 5.11 Where a person is vested with a discretion or may determine a matter in his, her or its opinion, such discretion may have to be exercised reasonably or such an opinion may have to be based on reasonable grounds.
- 5.12 Obligations that are to be performed in a jurisdiction outside the British Virgin Islands may not be enforceable under the laws of the British Virgin Islands to the extent that such performance would be contrary to public policy under the laws of the British Virgin Islands.
- 5.13 We express no opinion as to the availability of equitable remedies such as specific performance or injunctive relief, or as to any matters which are within the discretion of the courts of the British Virgin Islands in respect of any obligations of Rex as set out in the Documents. In particular, we express no opinion as to the enforceability of any present or future waiver of any provision of law (whether substantive or procedural) or of any right or remedy which might otherwise be available presently or in the future under the Documents.

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- 5.14 A British Virgin Islands court may refuse to give effect to any provisions of the Documents in respect of costs of unsuccessful litigation brought before the British Virgin Islands court or where that court has itself made an order for costs.
- 5.15 We express no opinion as to the validity or binding effect of any provision in the Documents for the payment of a specified rate of interest on the amount of a judgment after the date of judgment.

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- 5.16 Provisions for the payment of additional interest in certain circumstances may be unenforceable to the extent that a British Virgin Islands Court determines such a provision to be a penalty.
- 5.17 In order to issue this opinion we have carried out the Searches and have not enquired as to whether there has been any change since the date of such searches.
- 5.18 The Searches are not conclusive and it should be noted that they do not reveal:
- (i) details of matters which have not been lodged for registration or have been lodged for registration but not actually registered at the time of the searches;
 - (ii) details of any proceedings which have been filed but not actually entered in the records of proceedings at the time of the searches.

6. Disclosure

This opinion is addressed to you solely for your benefit and is neither to be disclosed to any other person, nor relied upon by any other person other than your legal advisers or transaction advisers or for any other purpose nor quoted or referred to in any public document nor filed with any governmental agency or person (save only that a copy of this opinion may be attached to a circular to be distributed to the shareholders of Hibiscus Petroleum Berhad, which it is noted will be a publicly available document on the website of Bursa Malaysia and, a copy of this opinion may be submitted to the regulatory authorities having jurisdiction over the addressees to this report as part of the relevant regulatory approval process, for the avoidance of doubt, this opinion may not be relied upon in any way by any persons other than the addressees to this report and their legal advisers and transaction advisers) unless required by mandatory law or regulation. Further, this opinion speaks as of its date and is strictly limited to the matters stated herein and is not to be extended by implication, to any other matters. We assume no obligation to review or update this opinion if applicable law or the existing facts or circumstances should change.

This opinion is governed by and is to be construed in accordance with British Virgin Islands law. It is given on the basis that it will not give rise to any legal proceedings with respect thereto in any jurisdiction other than the British Virgin Islands.

Yours faithfully


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AND UNDERTAKINGS GIVEN BY SCHRODER UNDER THE RELEVANT LAWS OF
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Malaysia
("Hibiscus")

Zurich, February 21, 2012

Shareholders' Agreement dated October 24, 2011, between Gulf Hibiscus Limited, Rex Oil & Gas Ltd., Schroder & Co Banque SA, acting through its Geneva branch (Schroder & Co Banque SA, succursale de Genève), and Lime Petroleum PLC

Ladies and Gentlemen

We have been retained by Hibiscus Petroleum Berhad as its special Swiss counsel in connection with a Shareholders' Agreement dated October 24, 2011 (the "**Agreement**") between Hibiscus, a wholly owned subsidiary of Hibiscus Petroleum Berhad, Rex Oil & Gas Ltd., Tortola, British Virgin Islands ("**Rex**"), Schroder & Co Banque SA, Zurich, Switzerland ("**Schroder**"), acting through its Geneva branch, Schroder & Co Banque SA, succursale de Genève, Geneva, Switzerland ("**Schroder Branch**"), and Lime Petroleum PLC ("**Lime Petroleum**") to provide for a

Partners Geneva: Dominique F. Rochat • Andreas von Planta • Benoit Chappuis • Shelby du Pasquier • Guy Vermeil
Paolo Michele Patocchi • Mark Barnes* • François Rayroux • Jean-Blaise Eckert • Daniel Tunik • Olivier Stahler • Andreas Rötheli
Xavier Favre-Bulle • Benoit Merkt • David Ledermann • Jacques Iffland • Daniel Schafer • Miguel Oural Zurich: Rudolf Tschäni
Patrick Hünerwadel • Stefan Breitenstein • Matthias Oertle • Martin Burkhardt • Heini Rüdisühli • Marcel Meinhardt • Patrick Schleiffer
Thierry Calame • Beat Kühni • Lukas Morscher • Alex Wittmann • Tanja Luginbühl • Prof. Jürg Simon • Matthias Wolf • Hans-Jakob Diem
Prof. Pascal Hinny • Harold Frey • Marcel Tranchet • Tino Gaberthüel Lausanne: Lucien Masmejan

Admitted to the Bar

*Solicitor (England & Wales)

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limited Swiss legal opinion in respect of the Agreement exclusively for the benefit of Hibiscus Petroleum Berhad and Hibiscus.

Capitalized terms used and not defined herein have the meanings ascribed to them in the Agreement.

1. Documents

For the purposes of this opinion, we have examined and relied upon the following documents:

- (i) A copy of the executed Agreement;
- (ii) a copy of two extracts from the Commercial Register of the Canton of Zurich (the "**Zurich Commercial Register**") dated November 18, 2011, respectively February 21, 2012, retrieved online from the website of the Zurich Commercial Register (together the "**Register Extract I**"), regarding Schroder;
- (iii) a copy of two extracts from the Commercial Register of the Canton of Geneva (the "**Geneva Commercial Register**") dated November 18, 2011, respectively February 21, 2012, retrieved online from the website of the Geneva Commercial Register (together the "**Register Extract II**"), regarding Schroder Branch;
- (iv) a copy of the articles of association (*Statuten*) of Schroder shown on the Register Extract I and certified by the Zurich Commercial Register on October 17, 2011 as being the most recent articles of association filed with the Zurich Commercial Register (the "**Articles of Association**");
- (v) a list of the banks and securities dealers licensed in Switzerland (status October 18, 2011, November 17, 2011, and February 21, 2012 respectively) retrieved from the website of the Swiss Financial Market Supervisory Authority (FINMA) pursuant to which Schroder is licensed in Switzerland as a bank and securities dealer; and
- (vi) two letters from Schroder and Schroder Branch dated October 24, 2011, respectively February 21, 2012, each signed by two signatories of Schroder and Schroder Branch who are registered with joint signing power by two (*Kollektivunterschrift zu zweien / signature collective à 2*) in the Zurich Commercial Register (in relation to Schroder), respectively in the Geneva Commercial Register (in relation to Schroder Branch), namely Mr Luc Denis

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and Mr Jean-Charles Roguet, *inter alia* confirming the due authorisation of the Agreement by Schroder and Schroder Branch (together the "Confirmation").

2. Assumptions

In rendering this opinion, we have assumed without making any independent investigation in relation thereto:

- (i) The due incorporation and valid existence of all parties to the Agreement under all applicable laws (other than Schroder and Schroder Branch under Swiss law);
- (ii) the accuracy of all documents submitted to us as of the date hereof and that none of the documents has been amended or repealed and the completeness and genuineness of all documents and signatures and the conformity with originals of all documents supplied to us as photostatic, facsimile or electronic copies and the authenticity of all certificates, instruments and documents submitted to us as originals;
- (iii) notwithstanding the fact that the front page and the signature page of the Agreement does not specifically provide so, we have been informed, and rely on such information, that the Agreement has been entered into by Schroder, acting through Schroder Branch, as expressly provided in the parties clause of the Agreement, and we have been informed also, and rely on such information, that this would be the correct interpretation under English law as the governing law of the Agreement;
- (iv) the capacity and power of each of the parties to the Agreement (other than Schroder, acting through Schroder Branch, under Swiss law) to enter into and perform its obligations under the Agreement;
- (v) the Agreement and any agreements to be entered into or documents to be issued by or among any party to the Agreement have been duly authorized by all parties under all applicable laws, including under Swiss law;
- (vi) the Agreement and any agreements to be entered into or documents to be issued by or among any party to the Agreement are within the power and capacity of and have been duly executed and delivered by all parties under all applicable laws (other than in respect of Schroder, acting through Schroder Branch, under Swiss law);



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- (vii) the execution of the Agreement is in compliance with Schroder and Schroder Branch's regulatory authorisation to act as a Swiss bank and securities dealer;
- (viii) the Agreement and the transactions contemplated thereby are entered into for and relate solely to the business activities of Schroder Branch;
- (ix) the two individuals of Schroder having executed the Agreement, i.e. Mr Samuel Moulin and Mr Elias Carballo, are duly authorized by Schroder and Schroder Branch to execute the Agreement on behalf of Schroder, acting through Schroder Branch;
- (x) the Agreement and any agreements to be entered into or documents to be issued by or among any party to the Agreement constitutes legal, valid and binding obligations of the parties thereto, enforceable against such parties under any applicable laws (other than Swiss law);
- (xi) the parties to the Agreement have obtained and will obtain at the appropriate time and will maintain in force all necessary approvals, consents or authorizations required in connection with the transactions contemplated by the Agreement under any applicable laws (other than Swiss law);
- (xii) no party to the Agreement when entering into the Agreement to which it is a party was or was reasonably likely to become, as a result of entering into the Agreement, any transaction hereunder or otherwise, insolvent or over-indebted within the meaning of the insolvency laws applicable to it;
- (xiii) compliance by all relevant parties with the terms of the Agreement and that the Agreement has been negotiated and concluded in good faith by the parties thereto and at arm's lengths terms;
- (xiv) the due compliance with all matters of, and the validity, binding effect and enforceability of the Agreement under all applicable laws (other than Swiss law); and
- (xv) there are no provisions of laws of any jurisdiction other than Switzerland which would have any implications on the opinion we express herein.



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3. Opinions

Based on the foregoing and subject to the qualifications and limitations set out herein, we are of the opinion that:

- (i) Schroder is a stock corporation (*Aktiengesellschaft / société anonyme*) pursuant to Art. 620 et seq. of the Swiss Code of Obligations validly existing under the laws of Switzerland;
- (ii) Schroder Branch is a branch (*Zweigniederlassung / succursale*) of a stock corporation pursuant to Art. 641 of the Swiss Code of Obligations validly existing under the laws of Switzerland. As a matter of Swiss substantive law Schroder Branch does not have legal personality separate from Schroder;
- (iii) Schroder Branch has the corporate power and authority under the Articles of Association to execute, deliver and perform its obligations under the Agreement;
- (iv) the Agreement, as signed by two signatories of Schroder Branch who are registered with joint signing power by two (*Kollektivunterschrift zu zweien / signature collective à 2*) limited to the branch (*limitée à la succursale*) in the Geneva Commercial Register, has been duly executed by individuals having the signing power to legally represent and bind Schroder Branch;
- (v) the Confirmation, as signed by each of two signatories of Schroder and Schroder Branch who are registered with joint signing power by two (*Kollektivunterschrift zu zweien / signature collective à 2*) in the Zurich Commercial Register (in relation to Schroder) and Geneva Commercial Register (in relation to Schroder Branch), respectively, has been duly executed by individuals having the signing power to legally represent and bind Schroder and Schroder Branch;
- (vi) as a matter of Swiss substantive law, individuals being registered in the competent commercial register with signing power may carry out any legal acts on behalf of the company that are consistent with such company's corporate purpose, and a limitation of such signing power has no effect as against a bona fide third party, except if such limitation (i.e. the signing power of the relevant individuals is limited to the head office or the branch and/or limited to joint signing power by two) is registered with the competent commercial register;

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- (vii) the execution of the Agreement and performance of any obligation hereunder by Schroder Branch do not result in any violation by Schroder Branch of the Articles of Association and Swiss law generally applicable to Swiss branches;
- (viii) the Agreement to which Schroder Branch is a party (including but not limited to the representation, warranties and undertakings on the part of Schroder Branch) constitutes legal, valid and binding obligations of Schroder Branch, it being understood that no opinion in this paragraph or elsewhere in this opinion is given as to the correctness and appropriateness of any representation and warranty on the part of Schroder Branch under the Agreement;
- (ix) the submission of Schroder Branch to arbitration in Geneva pursuant to the Rules of International Arbitration of the International Chamber of Commerce pursuant to the Agreement is legal, valid and binding on Schroder Branch, provided that no applicable law (other than Swiss law) contains provisions to the contrary;
- (x) the choice of the laws of England & Wales governing the Agreement is a valid choice of law. Such chosen law would have to be applied accordingly in Swiss courts to claims based on the Agreement;
- (xi) a final and conclusive award of an arbitral tribunal, having its seat in Geneva, Switzerland, as provided for in the Agreement, in arbitration proceedings, would be recognized and enforced in Switzerland to the same extent as a judgment of a Swiss court;
- (xii) the Agreement is in proper form for its enforcement in a Swiss court, provided that it may need to be translated into the respective official Swiss language and such translation may need to be certified as being an accurate translation for such purposes; and
- (xiii) no authorization, approval or other action by, and no notice to, consent of, order of or filing with, any governmental, judicial or public body or authority in Switzerland is required for the execution of the Agreement by the parties thereto or the performance of their respective obligations thereunder.

4. Qualifications

The foregoing opinions are subject to the following qualifications:



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- (i) Enforcement of the Agreement may be limited by general principles of public policy.
- (ii) Enforcement of the Agreement (including but not limited to the call option set forth in section 18.2 of the Agreement) may furthermore be limited by (a) general principles of law, and (b) insolvency, reorganization, liquidation, moratorium or other similar laws restricting creditors' rights in enforcement and similar proceedings as such laws would apply in the event of an insolvency, or other similar proceedings with respect to any party or in the event of any moratorium or similar occurrence affecting any party. Further, each of Schroder and Schroder Branch are subject to special insolvency, reorganization, liquidation, moratorium and similar rules of the Swiss Banking Act (*Bankengesetz / Loi sur les Banques*) applying to Swiss banks and branches having their registered office in Switzerland and FINMA has the right to deviate from these rules.
- (iii) Under specific circumstances, certain remedies, such as an order for specific performance or an injunction, may not be available under Swiss law where damages are considered to be an adequate remedy.
- (iv) For enforcement proceedings in Switzerland a judgment or award of an arbitral tribunal expressed in a currency other than Swiss Francs will have to be converted into Swiss Francs.
- (v) Under Swiss law, claims may become time barred or may be or become subject to defenses (including rights of set-off) or counterclaims.
- (vi) Documents to be submitted as evidence in a Swiss legal or administrative procedure may need to be translated into the relevant Swiss official language and such translation may need to be certified as being an adequate translation of the foreign language document.
- (vii) Recognition and enforcement in Switzerland of a judgment or arbitral award granting specific performance may be limited for practical purposes and damages may instead be allowed where considered to be an appropriate alternative by the Swiss courts competent for the recognition and enforcement of such judgment or arbitral award in Switzerland.
- (viii) A direct service of process on a Swiss party in Switzerland other than by a Swiss court would need to be made in accordance with the Hague Convention of

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November 15, 1965 on the Service Abroad of Judicial and Extrajudicial
Documents in Civil or Commercial Matters or applicable treaties.

The opinions expressed herein are strictly limited to Swiss law and the specific subject matters addressed herein. Accordingly, we express no opinion as to other subject matters or with regard to any laws which may be relevant other than Swiss law as currently in force and applied.

For the purposes of this opinion, we have not conducted any due diligence or similar investigation as to factual circumstances. Our opinion, thus, is limited to an analysis of the Agreement and other documents listed under Paragraph 1 above under Swiss law, and does not address any matters of fact, including any representation or warranty made by any party to the Agreement.

This opinion is governed by and construed in accordance with the substantive laws of Switzerland, and the courts of Zurich, Canton of Zurich, Switzerland shall have exclusive jurisdiction in case of any dispute in respect of this opinion. In this opinion, Swiss legal concepts are expressed in English terms and not in their original language. The concepts concerned may not be identical to the concepts described by the same English terms as used in, or referred to under the laws of, other jurisdictions.

This opinion is solely addressed to you and solely in connection with the transactions contemplated by the Agreement and may not be used, circulated, quoted, relied upon or otherwise referred or assigned to by any person other than the person to whom it is addressed, nor for any other purpose, and any rights arising out of, or in connection with, this opinion may not be assigned to any person, without our prior written consent in each case, except that copies of this opinion may be disclosed (i) to the advisors, auditors and regulatory authorities of you and (ii) to other persons, as required by mandatory law or regulation, in each case on the basis that the parties or any other person to whom this opinion is so disclosed may not rely on it and that we assume no responsibility to such parties or any other person as a result and understood further that this opinion shall not be deemed to have been updated as of a date after the date hereof.

By accepting receipt of this letter, you agree to the stated limitations in reliance and use of this opinion.

Yours sincerely,



Lenz & Staehelin

ACCOUNTANTS' REPORT



Date: 18 FEB 2012

The Board of Directors
Hibiscus Petroleum Berhad
 Level 18, The Gardens North Tower
 Mid Valley City
 Lingkaran Syed Putra
 59200 Kuala Lumpur

Dear Sirs,

HIBISCUS PETROLEUM BERHAD ("HIBISCUS")
ACCOUNTANTS' REPORT

Crowe Horwath AF 1018
 Chartered Accountants
 Member Crowe Horwath International

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1. PURPOSE OF REPORT

This report has been prepared by Messrs. Crowe Horwath, an approved company auditor and a public accountant registered in Malaysia, for inclusion in the circular of HIBISCUS to be dated 28 FEB 2012 in connection with the proposed subscription for 76,923,077 new shares of 0.05 USD cents each in Lime Petroleum Plc. ("LIME") ("LIME Shares") and proposed acquisition of 22,153,846 LIME Shares, representing 35% of the enlarged equity interest in LIME for an aggregate purchase consideration of USD55,000,000 (equivalent to RM168,256,000 based on the exchange rate of USD1 = RM3.0592) with an additional payment of the discovery bonus amount of USD5,000,000 (equivalent to RM15,296,000 based on the exchange rate of USD1 = RM3.0592) upon receipt of independent confirmation of commercial discovery of a well no later than 2013 ("Proposals").

The details of the Proposals are disclosed in Paragraph 2 of this report.

2. INTRODUCTION

Pursuant to the Proposals, Gulf Hibiscus Ltd. ("Gulf Hibiscus") will on aggregate, acquire 35.0% equity interest in LIME for an aggregate purchase consideration of USD55,000,000 (equivalent to RM168,256,000 based on the exchange rate of USD1 = RM3.0592) ("Purchase Consideration") which comprise the following:

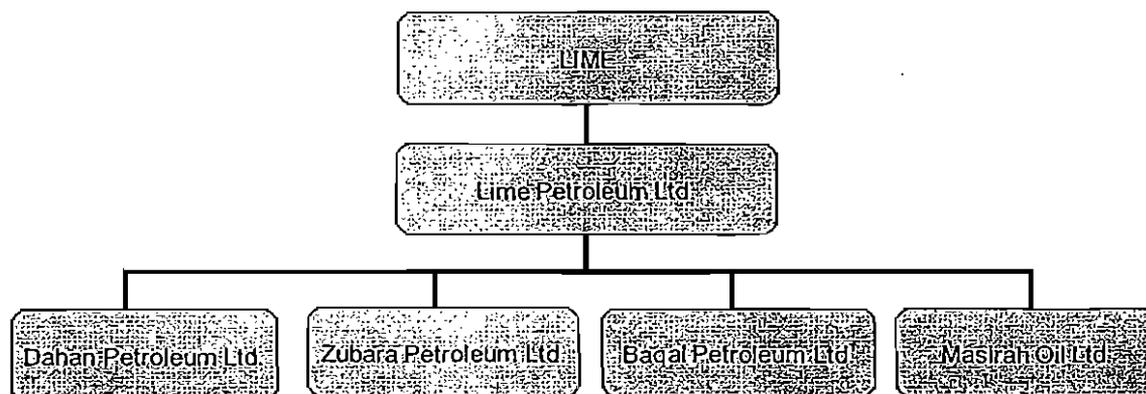
- (i) proposed subscription for 76,923,077 new LIME Shares, representing 27.2% of the enlarged share capital in LIME, for a cash consideration of USD50,000,000 (equivalent to RM152,960,000 based on the exchange rate of USD1 = RM3.0592); and
- (ii) proposed acquisition of 22,153,846 LIME Shares from Rex Oil & Gas Ltd. ("Rex"), the controlling shareholders of LIME, representing 7.8% of the enlarged share capital of LIME, for a cash consideration of USD5,000,000 (equivalent to RM15,296,000 based on the exchange rate of USD1 = RM3.0592). Upon receipt of independent confirmation of commercial discovery of a well no later than 2013, a discovery bonus amount of USD5,000,000 (equivalent to RM15,296,000 based on the exchange rate of USD1 = RM3.0592) will also be payable by Gulf Hibiscus to Rex.

ACCOUNTANTS' REPORT (Cont'd)



2. INTRODUCTION (CONT'D)

LIME was incorporated as a public company limited by shares under the Isle of Man Companies Acts 1931 to 2004 on 15 August 2011. LIME is principally engaged in the business of investment holding and the details of its subsidiaries are as follows:-



3. TARGET COMPANIES

Name of Companies	Place/Date of Incorporation	Issued and paid-up capital Number of shares/USD	Effective equity interest %	Principal activities
Lime Petroleum Ltd. ("Lime (BVI)")	The British Virgin Islands/ 10 June 2011	100,000/ 100,000	100	Investment holding.
Dahan Petroleum Ltd. ("Dahan")*	The British Virgin Islands/ 30 April 2010	169,492/ 169,492	59	Oil and gas exploration activities.
Masirah Oil Ltd. ("Masirah")*	The British Virgin Islands/ 2 April 2009	1,000/ Nil	74	Oil and gas exploration activities.
Zubara Petroleum Ltd. ("Zubara")*	The British Virgin Islands/ 5 July 2011	100,000/ 100,000	100	Oil and gas exploration activities.
Baqal Petroleum Ltd. ("Baqal")*	The British Virgin Islands/ 6 January 2012	1,000/ Nil	100	Oil and gas exploration activities.

Note:-

* - Effective equity interest held by LIME through its subsidiary, Lime (BVI).

Dahan is engaged in an oil and gas exploration business. Dahan has entered into an Exploration and Production Sharing Agreement with the Government of Ras Al Khaimah (represented by Rakgas LLC) for the RAK North Offshore Concession. This agreement gives Dahan rights for the exploration of oil and gas for 2 years from 24 May 2010 to 23 May 2012 with the option to extend for another 2 years. In the event of a declaration of commerciality, the terms of this agreement will be extended for another 20 years from the date of the declaration.



3. TARGET COMPANIES (CONT'D)

Masirah is engaged in an oil and gas exploration business. On 28 February 2011, Rex and Petroci Holding ("Petroci") have entered into an Exploration and Production Sharing Agreement with the Government of the Sultanate of Oman for the Block 50 concession area in the Sultanate of Oman (the "concession agreement"). Subsequently, the concession agreement was assigned to Masirah, after Rex and Petroci surrendered their rights and obligations for the exploration of oil and gas to Masirah, for the Block 50 concession area. The concession agreement gives Masirah rights for the exploration of oil and gas for 3 years from 23 March 2011 to 22 March 2014 with the option to extend for another 3 years. In the event of a declaration of commerciality the terms of this agreement will be extended for another 20 years from the date of the declaration.

Zubara is engaged in an oil and gas exploration business. Zubara has entered into an assignment agreement with Rex dated 31 August 2011. Under the assignment agreement, the rights and obligations of Rex under the Sharjah Concession Agreement entered into by Rex with the Government of Emirate of Sharjah are assigned to Zubara. This agreement gives Zubara rights for the exploration of oil and gas for 3 years from 6 June 2011 to 5 June 2014 with the option to extend for another 20 years if there is a commercial discovery.

4. RELEVANT FINANCIAL PERIOD

The relevant financial periods for the purpose of this report ("Relevant Financial Period") and the auditors of the respective companies for the Relevant Financial Period are as follows: -

Companies	Relevant Financial Period	Auditors
Dahan	Financial period from 30 April 2010 (date of incorporation) to 31 August 2011	Messrs. Deloitte LLP
Masirah	Financial period from 2 April 2009 (date of incorporation) to 31 August 2011	Messrs. Deloitte LLP

The financial statements of Dahan and Masirah for the Relevant Financial Period were prepared under International Financial Reporting Standards ("IFRSs") and were audited by another firm of auditors without any audit qualification.

LIME, Lime (BVI), Zubara and Baqal were incorporated on 15 August 2011, 10 June 2011, 5 July 2011 and 6 January 2012 respectively. Hence, no financial statements of these companies have been prepared as at the date of this report.



5. ACCOUNTING STANDARDS AND POLICIES OF DAHAN AND MASIRAH

5.1 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board ("IASB").

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in United States Dollar ("USD"), which is the Company's functional currency. All financial information presented in USD has been rounded to the nearest thousand.

(d) Use of accounting estimates and critical judgements

The preparation of the financial statements in conformity with IFRSs requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial period in which the estimates are revised and in any future financial periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed, below:

Intangible exploration and evaluation assets

The directors are required to assess intangible fixed assets for impairment with reference to the indicators provided in IFRS 6 – Exploration for Evaluation of Mineral Resources. No such indications have been identified during the Relevant Financial Period.



5. ACCOUNTING STANDARDS AND POLICIES OF DAHAN AND MASIRAH (CONT'D)

5.1 BASIS OF PREPARATION (CONT'D)

(e) Going concern

The Directors of Dahan and Masirah are of the opinion that the companies have sufficient cash resources to fund all current and planned exploration and drilling projects for the foreseeable future. In addition, the agreements referred to in Note 3 provide rights to the concession, and the Dahan's and Masirah's Directors currently have the ability to extend the agreements for another 2 years and 3 years respectively.

After making enquiries, the directors have reasonable expectations that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.2.1 Expenses

All expenses are accounted for on an accrual basis.

5.2.2 Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.



5. ACCOUNTING STANDARDS AND POLICIES OF DAHAN AND MASIRAH (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2.2 Taxation (Cont'd)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

5.2.3 Foreign currency transactions

Transactions and balances

Transactions in foreign currencies are translated to the functional currency (USD) at the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on translation of foreign currencies is recognised in the Statement of Comprehensive Income.

5.2.4 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are offset if there is a legally enforceable right to set off the recognised amounts and interests and it is intended to settle on a net basis.

5.2.5 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.



5. ACCOUNTING STANDARDS AND POLICIES OF DAHAN AND MASIRAH (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2.6 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

5.2.7 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Financial liabilities and equity instruments are recorded at the proceeds received, net of issue costs.

5.2.8 Provisions

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the obligation can be reliably measured. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

5.2.9 Capital contribution

The costs to the Company directly attributable to obtaining the capital contribution that would otherwise have been avoided have been taken to the capital contribution reserve.

5.2.10 Share issue costs

The share issue costs of the Company directly attributable to the placing that would otherwise have been avoided have been taken to the share premium account.

5.2.11 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the financial period in which the dividends are approved, if not paid at the end of the financial period.



5. ACCOUNTING STANDARDS AND POLICIES OF DAHAN AND MASIRAH (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash and short term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

5.2.13 Oil and gas assets and intangible exploration and evaluation assets

The Company adopts the 'successful efforts' method of accounting for exploration and evaluation costs.

All licence acquisition, exploration and research and development costs are initially capitalised as intangible fixed assets, subject to determining the commerciality of the relevant project. Directly attributable administration costs are capitalised insofar as they relate to project specific activities. Pre-licence costs are expensed in the financial period they are incurred.

If prospects are deemed to be unsuccessful following evaluation, the associated costs are charged to the income statement. If the field is determined to be commercially viable, the attributable costs will be transferred to property, plant and equipment and subsequently depreciated on a unit of production basis.

5.2.14 Future changes in accounting policies

IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued the following standards and interpretations with their respective effective dates after the date of these financial statements:

	Effective date (accounting periods commencing on or after)
New/Revised International Financial Reporting Standards (International Accounting Standards ("IAS")/IFRS)	
IAS 1 Presentation of Financial Statements*	1 January 2011
IAS 1 Presentation of Financial Statements - amendments to revise the way other comprehensive income is presented	1 July 2012
IAS 12 Income Taxes - Limited scope amendment (recovery of underlying assets) (December 2010)	1 January 2012
IAS 19 Employee Benefits - Amendment resulting from the Post Employment Benefits and Termination Benefits projects	1 January 2013



5. ACCOUNTING STANDARDS AND POLICIES OF DAHAN AND MASIRAH (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2.14 Future changes in accounting policies (Cont'd)

	Effective date (accounting periods commencing on or after)
New/Revised International Financial Reporting Standards (IAS/IFRS) (Cont'd)	
IAS 24 Related Party Disclosures - Revised definition of related parties	1 January 2011
IAS 27 Consolidated and Separate Financial Statements*	1 July 2010
IAS 27 Consolidated and Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements (as amended in May 2011)	1 January 2013
IAS 28 Investments in Associates - Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011)	1 January 2013
IAS 34 Interim Financial Reporting*	1 January 2011
IFRS 1 First time application of IFRSs - Amendments for severe hyperinflation and removal of fixed dates	1 July 2011
IFRS 1 First time application of IFRSs - Amendments for limited exemption from comparative IFRS 7 disclosures	1 July 2011
IFRS 7 Financial Instruments: Disclosures*	1 January 2011
IFRS 7 Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets (October 2010)	1 July 2011
IFRS 9 Financial Instruments - Classification and Measurement	1 January 2013
IFRS 10 Consolidated Financial Statements**	1 January 2013
IFRS 11 Joint Arrangements**	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities**	1 January 2013
IFRS 13 Fair Value Measurement**	1 January 2013

ACCOUNTANTS' REPORT (Cont'd)



5. ACCOUNTING STANDARDS AND POLICIES OF DAHAN AND MASIRAH (CONT'D)

5.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2.14 Future changes in accounting policies (Cont'd)

	Effective date (accounting periods commencing on or after)
New/Revised International Financial Reporting Standards (IAS/IFRS) (Cont'd)	
IFRIC Interpretation	
IFRIC 13 Customer Loyalty Programmes*	1 January 2011
IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - November 2009 amendments with respect to voluntary prepaid contributions	1 January 2011
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

Notes:-

- * - Amendments resulting from May 2010 Annual Improvements to IFRSs
- ** - Original issue May 2011

The directors are considering the impact of IFRS 11 "Joint Arrangements" on the Company's accounting for its oil and gas interests. The directors do not expect the adoption of the other standards and interpretations listed above to have a material impact on the Company's financial statements in the financial period of initial application.



6. AUDITED FINANCIAL STATEMENTS

For the purpose of this report, the financial information of Dahan and Masirah as presented in Section 6.1 and 6.2 are based on the audited financial statements, modified as appropriate, for the purpose of this report.

The financial statements of Dahan and Masirah were presented in USD. The translation from USD to Ringgit Malaysia ("RM") are based on the following exchange rates:-

	Dahan	Masirah
Statement of Comprehensive Income		
Based on average rates for the Relevant Financial Period	3.0845	3.2403
Statement of Financial Position		
Based on closing rates at the end of the Relevant Financial Period except for the share capital, share premium and capital reserve	2.9803	2.9803
Share capital and share premium/Capital reserve	3.2530	3.5610

There were no audited financial statements prepared for other target companies, namely LIME, Lime (BVI), Zubara and Baqal for the Relevant Financial Period as mentioned in Paragraph 4 of this report.

The scope of work involved in the preparation of this report does not constitute an audit in accordance with approved standards on auditing in Malaysia.

All information are extracted from the audited financial statements except for:-

- (i) the foreign exchange reserve (as presented in italics) which arose from the translation of the financial statements of Dahan and Masirah from USD into RM; and
- (ii) the Paragraph 6.2.8 (as presented in italics and underlined) which are prepared based on the representations and/or explanations provided by the management of HIBISCUS.

ACCOUNTANTS' REPORT (Cont'd)



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 DAHAN

6.1.1 STATEMENT OF COMPREHENSIVE INCOME OF DAHAN
FOR THE FINANCIAL PERIOD FROM 30 APRIL 2010 (DATE OF
INCORPORATION) TO 31 AUGUST 2011

	Note	USD'000	RM'000#
Administrative expenses		(49)	(151)
Loss before taxation ("LBT")	6.1.5	(49)	(151)
Income tax expense	6.1.6	-	-
Loss for the period		(49)	(151)
Other comprehensive income			
Foreign exchange differences		-	(6,702)
Total comprehensive expenses		(49)	(6,853)

Note:-

- Translated at the average exchange rate of USD1 = RM3.0845

ACCOUNTANTS' REPORT (Cont'd)



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 DAHAN (CONT'D)

6.1.2 STATEMENT OF FINANCIAL POSITION OF DAHAN AT 31 AUGUST 2011

	Note	USD'000	RM'000*
ASSETS			
NON-CURRENT ASSET			
Intangible exploration and evaluation assets	6.1.7	2,146	6,396
CURRENT ASSET			
Cash and cash equivalents		22,436	66,866
TOTAL ASSETS		24,582	73,262
EQUITY AND LIABILITY			
EQUITY			
Share capital	6.1.8	169	550 [^]
Share premium	6.1.8	24,430	79,470 [^]
Foreign exchange reserve	6.1.9	-	(6,702)
Accumulated losses		(49)	(151)
TOTAL EQUITY		24,550	73,167
CURRENT LIABILITY			
Accruals		32	95
TOTAL LIABILITY		32	95
TOTAL EQUITY AND LIABILITY		24,582	73,262

Notes:-

* - Translated at the closing exchange rate of USD1 = RM2.9803

[^] - Translated at the historical exchange rate of USD1 = RM3.2530

ACCOUNTANTS' REPORT (Cont'd)



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 DAHAN (CONT'D)

6.1.3 STATEMENT OF CASH FLOW OF DAHAN
FOR THE FINANCIAL PERIOD FROM 30 APRIL 2010 (DATE OF
INCORPORATION) TO 31 AUGUST 2011

	USD'000	RM'000
<u>CASH FLOWS FOR OPERATING ACTIVITIES</u>		
LBT	(49)	(151)
Increase in accruals	32	95
NET CASH FOR OPERATING ACTIVITIES	<u>(17)</u>	<u>(56)</u>
<u>CASH FLOWS FOR INVESTING ACTIVITY</u>		
Cost of exploration and evaluation	(2,046)	(6,396)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from issuance of shares	24,999	81,647
Share issuance cost	(500)	(1,627)
NET CASH FROM FINANCING ACTIVITIES	<u>24,499</u>	<u>80,020</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,436	73,568
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	-	-
<i>Effect of foreign exchange rate changes, net</i>	-	(6,702)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>22,436</u>	<u>66,866</u>

ACCOUNTANTS' REPORT (Cont'd)



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 DAHAN (CONT'D)

6.1.4 STATEMENTS OF CHANGES IN EQUITY OF DAHAN

	Share capital USD'000	Share premium USD'000	Accumulated losses USD'000	Total USD'000
At 30 April 2010 (date of incorporation)				
- issuance of shares	169	24,930	-	25,099
- share issuance costs	-	(500)	-	(500)
Total comprehensive expenses	-	-	(49)	(49)
Balance as at 31 August 2011	169	24,430	(49)	24,550

	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000	Total RM'000
At 30 April 2010 (date of incorporation)	-	-	-	-	-
- issuance of shares	550	81,097	-	-	81,647
- share issuance costs	-	(1,627)	-	-	(1,627)
Total comprehensive expenses	-	-	(6,702)	(151)	(6,853)
Balance as at 31 August 2011	550	79,470	(6,702)	(151)	73,167

ACCOUNTANTS' REPORT (Cont'd)



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 DAHAN (CONT'D)

6.1.5 LOSS BEFORE TAXATION

Loss before taxation is arrived after charging:-

	FPE 2011 USD'000	FPE 2011 RM'000
Audit fees	3	9
Legal fees	24	74
Other professional costs	4	12
Compensation to fishermen	8	25
Others	10	31
	49	151

6.1.6 INCOME TAX EXPENSE

The Company is registered in the British Virgin Islands which does not levy corporate income tax. Accordingly, no provision for liability to corporate income tax has been provided at the end of the reporting period.

6.1.7 INTANGIBLE EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation costs capitalised during the financial period from the date of incorporation on 30 April 2010 to 31 August 2011 are as follows:-

	2011 USD'000	2011 RM'000
Costs under the Exploration and Production		
Sharing Agreement	180	536
Geological exploration costs	121	361
Project survey costs	1,744	5,198
Management fee	100	298
Others	1	3
	2,146	6,396

ACCOUNTANTS' REPORT (Cont'd)



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 DAHAN (CONT'D)

6.1.8 SHARE CAPITAL AND SHARE PREMIUM

	No. of Ordinary shares of USD 1 each	Share capital		Share premium	
		USD'000	RM'000	USD'000	RM'000
Issued during the financial period	169,492	169	550	24,930	81,097
Share issuance costs	-	-	-	(500)	(1,627)
At 31 August 2011	169,492	169	550	24,430	79,470

The Company's authorised share capital is USD200,000. All issued shares are fully paid. There is one class of shares in issue. However, the directors have the ability to create additional classes. As prescribed in the Memorandum of Association and Articles of Association of the Company, each share in the Company confers upon the shareholder the right to one vote at a meeting of the shareholders, the right to an equal share in any dividend paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company on its liquidation. However, under the terms of the shareholders' agreement dated 5 May 2011 between Rex, Right Ally Limited ("Right Ally"), Schroder & Co Banque SA ("Schroder") and Dahan ("Shareholders' Agreement"), Schroder and Right Ally shall receive the equivalent of their committed capital in priority to Rex and any capital remaining will be distributed between parties in proportion to their shareholdings.

Under the terms of the same agreement, notwithstanding Rex's percentage of shareholding in the Company, Rex has agreed to waive all rights to dividends and has agreed not to receive dividends until Right Ally and Schroder have each received by way of dividend the equivalent amount of the capital contributed by each of these parties to the Company.

As disclosed in Note 6.1.12, Rex transferred all of its shares in the Company to Lime (BVI) on 26 August 2011 and on the same date assigned all rights under the Shareholders' Agreement to Lime (BVI).

Shares issued to Rex during the financial period were settled by way of netting management fees owed to Rex amounting to USD100,000 against the consideration due for the unpaid shares.



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 DAHAN (CONT'D)

6.1.8 SHARE CAPITAL AND SHARE PREMIUM (CONT'D)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investors and creditors' confidence. The Board manages the Company's affairs to achieve shareholder returns through capital growth and income.

The capital comprises share capital and reserves.

The Company is not subject to externally imposed capital requirements.

6.1.9 FOREIGN EXCHANGE RESERVE

The foreign exchange reserve arose from the translation of the financial statements of the Company and is not distributable by way of dividends.

6.1.10 COMMITMENTS

As at 31 August 2011, the Company had no capital commitments.

6.1.11 RELATED PARTY TRANSACTIONS

Lime (BVI) holds 59% of the issued share capital of the Company, and is in turn 100% owned by LIME, majority controlled by Rex, the ultimate controlling party as disclosed in Note 6.1.12 of this report. Hans Lidgren and Karl Lidgren, directors of the Company, are the sole directors of Rex. Rex provided management services to the Company from 1 July 2011, which amounted to USD100,000. The Board has agreed that Rex be paid USD50,000 per month for these services on an ongoing basis. Rex paid incorporation costs of the Company of USD5,525 which were included in accruals at the end of the financial period.

Schroder holds 25% of the issued share capital of the Company, and acts as a banker for the Company. Cash balances as at 31 August 2011 of USD22.4 million were held by Schroder. Simon Comina, a director of the Company, is an employee of Schroder.

Right Ally holds 16% of the issued share capital of the Company. Chee Siew Yaw, a director of the Company is a significant shareholder of Right Ally.



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 DAHAN (CONT'D)

6.1.11 RELATED PARTY TRANSACTIONS (CONT'D)

During the financial period, the Company paid and capitalised USD1,744,143 in relation to exploration services rendered from Bergen Oilfield Services AS. Svein Kjellesvik, a director of the Company and shareholder in Rex, is also a director and shareholder of Bergen Oilfield Services AS.

6.1.12 CONTROLLING AND ULTIMATE CONTROLLING PARTY

As stated under the terms of the Shareholders' Agreement dated 5 May 2011, the Company is jointly controlled by Lime (BVI), a company incorporated in the British Virgin Islands, Right Ally, a company incorporated in the British Virgin Islands, and Schroder, a company organised and validly existing under the laws of Switzerland.

Prior to the Shareholders' Agreement dated 5 May 2011, Rex was the controlling and ultimate controlling party. On 26 August 2011, Rex transferred its entire share ownership to Lime (BVI). Rex is the majority owner of Lime (BVI).

6.1.13 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk and interest rate risk.

Risk management is carried out by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and may in future become exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk may arise from future commercial transactions, but in the current financial period all transactions entered into by the Company have been USD denominated and paid out of a USD bank account, thereby managing the Company's foreign exchange risk.

Net assets denominated in USD at the end of the financial period amounted to USD24.5 million. At end of the financial period, there were no assets or liabilities denominated in any other currency.



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 DAHAN (CONT'D)

6.1.13 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (Cont'd)

(ii) Market price risk

The Company is not currently exposed to market risk arising from its investment in the exploration of oil and gas, nor to risks arising from changes in the price of oil. The Company may be exposed to market risk in the future. The Board is responsible for the monitoring of exposure to this market risk.

(iii) Interest rate risk

The Company's cash and cash equivalents are placed in a call account. There are no financial assets and liabilities which are interest bearing. The Company is therefore not subject to interest rate risk and therefore a sensitivity analysis has not been provided.

(b) Credit risk

The Company has no significant concentrations of credit risk, other than in respect of cash and cash equivalents which are held with one institution. Cash transactions are limited to high-credit-quality financial institutions selected by the board of directors.

ACCOUNTANTS' REPORT (Cont'd)



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 DAHAN (CONT'D)

6.1.13 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet planned expenditure at all times. The Company aims to maintain flexibility in funding and does not currently have any borrowing facilities. The Company manages its liquidity risk by ensuring that the Company has sufficient liquid resources through holding cash in a call account.

Residual undiscounted contractual maturities of financial liabilities:

31 August 2011	Less than 1 month USD'000	1-3 months USD'000	3 months to 1 year USD'000	1-5 years USD'000	Over 5 years USD'000	No stated maturity USD'000
Financial liability Accruals	-	32	-	-	-	-
31 August 2011	Less than 1 month RM'000	1-3 Months RM'000	3 months to 1 year RM'000	1-5 years RM'000	Over 5 years RM'000	No stated maturity RM'000
Financial liability Accruals	-	95	-	-	-	-



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 MASIRAH

6.2.1 STATEMENT OF COMPREHENSIVE INCOME OF MASIRAH
FOR THE FINANCIAL PERIOD FROM 2 APRIL 2009 (DATE OF
INCORPORATION) TO 31 AUGUST 2011

	Note	USD'000	RM'000#
Administrative expenses		(114)	(369)
LBT	6.2.5	(114)	(369)
Income tax expense	6.2.6	-	-
Loss for the period		(114)	(369)
Other comprehensive income			
Foreign exchange differences		-	(2,590)
Total comprehensive expenses		(114)	(2,959)

Note:-

- Translated at the average exchange rate of USD1 = RM3.2403

ACCOUNTANTS' REPORT (Cont'd)



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 MASIRAH (CONT'D)

6.2.2 STATEMENT OF FINANCIAL POSITION OF MASIRAH AT 31 AUGUST 2011

	Note	USD'000	RM'000*
ASSETS			
NON-CURRENT ASSET			
Intangible exploration and evaluation assets	6.2.7	798	2,378
CURRENT ASSETS			
Prepayments		13	39
Cash and cash equivalents		3,970	11,832
		3,983	11,871
TOTAL ASSETS		4,781	14,249
EQUITY AND LIABILITY			
EQUITY			
Share Capital	6.2.8	-	-
Capital contribution reserve	6.2.9	4,512	16,067 [^]
Foreign exchange reserve	6.2.10	-	(2,590)
Accumulated losses		(114)	(369)
TOTAL EQUITY		4,398	13,108
CURRENT LIABILITY			
Accruals		383	1,141
TOTAL LIABILITY		383	1,141
TOTAL EQUITY AND LIABILITY		4,781	14,249

Notes:-

* - Translated at the closing exchange rate of USD1 = RM2.9803

^ - Translated at the historical exchange rate of USD1 = RM3.5610

ACCOUNTANTS' REPORT (Cont'd)



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 MASIRAH (CONT'D)

6.2.3 STATEMENT OF CASH FLOW OF MASIRAH
FOR THE FINANCIAL PERIOD FROM 2 APRIL 2009 (DATE OF
INCORPORATION) TO 31 AUGUST 2011

	USD'000	RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
LBT	(114)	(369)
Increase in prepayments	(13)	(39)
Increase in accruals	383	1,141
NET CASH FROM OPERATING ACTIVITIES	256	733
<u>CASH FLOWS FOR INVESTING ACTIVITY</u>		
Cost of exploration and evaluation	(798)	(2,378)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds of capital contribution	4,750	16,915
Costs of capital contribution	(238)	(848)
NET CASH FROM FINANCING ACTIVITIES	4,512	16,067
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,970	14,422
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	-	-
<i>Effect of foreign exchange rate changes, net</i>	-	(2,590)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	3,970	11,832

ACCOUNTANTS' REPORT (Cont'd)



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 MASIRAH (CONT'D)

6.2.4 STATEMENTS OF CHANGES IN EQUITY OF MASIRAH

	Share capital USD'000	Capital contribution reserve USD'000	Accumulated losses USD'000	Total USD'000
At 2 April 2009 (date of incorporation)				
- capital contribution	-	4,750	-	4,750
- costs of capital contribution	-	(238)	-	(238)
Total comprehensive expenses	-	-	(114)	(114)
Balance as at 31 August 2011	-	4,512	(114)	4,398

	Share capital RM'000	Capital contribution reserve RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000	Total RM'000
At 2 April 2009 (date of incorporation)					
- capital contribution	-	16,915	-	-	16,915
- costs of capital contribution	-	(848)	-	-	(848)
Total comprehensive expenses	-	-	(2,590)	(369)	(2,959)
Balance as at 31 August 2011	-	16,067	(2,590)	(369)	13,108



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 MASIRAH (CONT'D)

6.2.5 LOSS BEFORE TAXATION

Loss before taxation is arrived after charging:-

	FPE 2011 USD'000	FPE 2011 RM'000
Audit fees	29	94
Other professional costs	55	178
Office rental	5	16
Staff costs	22	71
Others	3	10
	114	369

6.2.6 INCOME TAX EXPENSE

The Company is registered in the British Virgin Islands which does not levy corporate income tax. The Company is subject to Omani income tax on its taxable income under the provisions of the Income Tax Law as set out in the concession agreement. No income tax liability has been incurred as the Company has not generated taxable income under those provisions at the end of the reporting period.

6.2.7 INTANGIBLE EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation costs capitalised during the financial period from the date of incorporation on 2 April 2009 to 31 August 2011 are as follows:-

	2011 USD'000	2011 RM'000
Costs under the Exploration and Production		
Sharing Agreement	400	1,192
Other exploration and evaluation costs	398	1,186
	798	2,378

6.2.8 SHARE CAPITAL

	No. of Ordinary shares	Share capital USD'000	Share capital RM'000
Issued during the financial period/ Balance at 31 August 2011	1,000	-	-



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 MASIRAH (CONT'D)

6.2.8 SHARE CAPITAL (CONT'D)

There is one class of share in issue. However the directors have the ability to create additional shares. Rex was issued with 1,000 nil par shares during the financial period. Rex sold 260 shares to Petroci under the terms of a shareholders' agreement dated 5 August 2010 ("Masirah Shareholders' Agreement"), in exchange for a capital contribution amounting to USD4,750,000 to the Company from Petroci. Please refer to Note 6.2.9 for further information relating to this capital contribution to the Company.

Rex and Petroci also entered into a call option agreement on 5 August 2010, under which Rex granted Petroci an option to purchase an additional 390 shares in the Company, which is exercisable on the unconditional contribution by Petroci of USD7,150,000 to the Company. Upon the exercise of the option, Petroci will become the major shareholder of the Company.

As disclosed in Note 6.2.13, Rex transferred all of its shares in the Company to Lime (BVI) on 30 August 2011 and on the same date assigned all rights under the Masirah Shareholders' Agreement and call option agreement to Lime (BVI).

Rights of shares

As prescribed in the Memorandum of Association and Articles of Association of the Company, each ordinary share held gives the shareholder one vote at the shareholders' meeting or any resolution of shareholders, the right to an equal share in any dividend paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company on its liquidation.

Under the terms of the Masirah shareholders agreement, Petroci is entitled to contribute USD7,150,000 as shareholders contribution into Masirah ("Petroci Contribution") upon the decision by Masirah to start drilling one offshore, exploratory/stratigraphic well. Pursuant to a call option agreement dated 5 August 2010, Rex (who has assigned and transferred full ownership of its shares in Masirah to Lime BVI via an assignment agreement on 30 August 2011) had granted Petroci a call option entitling Petroci to purchase 390 shares in Masirah for a consideration of USD1, which is exercisable in whole upon receipt of the Petroci Contribution. Upon exercising the call option, Petroci's shareholding in Masirah will increase from 26% to 65% and Lime BVI's shareholding in Masirah will reduce from 74% to 35%. If Petroci decides not to exercise the call option, then Petroci would be bound to transfer 160 of its Masirah shares to Lime BVI, thus reducing its shareholding in Masirah from 26% to 10% and Lime BVI's shareholding in Masirah will increase from 74% to 90%.



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 MASIRAH (CONT'D)

6.2.8 SHARE CAPITAL (CONT'D)

Under the terms of the Masirah shareholders' agreement, Petroci shall receive 65% and Lime BVI shall receive 35% of any dividends paid by Masirah (Rex has assigned its 74% equity interest in Masirah to Lime BVI on 30 August 2011). However, if the cumulative volume of the barrels of oil recoverable from the Block 50 Oman Concession is proven to be more than 50 million barrels of oil recoverable, Petroci and Lime BVI will receive 60% and 40% of any dividends or capital gains distributed by Masirah relating to the volumes in excess of 50 million barrels of oil recoverable, respectively. However, should Petroci decide against exercising the call option, Masirah's distribution policy, as detailed above, shall cease to apply and the distribution policy of Masirah will then be based on the then equity interest of Petroci and Lime BVI in Masirah of 10% and 90% respectively.

Upon declaration of commerciality, the Government of the Sultanate of Oman has the right to take a participating interest of up to 25% in the Block 50 Oman Concession and Masirah's participating interest in the Block 50 Oman Concession will reduce correspondingly to at least 75%. Consequently, should the cumulative volume of the barrels of oil recoverable from the Block 50 Oman Concession be more than 50 million barrels of oil recoverable, Lime BVI's effective dividend allocation in the Block 50 Oman Concession will reduce to 30% (75% of the 40% dividend allocation in the Block 50 Oman Concession prior to the back in by the Government of the Sultanate of Oman).

No dividends would be distributed for a period of 3 years from the date of the signing of the agreement until otherwise unanimously decided by Lime (BVI) and Petroci.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investors and creditors' confidence. The Board manages the Company's affairs to achieve shareholder returns through capital growth and income. The Company is not subject to externally imposed capital requirements.

6.2.9 CAPITAL CONTRIBUTION

A capital contribution of USD4,750,000 was made by Petroci in 2011. Costs directly attributable to obtaining the capital contribution of USD238,000 have been taken to the capital contribution reserve.

6.2.10 FOREIGN EXCHANGE RESERVE

The foreign exchange reserve arose from the translation of the financial statements of the Company and is not distributable by way of dividends.



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 MASIRAH (CONT'D)

6.2.11 COMMITMENTS

Under the terms of concession agreement, the Company has a minimum work obligation under the initial phase of the concession agreement which will require an estimated USD4,000,000 to USD13,000,000 to complete, of which an estimated USD9,000,000 could be incurred if drillable prospects are found. At the end of reporting period, the Company has incurred USD798,000 relating to the minimum work obligation.

6.2.12 RELATED PARTY TRANSACTIONS

Rex is a shareholder of one of the controlling parties as disclosed in Note 6.2.13. During the financial period, Rex entered into a bank guarantee with Schroder on behalf of Masirah for the benefit of The Ministry of Oil & Gas, being a division of the Government of the Sultanate of Oman, for the payment of bonuses and other payments to a maximum amount of USD400,000. This guarantee was required under the concession agreement. Rex charged the Company USD41,000 for the provision of this guarantee which is included within other professional costs as disclosed in Note 6.2.5. This guarantee was eliminated during the financial period.

Additionally, during the financial period, a total fee of USD313,333 was payable to Rex for services relating to seismic data reviews. The fees are included in the intangible exploration and evaluation assets as disclosed in Note 6.2.7 and accruals at the end of reporting period.

6.2.13 CONTROLLING AND ULTIMATE CONTROLLING PARTY

As stated under the terms of the Masirah Shareholders' Agreement dated 5 August 2010, the Company is jointly controlled by Lime (BVI), a company incorporated in BVI, and Petroci, the National Oil Company of Cote D'Ivoire.

Prior to the transaction disclosed in Note 6.2.8, Rex was the controlling and ultimate controlling party of the Company. On 30 August 2011, Rex transferred its share ownership to Lime (BVI). Rex is the majority owner of Lime (BVI).

6.2.14 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk and interest rate risk.

Risk management is carried out by the Board of Directors.

**6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.2 MASIRAH (CONT'D)****6.2.14 FINANCIAL RISK MANAGEMENT (CONT'D)****(a) Market risk****(i) Foreign exchange risk**

The Company operates internationally and may in future become exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk may arise from future commercial transactions, but in the current financial period all transactions entered into by the Company have been denominated in USD, Swiss Franc ("CHF"), Sterling Pound ("GBP"), Euro ("EUR"), Swedish Krona ("SEK") and paid out of USD and CHF bank accounts. The Company pays expenses denominated in currencies other than USD in a timely manner as and when they fall due thereby managing the Company's foreign exchange risk.

Net assets denominated in USD at the end of the financial period amounted to USD4.4 million. At the end of the financial period, all assets were denominated in USD, and liabilities included accruals denominated in USD, GBP (USD29,000), SEK (USD39,000) and CHF (USD1,000).

(ii) Market price risk

The Company is not currently exposed to market risk arising from its investment in the exploration of oil and gas, nor to risks arising from changes in the price of oil. The Company may be exposed to market risk in the future. The board is responsible for the monitoring of exposure to this market risk.

(iii) Interest rate risk

The Company's cash and cash equivalents are placed in a call account. There are no financial assets and liabilities which are interest bearing. The Company is therefore not subject to interest rate risk and therefore a sensitivity analysis has not been provided.

(b) Credit risk

The Company has no significant concentrations of credit risk, other than in respect of cash and cash equivalents which are held with one institution. Cash transactions are limited to high-credit-quality financial institutions selected by the board of directors.

ACCOUNTANTS' REPORT (Cont'd)



6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.2 MASIRAH (CONT'D)

6.2.14 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet planned expenditure at all times. The Company aims to maintain flexibility in funding and does not currently have any borrowing facilities. The Company manages its liquidity risk by ensuring the Company has sufficient liquid resources through holding cash in a call account.

Residual undiscounted contractual maturities of financial liabilities:

31 August 2011	Less than 1 month USD'000	1-3 months USD'000	3 months to 1 year USD'000	1-5 years USD'000	Over 5 years USD'000	No stated maturity USD'000
Financial liability Accruals	-	383	-	-	-	-

31 August 2011	Less than 1 month RM'000	1-3 Months RM'000	3 months to 1 year RM'000	1-5 years RM'000	Over 5 years RM'000	No stated maturity RM'000
Financial liability Accruals	-	1,141	-	-	-	-

7. DIVIDENDS

Dahan and Masirah did not pay or declare any dividend during the Relevant Financial Period.

8. SUBSEQUENT EVENTS

There were no significant events subsequent to the last financial statements used in the preparation of this report.

ACCOUNTANTS' REPORT (Cont'd)

**9. AUDITED FINANCIAL STATEMENTS**

As at the date of this report, no audited financial statements have been prepared in respect of the financial period subsequent to 31 August 2011 for the Target Companies.

Yours faithfully

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Crowe Horwath
Firm No: AF 1018
Chartered Accountants

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Lee Kok Wai
Approval No: 2760/06/12 (J)
Chartered Accountant

PROFORMA STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011



Date: 1 8 FEB 2012

The Board of Directors
Hibiscus Petroleum Berhad
 Level 18, The Gardens North Tower
 Mid Valley City
 Lingkaran Syed Putra
 59200 Kuala Lumpur

Crowe Horwath AF 1018
 Chartered Accountants
 Member Crowe Horwath International
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 Main +6 03 2788 9999
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 www.crowehorwath.com.my
 info@crowehorwath.com.my

Dear Sirs

HIBISCUS PETROLEUM BERHAD ("HIBISCUS" OR "THE COMPANY")
PROFORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011

We have reviewed the Proforma Statements of Financial Position of HIBISCUS as at 31 March 2011, together with the accompanying notes thereto, for which the Directors are solely responsible, as set out in the accompanying statements (initialled by us for the purpose of identification only) prepared for the purpose of inclusion in the circular of HIBISCUS to be dated 2 8 FEB 2012

It is our responsibility to form an opinion on the Proforma Statements of Financial Position as prepared by management to illustrate the effects of the proposed subscription for 76,923,077 new shares and the proposed acquisition of 22,153,846 shares in Lime Petroleum Plc ("LIME"), representing 35.0% of the enlarged equity interest in LIME for an aggregate purchase consideration of USD55,000,000 (equivalent to RM168,256,000 based on the exchange rate of USD1 = RM3.0592) with an additional payment of the discovery bonus amount of USD5,000,000 (equivalent to RM15,296,000 based on the exchange rate of USD1 = RM3.0592) upon receipt of independent confirmation of commercial discovery of a well no later than 2013 ("Proposals"). LIME has the following subsidiaries:-

- (i) Lime Petroleum Ltd.;
- (ii) Dahan Petroleum Ltd.;
- (iii) Masirah Oil Ltd.;
- (iv) Zubara Petroleum Ltd.; and
- (v) Baqal Petroleum Ltd.

Our work, which involved no independent examination of any of the underlying statements of financial position, consisted primarily of comparing the Proforma Statements of Financial Position with the audited financial statements, considering the evidence supporting the adjustments, and discussing the Proforma Statements of Financial Position with the responsible officers of HIBISCUS.

As the Proforma Statements of Financial Position have been prepared for illustrative purposes only, such information may not, because of its nature, reflect the actual effects of the Proposals on the financial position, results and cash flows of the Company had they occurred as at 31 March 2011. Furthermore, such information does not purport to predict the future financial position, results and cash flows of the Company.

PROFORMA STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011 (Cont'd)

In our opinion,

- (a) the Proforma Statements of Financial Position have been properly prepared on the bases set out in the accompanying notes to the Proforma Statements of Financial Position and in a manner consistent with both the format of the financial statements and the accounting policies of the Company unless otherwise stated;
- (b) the financial statements used in the preparation of the Proforma Statements of Financial Position were prepared in accordance with Financial Reporting Standards in Malaysia; and
- (c) each material adjustment made to the information used in the preparation of the Proforma Statements of Financial Position is appropriate for the purposes of preparing such Proforma Statements of Financial Position.

We understand that this letter will be used solely for the purpose stated above. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

A handwritten signature in black ink, appearing to be "C.H.", written over a horizontal line.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

A handwritten signature in black ink, appearing to be "K.W.", written over a horizontal line.

Lee Kok Wai
Approval No: 2760/06/12(J)
Chartered Accountant

PROFORMA STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011 (Cont'd)

HIBISCUS PETROLEUM BERHAD ("HIBISCUS" OR "THE COMPANY")
PROFORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011

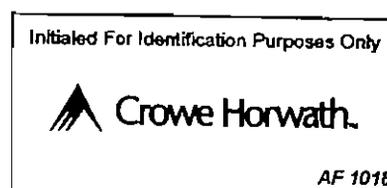
The Proforma Statements of Financial Position below have been prepared for illustrative purposes only to show the effects on the audited financial position of the Company as at 31 March 2011 on the assumption that the effects set out in Note 1 had been effected on 31 March 2011 and should be read in conjunction with the notes thereon.

	Note	Audited as at 31 March 2011 RM'000	Adjustments for Pre-Initial Public Offering ("IPO") Events and Public Issue RM'000	Proforma I After Pre-IPO Events and Public Issue RM'000	Adjustments for acquisition of target companies and payment of expenses of expenses RM'000	Proforma II After Proforma I and acquisition of target companies RM'000
ASSETS						
NON-CURRENT ASSETS						
Equipment		6		6		6
Investment in jointly controlled entities	3	-		-	180,493	180,493
		<u>6</u>		<u>6</u>		<u>180,499</u>
CURRENT ASSETS						
Deposits and prepayments	4	412	(374)	38		38
Fixed deposits with a licensed bank	5	2,304	210,744	213,048	(168,256)	44,792
Cash and bank balances	6	213	25,124	25,337	(6,000)	19,337
		<u>2,929</u>		<u>238,423</u>		<u>64,167</u>
TOTAL ASSETS		<u>2,935</u>		<u>238,429</u>		<u>244,666</u>
EQUITY AND LIABILITY						
EQUITY						
Share capital	7	*	4,180	4,180		4,180
Share premium	8	-	137,216	137,216		137,216
Warrant reserve	9	-	98,151	98,151		98,151
Accumulated losses	10	(1,205)	(217)	(1,422)	(6,000)	(7,422)
TOTAL EQUITY		<u>(1,205)</u>		<u>238,125</u>		<u>232,125</u>
LIABILITY						
CURRENT LIABILITIES						
Other payables and accruals	11	84		84	12,237	12,321
Amount owing to related parties	12	3,000	(3,000)	-		-
Redeemable convertible preference shares ("RCPS")	13	1,056	(836)	220		220
		<u>4,140</u>		<u>304</u>		<u>12,541</u>
TOTAL EQUITY AND LIABILITY		<u>2,935</u>		<u>238,429</u>		<u>244,666</u>
<i>Number of ordinary shares ('000)</i>				418,047		418,047
<i>Net (liabilities) ("NL")/assets ("NA") (RM'000)</i>		(1,205)		238,125		232,125
<i>(NL)/NA per ordinary share (RM)</i>		(6,025)		0.57		0.56

Notes:

* - Represents RM2

^ - Represents 200 Shares



PROFORMA STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011 (Cont'd)

HIBISCUS

NOTES TO THE PROFORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011

1. Basis of Preparation

The Proforma Statements of Financial Position have been prepared by the Directors of HIBISCUS based on the financial statements of HIBISCUS for the financial year ended 31 March 2011 ("FYE 2011") in accordance with Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Company except for the new adoption of the following accounting policies:-

Investment in Jointly Controlled Entities

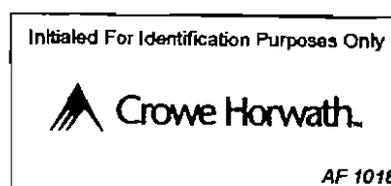
A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which the Company has an interest. A joint venture is a contractual arrangement whereby the Company and one or more of other parties undertake an economic activity that is subject to joint control, which is the contractually agreed sharing of control over an economic activity, and exists only when the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

An investment in a jointly controlled entity is accounted for using the equity method, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the jointly controlled entity. The profit or loss of the Company includes its share of the profit or loss of the jointly controlled entity.

If the Company's share of losses of a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, the Company discontinues recognising its share of further losses. The interest in a jointly controlled entity is the carrying amount of the investment in the jointly controlled entity under the equity method together with any long-term interests that, in substance, form part of the Company's net investment in the jointly controlled entity. After the Company's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the jointly controlled entity.

Unrealised gains on transactions between the Group and the jointly controlled entity are eliminated to the extent of the Company's interest in the jointly controlled entity. Unrealised losses are eliminated unless cost cannot be recovered.

On the disposal of the investments in jointly controlled entities, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.



PROFORMA STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011 (Cont'd)**HIBISCUS****NOTES TO THE PROFORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011 (CONT'D)****1. Basis of Preparation (Cont'd)**

On 16 August 2011, HIBISCUS acquired 100% equity interest of Orient Hibiscus Sdn. Bhd. from third parties for a total consideration of RM2.

On 17 October 2011, HIBISCUS incorporated two wholly-owned subsidiaries, Gulf Hibiscus Ltd. ("Gulf Hibiscus") and Hibiscus Oilfield Services Ltd. respectively. As at 2 November 2011, the issued and paid-up capital of Gulf Hibiscus and Hibiscus Oilfield Services Ltd. are as follows:-

	No. of Ordinary shares	Share capital USD
Gulf Hibiscus	4,000,001	4,000,001
Hibiscus Oilfield Services Ltd.	1	1

The acquisition/incorporation of these subsidiaries does not have any significant effects on the Proforma Statements of Financial Position of HIBISCUS.

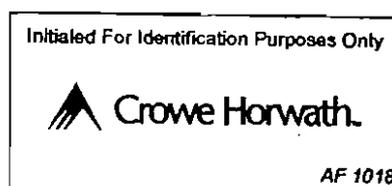
The Proforma Statements of Financial Position together with the accompanying notes thereto, have been prepared solely for illustrative purposes, to show the effects of the following schemes had the schemes been implemented and completed on 31 March 2011:-

Listing Scheme**Public Issue**

This is in respect of the Public Issue of 312,214,300 new ordinary shares of RM0.01 each in HIBISCUS ("Public Issue Shares"), together with 312,214,300 free detachable warrants ("Warrants-A") on the basis of one (1) Warrant-A for every Public Issue Share subscribed for, at an issue price of RM0.75 per Public Issue Share payable in full upon application comprising:-

- (i) 265,362,100 Public Issue Shares together with 265,362,100 Warrants-A on the basis of 1 Warrant-A for every 1 Public Issue Share subscribed for by way of placement to selected investors; and
- (ii) 46,852,200 Public Issue Shares together with 46,852,200 Warrants-A on the basis of 1 Warrant-A for every 1 Public Issue Share subscribed for which are available for application by the Malaysian Public.

On 25 July 2011, the Company has listed its entire enlarged share capital of 418,047,922 Shares on the Main Market of Bursa Malaysia Securities Berhad.



PROFORMA STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011 (Cont'd)

HIBISCUS

NOTES TO THE PROFORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011 (CONT'D)

1. Basis of Preparation (Cont'd)

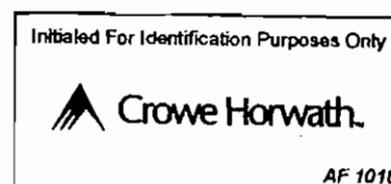
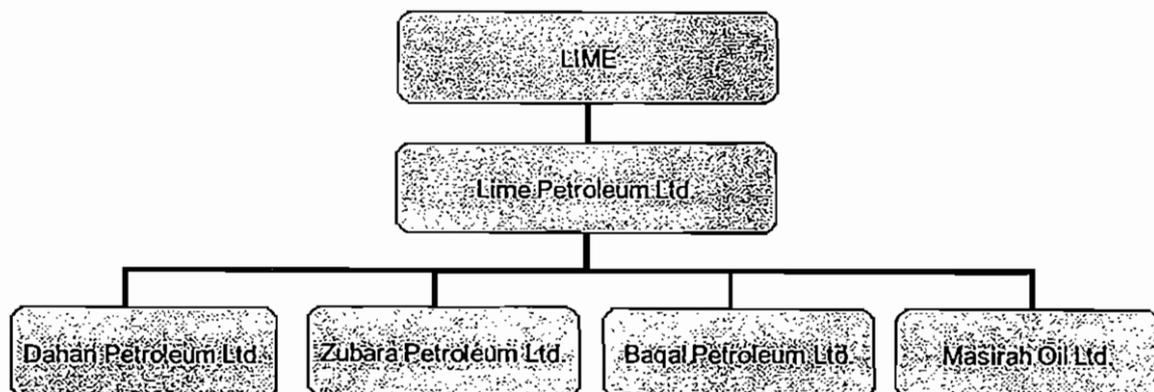
Proposals

Pursuant to the Proposals, Gulf Hibiscus will on aggregate, acquire 35.0% equity interest in Lime Petroleum Plc ("LIME") for a total cash consideration of USD55,000,000 (equivalent to RM168,256,000). The Proposals comprise the following:

- (i) proposed subscription for 76,923,077 new LIME shares, representing 27.2% of the enlarged share capital in LIME, for a cash consideration of USD50,000,000 (equivalent to RM152,960,000) ("Proposed Subscription"); and
- (ii) proposed acquisition of 22,153,846 LIME shares from Rex Oil & Gas Ltd. ("Rex"), the controlling shareholder of LIME, representing 7.8% of the enlarged share capital of LIME, for a cash consideration of USD5,000,000 (equivalent to RM15,296,000) ("Proposed Acquisition"). Upon receipt of independent confirmation of commercial discovery of a well no later than 2013, a discovery bonus amount of USD5,000,000 (equivalent to RM15,296,000) will also be payable by Gulf Hibiscus to Rex ("Contingent Consideration").

(Collectively defined as the "Proposals")

LIME was incorporated as a public company limited by shares under the Isle of Man Companies Acts 1931 to 2004 on 15 August 2011. LIME was subsequently de-registered under the earlier Act, and then re-registered as a company under the Isle of Man Companies Act 2006 on 1 November 2011. LIME is principally engaged in the business of investment holding and the details of its subsidiaries are as follows:-



PROFORMA STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011 (Cont'd)

HIBISCUS

NOTES TO THE PROFORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011 (CONT'D)

1. Basis of Preparation (Cont'd)

Proposals (Cont'd)

Name of Companies	Place/Date of Incorporation	Issued and paid-up capital Number of shares/USD	Effective equity interest %	Principal activities
Lime Petroleum Ltd.	The British Virgin Islands/ 10 June 2011	100,000/ 100,000	100	Investment holding.
Dahan Petroleum Ltd.*	The British Virgin Islands/ 30 April 2010	169,492/ 169,492	59	Oil and gas exploration activities.
Masirah Oil Ltd.*	The British Virgin Islands/ 2 April 2009	1,000/ Nil	74	Oil and gas exploration activities.
Zubara Petroleum Ltd.*	The British Virgin Islands/ 5 July 2011	100,000/ 100,000	100	Oil and gas exploration activities.
Baqal Petroleum Ltd.*	The British Virgin Islands/ 6 January 2012	1,000/ Nil	100	Oil and gas exploration activities.

Note:-

* - Effective equity interest held by LIME through its subsidiary, Lime Petroleum Ltd.

LIME and its subsidiaries are collectively defined as "the Target Companies".

The exchange rate of RM3.0592 to USD1 has been applied for the purpose of converting USD-denominated values to Ringgit Malaysia-denominated values throughout this document, where applicable.

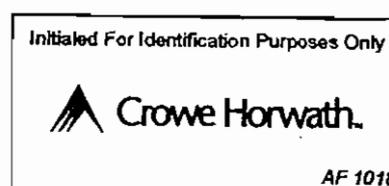
2. Proforma

2.1 Proforma I

Proforma I incorporates the effects of Pre-Initial Public Offering Events and Public Issue as follows:-

(i) Tranche 1 Conversion of RCPS

On 28 April 2011, Hibiscus Upstream Sdn. Bhd. ("Hibiscus Upstream") converted a total of 5,557,000 RCPS held into 55,570,000 new Shares together with 55,570,000 Warrants-B. This has resulted in Hibiscus Upstream holding 20% in the enlarged issued and paid-up ordinary share capital of the Company.



PROFORMA STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011 (Cont'd)

HIBISCUS

NOTES TO THE PROFORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011 (CONT'D)

2. Proforma (Cont'd)

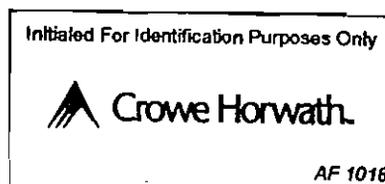
2.1 Proforma I (Cont'd)

- (ii) Capitalisation of Advances from Initial Investors Amounting To RM3,000,000 ("Initial Investors' Utilisation Amount") and Subscription by the Initial Investors

Prior to the receipt of the Securities Commission ("SC")'s approval for the initial public offering ("IPO"), the Initial Investors had provided a total of RM3,000,000 for the Company to utilise on behalf of the Initial Investors towards payment of expenses incurred in connection with the IPO.

On 4 May 2011, the Initial Investors entered into subscription agreements with the Company for the following:-

- (a) the capitalisation of the Initial Investors' Utilisation Amount into 6,666,667 new Shares together with 6,666,667 Warrants-A at an issue price of RM0.45 per new Share; and
- (b) the subscription for 15,555,555 new Shares together with 15,555,555 Warrants-A at a subscription price of RM0.45 per new Share. The Subscription by the Initial Investors raised total proceeds of RM7,000,000.
- (iii) On 20 July 2011, Hibiscus Upstream converted a total of 2,804,120 RCPS held into 28,041,200 new Shares together with 28,041,200 Warrants-B. This has resulted in Hibiscus Upstream holding 20% in the enlarged issued and paid-up ordinary share capital of the Company ("Tranche 2 Conversion of RCPS").
- (iv) Public Issue of 312,214,300 new ordinary shares of RM0.01 each in HIBISCUS, together with 312,214,300 Warrants-A on the basis of 1 Warrant-A for every 1 Public Issue Share subscribed for, at an issue price of RM0.75 per Public Issue Share payable in full upon application comprising:-
- (a) 265,362,100 Public Issue Shares together with 265,362,100 Warrants-A on the basis of 1 Warrant-A for every 1 Public Issue Share subscribed for by way of placement to selected investors; and
- (b) 46,852,200 Public Issue Shares together with 46,852,200 Warrants-A on the basis of 1 Warrant-A for every 1 Public Issue Share subscribed for which are available for application by the Malaysian Public.



PROFORMA STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011 (Cont'd)

HIBISCUS

NOTES TO THE PROFORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011 (CONT'D)

2. Proforma (Cont'd)

2.1 Proforma I (Cont'd)

(v) The payment of listing expenses amounting to RM5,972,000*.

Note:

* - The listing expenses for the issuance of the new Shares of RM3,269,000 and RM2,180,000 were written off against the share premium and warrant reserve accounts respectively. The balance of the listing expenses of RM523,000 was expensed off against the statement of comprehensive income and this represents a one-off expenditure pursuant to the IPO. During the FYE 2011, the listing expenses of RM306,000 has been expensed off against the statement of comprehensive income.

2.2 Proforma II

Proforma II incorporates the effects of Proforma I and the Proposals.

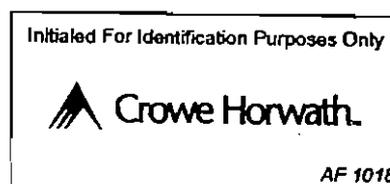
3. Investment in Jointly Controlled Entities

	RM'000
Unquoted shares, at cost/Proforma II	180,493

The cost of investment in joint controlled entities comprises:-

	RM'000
Initial payment for:	
- Proposed Subscription	152,960
- Proposed Acquisition	15,296
Contingent Consideration	12,237
	180,493

The Contingent Consideration included in the cost of investment, which relates to a probable cash amount payable in the future, is measured at its present value by discounting the amount at the cost of equity of 25% per annum. The Contingent Consideration is accrued as shown in Note 11 to the Proforma Statement of Financial Position.



PROFORMA STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011 (Cont'd)

HIBISCUS

NOTES TO THE PROFORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011 (CONT'D)

4. Deposits and Prepayments

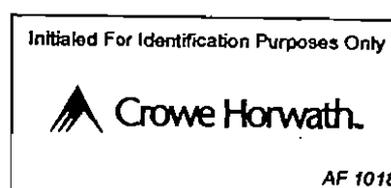
	RM'000
Audited as at 31 March 2011	412
Listing expenses incurred	(374)
As per Proforma I/II	38

5. Fixed Deposits With A Licensed Bank

	RM'000
Audited as at 31 March 2011	2,304
Upon the Public Issue of Shares	210,744
As per Proforma I	213,048
Acquisition of Target Companies	(168,256)
As per Proforma II	44,792

6. Cash And Bank Balances

	RM'000
Audited as at 31 March 2011	213
Adjustments for Proforma I	
- Subscription by the Initial Investors	7,000
- Upon the Public Issue of Shares	23,416
- Payment of listing expenses	(5,292)
As per Proforma I	25,337
Payment of acquisition-related costs	(6,000)
As per Proforma II	19,337



PROFORMA STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011 (Cont'd)

HIBISCUS

NOTES TO THE PROFORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011 (CONT'D)

7. Share Capital

The movements in the issued and paid-up share capital of HIBISCUS are as follows:-

	Number of ordinary shares '000	Par Value RM	RM'000
Audited as at 31 March 2011	^	0.01	*
Adjustments for Proforma I			
- Tranche 1 Conversion of RCPS	55,570	0.01	556
- Capitalisation of Initial Investors' Utilisation Amount and Subscription by the Initial Investors	22,222	0.01	222
- Tranche 2 Conversion of RCPS	28,041	0.01	280
- Upon the Public Issue of Shares	312,214	0.01	3,122
As per Proforma I/II	418,047	0.01	4,180

Notes:

- * - Represents RM2
- ^ - Represents 200 Shares

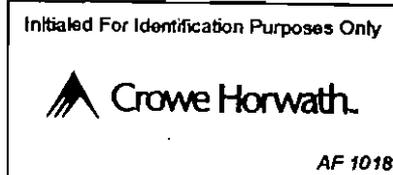
8. Share Premium

The movements in the share premium of HIBISCUS are as follows:-

	RM'000
Audited as at 31 March 2011	-
Capitalisation of Initial Investors' Utilisation Amount and Subscription by the Initial Investors	3,111
Upon the Public Issue of Shares	137,374
Listing expenses *	(3,269)
As per Proforma I/II	137,216

Note:

- * - The listing expenses for the issuance of the new Shares of RM3,269,000 and RM2,180,000 were written off against the share premium and warrant reserve accounts respectively. The balance of the listing expenses of RM523,000 was expensed off against the statement of comprehensive income and this represents a one-off expenditure pursuant to the IPO. During the FYE 2011, the listing expenses of RM306,000 has been expensed off against the statement of comprehensive income.



PROFORMA STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011 (Cont'd)

HIBISCUS

NOTES TO THE PROFORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011 (CONT'D)

9. Warrant Reserve

	RM'000
Audited as at 31 March 2011	-
Capitalisation of Initial Investors' Utilisation Amount and Subscription by the Initial Investors	6,667
Upon the Public Issue of Shares	93,664
Listing expenses *	(2,180)
	<hr/>
As per Proforma I/II	98,151
	<hr/>

Note:

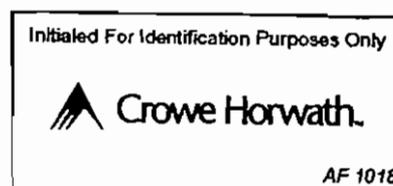
- The listing expenses for the issuance of the new Shares of RM3,269,000 and RM2,180,000 were written off against the share premium and warrant reserve accounts respectively. The balance of the listing expenses of RM523,000 was expensed off against the statement of comprehensive income and this represents a one-off expenditure pursuant to the IPO. During the FYE 2011, the listing expenses of RM306,000 has been expensed off against the statement of comprehensive income.

10. Accumulated Losses

	RM'000
Audited as at 31 March 2011	(1,205)
Listing expenses *	(217)
	<hr/>
As per Proforma I	(1,422)
Acquisition-related costs	(6,000)
	<hr/>
As per Proforma II	(7,422)
	<hr/>

Note:

- The listing expenses for the issuance of the new Shares of RM3,269,000 and RM2,180,000 were written off against the share premium and warrant reserve accounts respectively. The balance of the listing expenses of RM523,000 was expensed off against the statement of comprehensive income and this represents a one-off expenditure pursuant to the IPO. During the FYE 2011, the listing expenses of RM306,000 has been expensed off against the statement of comprehensive income.



PROFORMA STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011 (Cont'd)

HIBISCUS

NOTES TO THE PROFORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011 (CONT'D)

11. Other Payables And Accruals

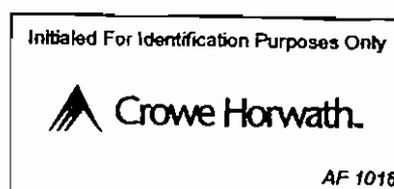
	RM'000
Audited as at 31 March 2011/Proforma I	84
Contingent Consideration	12,237
	<hr/>
As per Proforma II	12,321
	<hr/>

12. Amount Owing To Related Parties

	RM'000
Audited as at 31 March 2011	3,000
Capitalisation of Initial Investors' Utilisation Amount and Subscription by the Initial Investors	(3,000)
	<hr/>
As per Proforma I/II	-
	<hr/>

13. RCPS

	RM'000
Audited as at 31 March 2011	1,056
Adjustments for Proforma I	
- Tranche 1 Conversion of RCPS	(556)
- Tranche 2 Conversion of RCPS	(280)
	<hr/>
As per Proforma I/II	220
	<hr/>



PROFORMA STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011 (Cont'd)

HIBISCUS

NOTES TO THE PROFORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011 (CONT'D)

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 18 February 2012.

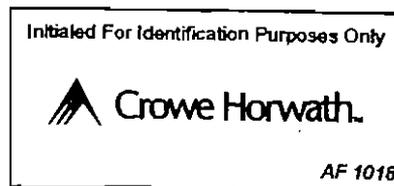
On behalf of the Board,



Kenneth Gerard Pereira



Zainol Izzet bin Mohamed Ishak



EXPERT'S REPORT IN RELATION TO THE FAIRNESS OF THE PURCHASE CONSIDERATION FOR THE PROPOSALS ISSUED BY PARETO ASIA

EXPERT REPORT IN RELATION TO FAIRNESS OF THE PURCHASE CONSIDERATION FOR THE SUBSCRIPTION AND PROPOSED ACQUISITION ISSUED BY PARETO ASIA



16 February 2012

The Board of Directors
Hibiscus Petroleum Berhad
Level 18, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
S9200 Kuala Lumpur, Malaysia

HIBISCUS PETROLEUM BERHAD ("HIBISCUS PETROLEUM" OR "COMPANY")

FAIRNESS OPINION IN RELATION TO THE Proposed subscription for 76,923,077 new ordinary shares in Lime Petroleum Plc ("Lime"), a company incorporated in Isle of Man, ("Lime Shares") and proposed acquisition of 22,153,846 existing Lime Shares, representing in aggregate 35.0% of the enlarged issued and paid-up share capital of Lime for a total cash consideration of USD 55 million

Dear Sirs,

As part of Pareto Securities Asia Pte Ltd ("Pareto Asia")'s engagement with Hibiscus, we have been requested to prepare this report on fairness of the total purchase consideration of the proposed transactions ("Fairness Opinion") for inclusion in the circular. In relation to the engagement of Pareto Asia as an independent valuer, the Securities Commission ("SC") had via its letter dated 3 November 2011 approved the Company's application for a waiver from complying with Paragraphs 3.03, 3.05 and 3.07 of the Asset Valuation Guidelines issued by the SC.

This Report is addressed strictly to the Board of Directors of Hibiscus and may not be used or relied upon in any other connection or by any other person, and is not intended to confer any benefit on, without Pareto Asia's prior written consent.

Brief particulars of the Proposals

On 25 October 2011, RHB Investment Bank Berhad had ("RHB"), on behalf of Hibiscus Petroleum Berhad, announced that on 24 October 2011, Gulf Hibiscus Ltd ("Gulf Hibiscus"), a wholly-owned subsidiary of Hibiscus Petroleum, entered into a conditional share subscription agreement ("SSA") with Lime to subscribe for 76,923,077 new Lime Shares, representing 27.2% of the enlarged issued and paid-up share capital of Lime, for a cash consideration of USD 50 million (equivalent to MYR 156.4 million*) ("Proposed Subscription").

On the same day as the execution of the SSA, Gulf Hibiscus also entered into a conditional share purchase agreement ("SPA") with Rex Oil & Gas Ltd ("Rex") under which 22,153,846 Lime Shares representing 7.8% of the enlarged issued and paid-up share capital of Lime will be acquired from Rex by Gulf Hibiscus for a cash consideration of USD 5 million (equivalent to MYR 15.6 million*) ("Proposed Acquisition"). Upon receipt of independent confirmation of commercial discovery of a well no later than 2013, a discovery bonus amount of USD 5 million (equivalent to MYR 15.6 million*) will also be payable. (Collectively, the Proposed Subscription and Proposed Acquisition shall hereinafter be known as the "Proposals").

In conjunction with the Proposals, on the same date:

- (a) Gulf Hibiscus entered into a shareholders' agreement with Rex, Schroder & Co Banque S.A ("Schroder") and Lime; and
- (b) Hibiscus Oilfield Services Limited ("Hibiscus Oilfield"), a wholly-owned subsidiary of Hibiscus Petroleum, entered into a project management and technical services agreement with Lime for Hibiscus Oilfield to provide project management and technical services to Lime in relation to Lime's existing and future oil and gas concessions in the Middle East region.

** converted at an assumed exchange rate of MYR 3.1271 to USD 1.000 and the assumed exchange rate is applicable throughout this application, unless otherwise indicated*

**EXPERT'S REPORT IN RELATION TO THE FAIRNESS OF THE PURCHASE
CONSIDERATION FOR THE PROPOSALS ISSUED BY PARETO ASIA (Cont'd)**

EXPERT REPORT IN RELATION TO FAIRNESS OF THE PURCHASE CONSIDERATION FOR THE SUBSCRIPTION AND PROPOSED ACQUISITION ISSUED BY PARETO ASIA



Information

In connection with the performance of Pareto Asia's valuation, Pareto Asia has relied on information made available by the Company, a preliminary due diligence report, information sourced from Wood Mackenzie and Bloomberg, as well as certain publicly available information. The scope of Pareto Asia's engagement does not include assessing the information, nor assessing the assets and liabilities of the companies involved in the Proposals, nor submitting the information, assets and liabilities for an independent appraisal or evaluation (including in any of the following areas: legal, regulatory, environmental, tax, social, etc.). Neither has Pareto Asia checked the tax position of any or all entities involved in the Proposals nor the tax implications of the transaction on Hibiscus Petroleum. In arriving at the Fairness Opinion, Pareto Asia has also assumed that all the information provided is true, accurate, not misleading and complete in all material respects and that all material information which is relevant to Pareto Asia's engagement has been provided and Pareto Asia has acted upon assurances from the management of Hibiscus Petroleum that no relevant material information has been omitted or remains undisclosed to Pareto Asia.

In particular, Pareto Asia has sighted and reviewed copies of relevant documentation on Lime Group furnished by Hibiscus Petroleum, including copies of the Exploration & Production Sharing Agreements ("EPSAs") and the Concession Agreement ("CA"). As Pareto is not qualified to give a legal interpretation of the said documents, we have relied upon a preliminary legal due diligence report by SNR Denton UK LLP ("SNR Denton"), received on 24 October 2011, which we assume to be true and correct and complete.

This Fairness Opinion is not in any way a recommendation (expressed or implied) to the Board of Directors of the Company (or any of its subsidiaries) or its shareholders, to approve or to reject all or part of the Proposals, the assessment of which also requires that other criteria and information be taken into account than that referred to herein. This Fairness Opinion is not intended to form the basis of any investment decision by the Company and does not purport to contain all the information that may be necessary or desirable to fully and accurately evaluate the Proposals. The Company should conduct and will be solely responsible for its own investigation including due diligence, evaluation and analysis of the Proposals. The decision whether to complete the Proposals or not will in any event be the exclusive responsibility of the Board of Directors of the Company and shareholders of the Company as well as of the companies and parties involved in the Proposals, which should carry out their own independent analysis of whether it would be appropriate to complete the Proposals.

This valuation conducted for the purposes of the Fairness Opinion reflects the judgment of Pareto Asia as of the valuation date being 2 November 2011 ("Valuation Date") and is based exclusively on the information, the features of the Proposals, the economic and market conditions as of the issue date of this Fairness Opinion. Any significant change, either in the operational information or in the transaction features as described in the Information (including publicly available information), as well as any event which could lead to a revision of our working assumptions, methods, etc., set out above, would require a further analysis and could result in this valuation being updated.

Valuation Methodology

Based on currently available information, Pareto Asia has conducted a valuation of Lime Group using 2 valuation methods: (i) risked net asset value ("NAV") calculation; and (ii) risked financial market pricing.

i) Risked net asset valuation:

This valuation method uses data from Wood Mackenzie for existing fields with similar characteristics in order to derive a NPV per barrel of oil equivalent ("boe") for a potential discovery. The EMV for each prospect is then calculated using the gross recoverable resource estimates and the geological chance of successes, both of which are estimated by Aker Geo. This metric is applied to estimate the gross risked value of Lime Group's assets. A further "risking" of the assets, based on industry norms for commercial risking and probability of drilling is done in order to derive a net risked asset value. Thereafter, this valuation method is adjusted to reflect the prevailing relationship between market values and NAV.

**EXPERT'S REPORT IN RELATION TO THE FAIRNESS OF THE PURCHASE
CONSIDERATION FOR THE PROPOSALS ISSUED BY PARETO ASIA (Cont'd)**

EXPERT REPORT IN RELATION TO FAIRNESS OF THE PURCHASE CONSIDERATION FOR THE SUBSCRIPTION AND
PROPOSED ACQUISITION ISSUED BY PARETO ASIA



ii) **Financial market pricing:**

This valuation method is based on the prevailing market price for listed, pure play, exploration companies. Based on actual reported prospective resource estimates, the Enterprise Value/boe is estimated. This metric is then applied to estimate the value of the gross risked resources of Lime Group's assets.

Both (i) and (ii) above require a further private company discount, as unlisted companies generally are valued at a discount compared to listed companies.

The estimated post-money valuation is between USD 149 million and USD 167 million (equivalent to MYR 465 million and MYR 521 million), following the USD 50 million cash injection from Gulf Hibiscus, of which Gulf Hibiscus' 35% ownership has a value of between USD 52 million and USD 58 million (equivalent to MYR 163 million and MYR 182 million).

Please refer to the Valuation Certificate on Lime Group as attached for further details on the valuation.

Opinion

Based upon and subject to the foregoing, we are of the opinion that, as at the Valuation Date, the purchase consideration of USD 55 million for the Proposed Subscription & Acquisition is fair from a financial point of view.

Yours faithfully,
For and on behalf of
Pareto Asia

A handwritten signature in black ink, appearing to read 'Carl Valdez'.

Valuation Certificate

LIME PETROLEUM PLC.

February 2012

 Pareto Securities Asia

INDEPENDENT VALUATION CERTIFICATE OF LIME GROUP BY PARETO ASIA (Cont'd)



The Board of Directors
Hibiscus Petroleum Berhad
Level 18, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur, Malaysia

Singapore, 16.02.2012

Dear Sirs

VALUATION OF LIME PETROLEUM PLC ("LIME") AND ITS SUBSIDIARIES ("LIME GROUP")

1. Introduction

The Board of Hibiscus Petroleum Berhad ("Hibiscus") has requested Pareto Securities Asia Pte Ltd ("Pareto Asia") to undertake an independent valuation on Lime Group.

Hibiscus had, on 25 October 2011 announced that its wholly-owned subsidiary, Gulf Hibiscus Ltd ("Gulf Hibiscus"), on 24 October 2011, entered into a conditional share subscription agreement ("SSA") with Lime to subscribe for 76,923,077 new Lime Shares, representing 27.2% of the enlarged issued and paid-up share capital of Lime, for a cash consideration of US\$50 million (equivalent to MYR 156.4 million¹) ("Proposed Subscription").

On the same day, Gulf Hibiscus also entered into a conditional share purchase agreement ("SPA") with Rex Oil & Gas Ltd ("Rex") under which 22,153,846 Lime Shares representing 7.8% of the enlarged issued and paid-up share capital of Lime would be acquired from Rex by Gulf Hibiscus for a cash consideration of USD 5 million (equivalent to MYR 15.6 million) ("Proposed Acquisition"). Upon receipt of independent confirmation of commercial discovery of a well no later than 2013, a discovery bonus amount of USD 5 million would also be payable to Rex.

(Collectively, the Proposed Subscription and Proposed Acquisition shall hereinafter be known as the "Proposals".)

Pareto Securities AS is an experienced advisor to independent E&P companies. The following highlights some of Pareto group's credentials:

- i) lead advisor on several E&P transactions in recent years for clients with assets located in all major oil and gas producing regions of the world;
- ii) advisor in mergers & acquisitions transactions within the E&P sector in which Pareto was also required to conduct valuations;
- iii) conducted detailed valuations for companies when advising on and structuring bond and equity placements within the E&P sector;
- iv) advisor in initial public offerings, equity placements and bond issues within the E&P sector; and
- v) performed numerous independent valuations for E&P companies as an advisory service.

Pareto Securities AS, Pareto Asia's parent company, is regulated by the Financial Supervisory Authority of Norway ("FSAN"), whereas, Pareto Asia, incorporated in Singapore, is governed by the Monetary Authority of Singapore ("MAS").

¹ Converted at an exchange rate of MYR 3.1271 to USD 1.000 (as of 2 November 2011), and this exchange rate is applicable throughout this Valuation Certificate, unless otherwise indicated.

INDEPENDENT VALUATION CERTIFICATE OF LIME GROUP BY PARETO ASIA (Cont'd)

2. Disclaimers and Disclosures

This Valuation Certificate is prepared by Pareto Asia. Pareto Asia is a limited liability company established under the laws of Singapore, being licensed and supervised by the MAS to advise on corporate finance and deal in securities. Pareto Asia also operates as an exempt financial advisor in Singapore.

This Valuation Certificate is prepared and developed solely for the purposes of assisting Hibiscus in its evaluation of the relevant assets in relation to the Proposals and is a summary of the detailed Valuation Report dated 14 November 2011. This Valuation Certificate makes no recommendation or suggestion regarding the suitability of the relevant assets for any investment purpose.

This Valuation Certificate does not provide individually tailored investment advice of any type and does not offer financial, tax, regulatory, accounting or legal advice. The content stated and discussed in this Valuation Certificate may not be suitable for all recipients of the Valuation Certificate. Hibiscus and all recipients of this Valuation Certificate should seek independent advice prior to making any investment decision based on any information contained in this Valuation Certificate. Prior to entering into any proposed transaction, Hibiscus and the recipients of this Valuation Certificate should determine, in consultation with their own investment / financial, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, financial, tax, regulatory and accounting characteristics and consequences, of the transaction.

Pareto Asia shall not be responsible for any or all claims, losses, damages, costs, charges, expenses, actions, demands, proceedings, liabilities or judgments which might be raised, made, or expressed to be made, suffered or incurred, directly or indirectly, in connection with investment decisions based on or motivated by this Valuation Certificate and the compilation of the information contained herein. All recipients of this Valuation Certificate are deemed to have accepted this disclaimer

This Valuation Certificate is prepared from information made available to Pareto Asia by Hibiscus and certain publicly available information as Pareto Asia deemed relevant. Pareto Asia has not checked or independently verified the authenticity, thoroughness and/or accuracy of such information and has relied on such information. In arriving at the valuation, Pareto Asia has also assumed that all the information provided is true, accurate, not misleading and complete in all respects and that all the information which is relevant to Pareto Asia's engagement has been provided and Pareto Asia has acted upon assurances from the management of Hibiscus that no relevant information has been omitted or remains undisclosed to Pareto Asia.

This Valuation Certificate reflects the judgment of Pareto Asia as of the date of this document and is based exclusively on the information, the features of the Proposals, the economic and market conditions as of the issue date of this Valuation Certificate. Any significant change, either in the operational information or in the transaction features as described in the Information (including publicly available information), as well as any event which could lead to a revision of our working assumptions, approaches, etc., set out above, would require a further analysis and could result in this Valuation Certificate being updated.

No part of this Valuation Certificate may be quoted, referred to or otherwise disclosed in any public document nor may any public reference to Pareto Asia be made, without Pareto Asia's prior written consent unless expressly required by laws, rules or regulations. In addition, no public announcement or communication concerning this Valuation Report may be made without Pareto Asia's prior written consent.

INDEPENDENT VALUATION CERTIFICATE OF LIME GROUP BY PARETO ASIA (Cont'd)



3. Purpose of Valuation

This Valuation Certificate has been prepared for inclusion in the circular to the shareholders of Hibiscus dated 28 February 2012 in conjunction with the Proposals.

This Valuation Certificate is a summary of our detailed Valuation Report dated 14 November 2011, and sets out a summary analysis of the estimated fair market value of Lime Group as at 2 November 2011 ("Valuation Date"). Detailed information on our valuation is contained in the Valuation Report.

4. Valuation Guidelines

This valuation has been prepared in accordance with Pareto Asia's understanding of the Asset Valuation Guidelines ("AVA Guidelines") issued by the Securities Commission ("SC").

5. Basis of Valuation

The purpose of the Valuation Report is to provide an estimate of the fair market value of Hibiscus' interest in Lime subsequent to the completion of the Proposals. Fair market value is defined as the approximate value at which an asset, company or the shares of a company would be expected to change hands, based on the prevailing market conditions at the time of the valuation exercise.

Paragraph 4.06 of the AVA Guidelines requires the application of at least two approaches of valuation. Accordingly, in arriving at the fair market value of Lime Group, we have considered the Discounted Cash Flow approach (Risked Net Asset Valuation approach) ("Risked NAV") and the Comparison approach (Financial Market Pricing approach).

6. Interest to be Valued

The interest to be valued is Hibiscus' interest/rights in Lime subsequent to the completion of the Proposals where Gulf Hibiscus will hold a 35% equity interest in Lime². Lime is the holding company of Lime Petroleum Limited ("Lime BVI"), which in turn has;

- i) 74% equity interest in Masirah Oil Ltd ("Masirah") which holds 100% of the concession rights to the Block 50 Concession Area, Sultanate of Oman ("Block 50 Oman Concession");
- ii) 59% equity interest in Dahan Petroleum Ltd. ("Dahan") which holds 100% of the concession rights to the RAK North Offshore Concession, UAE ("RAK North Concession");
- iii) 100% equity interest in Zubara Petroleum Ltd. ("Zubara") which holds 100% of the concession rights to the Offshore Sharjah East Concession, UAE ("Sharjah Concession"); and
- iv) 100% equity interest in Baqal Petroleum Ltd. ("Baqal") which is currently dormant and does not hold any assets, but is planned to hold Lime's next acquisition in the future (note that Baqal was not considered for the purpose of the valuation as it is a dormant company with no assets).

(Block 50 Oman Concession, RAK North Concession and Sharjah Concession are collectively referred to as "Concessions")

² Pareto Asia is valuing the equity interest of 35% in Lime that Gulf Hibiscus would hold, while taking into consideration Lime's potential dividend allocation in Masirah, Dahan and Zubara, where Masirah is subject to the back-in rights of the Oman Government. For the purpose of valuation, Lime BVI's effective dividend allocation in Block 50 Oman Concession is assumed to be 30% in respect of the volumes in excess of 50 mmbbls recoverable. Please see section 8.3 for further details.

INDEPENDENT VALUATION CERTIFICATE OF LIME GROUP BY PARETO ASIA (Cont'd)



7. Sources of Information

In arriving at our value estimates, we have relied on, amongst others, the following sources of information:

- i) Draft legal due diligence report from SNR Denton;
- ii) Relevant shareholder agreements for Lime Group;
- iii) Transaction notes and subscription agreements related to Lime Group and Hibiscus;
- iv) Exploration and Production Sharing Agreement ("EPSA") for the Block 50 Oman Concession and RAK North Concession (including letter of assignments of the EPSA to Masirah);
- v) Concession Agreement ("CA") for the Sharjah Concession (including letter of assignment of the CA to Zubara);
- vi) Project Management and Technical Services Agreement ("PMTSA") signed between Lime and Hibiscus Oilfield Services Limited ("Hibiscus Oilfield"), a wholly owned subsidiary of Hibiscus;
- vii) The SSA and SPA;
- viii) UAE and Oman Country Reports and oil field reports from Wood Mackenzie in addition to Economist Intelligence Unit ("EIU") Country reports;
- ix) Audited financial statements for Masirah and Dahan;
- x) Management representation letter from Lime;
- xi) Various presentations by Hibiscus and Rex;
- xii) Report on volumes and geological chance of success for each concession from Aker Geo AS ("Aker Geo");
- xiii) Drilling cost estimates from AGR Group ("AGR"), a provider of essential services and technologies to the international petroleum industry. AGR was appointed by Rex to provide drilling cost / well cost estimates;
- xiv) Various other agreements, documents and information made available to us during the course of our discussion with the management of Hibiscus; and
- xv) Certain publicly available data and information.

8. Overview of the Concessions

8.1. Brief Background of the Concessions

Pursuant to the completion of the Proposals, Hibiscus will hold a 35% equity interest in Lime. Lime Group's concession assets are located in the United Arab Emirates ("UAE") and Oman in the Middle East. An overview of the Concessions is as follows:

	RAK North Concession	Sharjah Concession	Block 50 Oman Concession
Acreage	1,200km ²	1,600km ²	16,900 km ²
Location	Located in the West coast of Ras Al Khaimah ("RAK") (an emirate in north-east of UAE), east of the Persian Gulf, and surrounds the Saleh contract area which is located in the north-west corner of the block	Located in the Gulf of Oman off the east coast of Sharjah (another emirate in the UAE) and is divided into 2 blocks, separated by the Fujairah block.	Located off the east coast of the Sultanate of Oman, next to Block 4 (Ghunaim), and just north of Block 52 operated by Circle Oil Plc.

INDEPENDENT VALUATION CERTIFICATE OF LIME GROUP BY PARETO ASIA (Cont'd)



	RAK North Concession	Sharjah Concession	Block 50 Oman Concession
Identified Prospects	(a) Dahan B (b) Dahan C (c) Saleh Slope E (d) Saleh Slope F (e) Thamama/Arab D (f) Saleh Slope G (g) Saleh Slope H	(a) Thamama North A, (b) b - Miocene Central (c) d - Miocene South West	(a) Masirah 1 North (b) GA-South (c) K2 (d) K1-N (e) K1-S
Surrounding Area	There are 3 active licences in RAK: (a) RAK contract area (b) RAK B contract area (c) Saleh contract area 2 offshore discoveries: (a) Saleh gas condensate field which is surrounded by the RAK North Concession (b) RAK B oil discovery, 8km away from the RAK North Concession area	Sharjah has 3 active offshore exploration licenses. However, all of these areas are on the west coast of Sharjah while the east coast of Sharjah remains largely unexplored.	Tethys Oil AB recently discovered oil on Block 3 and Block 4 onshore Oman. These 2 blocks are adjacent to Block 50 Oman Concession, and are currently producing 6,365 barrels of oil collectively per day (gross average for September 2011) from Block 3 and Block 4.
Review of Drilled Wells	Several wells were drilled between 1968 and 1998 in the RAK North Concession area. However, most of the wells drilled were inside the Saleh gas condensate field and to-date, wells outside the Saleh gas condensate field have not discovered commercial quantities of hydrocarbons.	5 wells have been drilled north of Sharjah, on the east coast of the UAE but all the wells did not encounter hydrocarbons.	Masirah 1 and Masirah 2 were drilled in 1975 and 1976, while in 1984, Amoco Corporation drilled a third well in the Block 50 Oman Concession area, Maimun-1. The wells found shows and good reservoirs in certain geological layers, but no commercial discoveries were made.

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INDEPENDENT VALUATION CERTIFICATE OF LIME GROUP BY PARETO ASIA (Cont'd)



8.2. Independent Person's Review

Hibiscus has procured certain geological interpretation services from Aker Geo. The scope of work is to provide a second opinion on prospect assessment on the Concessions in the UAE and Oman. The work includes: i) short introduction/background on prospectivity and reservoir development ii) comparison with existing neighboring fields iii) assessment of volumes and risks of the presented prospects and leads and iv) suggestions for upside potential and additional work.

The following table presents a summary of gross unrisks best estimate recoverable resources provided by Aker Geo:

	Gross unrisks Recoverable Resources (mmboe*)	Gross unrisks Recoverable Resources (Bcf**)	Total gross unrisks Recoverable Resources (mmboe*)	GCoS %
Oman Block SO				
Masirah 1 North	62		62	15%
GA-South	25		25	23%
K2	659		659	9%
K1-N	3,239		3,239	11%
K1-S	759		759	11%
Total	4,743		4,743	
Rak North				
Oahan B	21	67	33	37%
Oahan C	11	36	18	32%
Saleh Slope E	5	15	7	12%
Saleh Slope F Thamama/Arab I	18	58	28	12%
Saleh Slope G	4	13	6	5%
Saleh Slope H	7	23	11	5%
Total	66	211	103	
Sharjah				
Thamama North A	382		382	14%
b - Miocene Central	34		34	7%
d - Miocene South West	10		10	7%
Total	426		426	

*mmboe: million barrels of oil equivalent

**Bcf: billion cubic feet where 1 Bcf = 0.178 mmboe

Note: For each prospect, a weighted average (weighted by the gross unrisks recoverable resources) GCoS based on Aker Geo's estimates has been used.

The table above summarizes the Independent Persons Review by Aker Geo for the Concessions. The estimates have been performed by the Aker Geo specialists after a technical review of available interpreted data, without carrying out an independent interpretation of raw data. The clauses and conditions of the report apply to the present tables.

The volumes found in the model are best estimate recoverable resources for the respective concession areas. Recoverable resources are the amount of resources thought to be technically recoverable, which is a subset of the total estimated resources. For the resources to be classified as reserves they will need to be confirmed through drilling of the prospect and a plan of development will need to be approved by the host government. Best estimate implies that there is at least a 50 percent probability (P50) that the quantity of resources actually recovered will equal or exceed this best estimate.

Geological Chance of Success ("GCoS") is the product of seven probability factors/elements – (i) source (ii) source efficiency (iii) reservoir presence (iv) reservoir quality (v) seal (vi) trap geometry and (vii) hydrocarbon quality. A source rock is needed to generate the hydrocarbons which must then efficiently

INDEPENDENT VALUATION CERTIFICATE OF LIME GROUP BY PARETO ASIA (Cont'd)



migrate from the mature source rock into the reservoir rock. A suitable reservoir interval is needed to bear the hydrocarbons and the quality of this reservoir is judged by its porosity such that the hydrocarbons can be extracted efficiently. A seal is needed on the top of the reservoir to contain the hydrocarbons in the reservoir and the geometry of the trap should be favorable to allow extraction of these hydrocarbons. The hydrocarbon quality must be assessed to ensure the oil is not biodegraded or that the gas does not contain non-desirable content. All these factors/elements must coincide and occur in a dynamic system in order to accumulate oil & gas in economic quantities.

For further details, kindly refer to the executive summary of the Independent Persons Review by Aker Geo attached with the circular to the shareholders of Hibiscus dated 28 February 2012.

8.3. Legal Rights

Lime BVI, a wholly-owned subsidiary of Lime, has equity interest in 3 offshore concessions in the Middle East: the Sharjah Concession and RAK North Concession in the UAE through its two subsidiaries Dahan and Zubara and the Block 50 Oman Concession which is held through its subsidiary Masirah.

The Concessions are governed by the executed EPSAs and CA, which outline the rights and obligations of the parties to the EPSAs and CA. The EPSAs and CA typically have an initial exploration period in which the concession holder has certain commitments to explore for oil & gas. They also set out fees and rents to be paid. Upon the discovery of commercially recoverable resources, the concession holder can provide a Declaration of Commerciality ("DOC"). After DOC, the concession holder has a defined period to develop and produce the resources. An important aspect of the EPSAs and CA is the extent to which future potential revenue will be available to the concession holder and what should be paid to the host country where the concessions are located. An overview of the terms of the EPSAs and CA are as below:

Details	RAK North Concession EPSA	Sharjah Concession CA	Block 50 Oman Concession EPSA
Term	Initial term – 2 years Second term – 2 years Upon DOC – 20 years with rights to request renewal for an additional 5 years	Initial term – 3 years Upon DOC – 20 years	Initial term - 3 years Second term – 3 years
Date of Signing	24 May 2010	6 June 2011	28 February 2011
Parties of EPSA/CA	Government of Ras Al Khaimah (as represented by RAK Gas LLC) and Dahan	Government of the Emirate of Sharjah and Rex (of which its interests were subsequently assigned to Zubara via an assignment letter). Notification of assignment of interest in the Sharjah Concession to Zubara was sent to the Sharjah Petroleum Council on 30 September 2011	Government of the Sultanate of Oman with Rex and Petroci Holding ("Petroci") (of which both of their interests were subsequently assigned to Masirah via an assignment letter). The assignment of interest in Block 50 to Masirah was approved by the Ministry of Oil & Gas in Oman on 14 June 2011
Ownership	Dahan currently owns 100% participating interest in the RAK North Concession	Zubara currently owns 100% participating interest in the Sharjah Concession	Masirah currently owns 100% participating interest in the Block 50 Oman Concession

INDEPENDENT VALUATION CERTIFICATE OF LIME GROUP BY PARETO ASIA (Cont'd)



As at 2 November 2011, based on the representation by Hibiscus and pending completion of Hibiscus' due diligence exercise on Lime Group, we understand that:

- (i) each of Dahan, Masirah and Zubara owns the applicable concession rights to the existing concessions (being RAK North Concession, Block 50 Oman Concession and Sharjah Concession respectively) to which it is a party;
- (ii) the concession rights are granted to each of Dahan, Masirah and Zubara by duly authorised entities/authorities; and
- (iii) that there are no other third parties who have any interests in the same concessions (other than the relevant governments and the other parties to the concessions).

Further, it is important to note that under Dahan's shareholders agreement, Right Ally and Schroder shall receive the equivalent amount of their committed capital in priority to Rex (assigned to Lime BVI on August 26, 2011) in the case of a winding up or sale of the company. In the case of dividend policy, Right Ally and Schroder shall receive the equivalent amount of their committed capital in priority.

For Dahan's shareholder agreements, there is also a lock-in period restricting the transfer of shares until the work plan has been completed and the existence of hydrocarbon oil equivalent reserves is verified or ascertained or in the case of certain breaches of the shareholder agreement. Furthermore, the existing shareholders have pre-emptive rights if a shareholder wants to transfer any of its shares. The shareholder agreement further states that the board of directors shall initially consist of four directors, of which two directors shall be nominated by Rex.

Petroci currently owns 26% of Masirah while Lime BVI (Rex has assigned its interest in Masirah to Lime BVI) owns 74%. Under a call option agreement, Rex has granted Petroci a call option entitling Petroci to purchase 390 shares in Masirah which is exercisable in whole upon receipt of USD 7,150,000 (equivalent to MYR 22,358,765) from Petroci. On 15 September 2011, Rex has assigned the call option agreement entered into by Rex and Petroci to Lime BVI. Upon exercising the call option, Petroci will increase its shareholdings in Masirah to 65%. If Petroci decides not to exercise the call option, then Petroci would be bound to transfer 160 of its Masirah shares to Lime BVI, thus reducing its shareholding in Masirah from 26% to 10% and Lime BVI's shareholding in Masirah will increase from 74% to 90%.

Under the terms of the Masirah shareholders agreement, Petroci shall receive 65% and Lime BVI shall receive 35% of any dividends paid by Masirah. However, if the barrels of recoverable oil are proven to be more than 50 mmbbl, Petroci will receive 60% and Lime BVI 40% of any dividends or capital gains distributed relating to the excess of 50 mmbbl. Should Petroci decide against exercising the call option, Masirah's distribution policy, as detailed above, shall cease to apply and the distribution policy of Masirah will then be based on the then equity interest of Petroci and Lime BVI in Masirah of 10% and 90% respectively. Upon DOC, the Government of the Sultanate of Oman has the right to take a participating interest of up to 25% in the Block 50 Oman Concession and Masirah's participating interest in the Block 50 Oman Concession will reduce correspondingly to at least 75%. Lime BVI's effective dividend allocation will reduce accordingly based on the then distribution policy of Masirah. For example, should the cumulative volume of the barrels of oil recoverable from the Block 50 Oman Concession be more than 50 mmbbls, Lime BVI's effective dividend allocation in the Block 50 Oman Concession will be 30% in respect of the volumes in excess of 50 mmbbls recoverable (75% of the 40% dividend allocation in Block 50 Oman Concession).

The shareholder agreement for Masirah also states that either party should have the right to transfer some or all of its shares following a bona fide offer. The board of directors shall constitute three people, of which two shall be nominated by the majority shareholder.



9. Key considerations and risks

In assessing the level of risking applicable to Lime Group and to determine its fair market value, we have considered various factors such as the nature of the E&P industry and the inherent risks, as well as how the market currently values E&P companies.

Set out below is a non-exhaustive list of risk factors that could have an impact on the future prospects of Lime Group:

i) Lime Group's business, valuation and potential revenues and profits may fluctuate with changes in oil and gas prices

Historically, the markets for oil and gas have been volatile and they may continue to experience volatility in the future. Even relatively modest declines in oil and gas prices may adversely affect Lime Group's business and its potential revenue and profits.

ii) Lime Group is exposed to exploration, development and production risks

The results of exploration are uncertain and may involve unprofitable efforts, not only from dry wells. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and adverse field operating conditions may affect Lime Group's production from successful wells. Lime Group is reliant on discovery of oil and gas resources and may not be able to discover the estimated resources. Estimates of oil and gas resources in the subsurface are made by inferring subsurface conditions from limited surface data such as seismic. Such inferences are, by their nature, uncertain and while such uncertainties can be reduced by additional seismic data or the drilling of wells, they cannot be eliminated. Lime Group has a limited operating history on which to assess its future expected performance. Lime Group's planned capital expenditure is based on estimates with respect to method and timing of the expenditure. By their nature, these estimates are subject to significant uncertainties.

iii) Lime Group's business development may require external financing and its ability to obtain external financing is uncertain

Lime Group may need to obtain external debt and equity financing, through public or private financing, or farming-out some contract areas to support its development. There is no assurance that such additional funding, if needed, will be available on acceptable terms, or at all. There is no assurance that Lime's substantial shareholders will continue to fund Lime Group's activities.

iv) The performance of Lime Group's assets may be adversely affected by political and social uncertainty

Lime Group's assets are located in countries of the Middle East. Recently, certain Middle East and North Africa countries have experienced considerable political turmoil. If such political and social instability spread to the countries in which Lime Group operates, this may adversely affect Lime Group's operations. Lime Group is subject to government regulations relating to the oil and gas industry and may also be adversely affected by changes in government policies or social instability. Terrorist activities and other acts of violence or war could adversely affect Lime Group's financial condition, results of operations and prospects.

INDEPENDENT VALUATION CERTIFICATE OF LIME GROUP BY PARETO ASIA (Cont'd)



10. Valuation

In estimating the fair market value of Lime Group, we have applied two valuation approaches; risked NAV approach and financial market pricing approach.

Having considered the limitations of these valuation approaches and the specific nature of the industry for oil and gas exploration, we have chosen to estimate the fair market value of Lime Group using the risked NAV approach as it is a commonly used approach in valuing small to medium sized exploration and production ("E&P") companies. To verify the outcome of this valuation approach, Pareto Asia has used the financial market pricing approach based on how an identified peer group is priced in the financial market. It should be noted, that Pareto Asia has not taken into account any potential upside arising from the application of Rex Technologies in neither of these valuation methods.

10.1. Risked NAV

The method involves the following steps:

i) **Estimating net present value per barrel based on existing comparable fields**

Pareto Asia has reviewed all the offshore fields in the UAE and Oman which are either in the development or production stage and for which the relevant data is available in Wood Mackenzie's database. The goal was to identify fields with properties and characteristics expected to be most similar to Lime Group's assets. Wood Mackenzie has listed ten offshore contract areas, of which the three best candidates were identified. This valuation approach estimates the Net Present Value ("NPV") per barrel of oil equivalent ("boe") ("NPV/boe") for the 3 reference fields with similar characteristics to the Concessions. These reference fields are the West Bukha field that is located at Oman and the Abu Al Bukhoosh field and Bunduq field which are both located at the UAE.

The reference fields were chosen due to:

- Proximity to Lime Group's concession area (increases the likelihood to have similar geological structures and reservoir characteristics)
- Standalone developments with similar possible development solutions
- Similar size and hence similar capacity/capex requirements to extract hydrocarbons
- Production profile expected to be found on a general field
- New developments preferred due to cost inflation.

	West Bukha	Abu Al Bukhoosh	Bunduq
Location	West Bukha is at the Omani portion of the Hengam-West Bukha field that straddles the Oman-Iran border in the Persian Gulf. The West Bukha field is located approximately 20km to the north-west of Bukha and is adjacent to the RAK North Concession with an average water-depth of approximately 80m.	The field is in the Abu Dhabi portion of a structural closure located along the marine boundary between Abu Dhabi and Iran, approximately 45km north-east of Das Island and 180km from Abu Dhabi City (the Iranian part of the structure was discovered in 1965 and is known as the Salman field, formerly the Sassan field). The field is located in an average water depth of 30m in the Eastern Gulf Basin and covers an area of 20km ² within the 115 km ² concession area.	Located in the shallow waters of the Eastern Gulf Basin, straddling the maritime boundary between Qatar and Abu Dhabi. The field is a faulted, dome shaped structure with primary Arab formation reservoirs located at depths in excess of 2,515m.

INDEPENDENT VALUATION CERTIFICATE OF LIME GROUP BY PARETO ASIA (Cont'd)



	West Bukha	Abu Al Bukhoosh	Bunduq
Production Profile	First oil in 2009 at an initial rate of 7,000 bbl/day and 20 mmcf/day. Production is expected to peak just below 9,000 bbl/day and 55 mmcf/day in 2011.	First oil in 1974 and peak oil production in 1976 (86,000 bbl/day). The field is now in the advanced stage of development.	First oil in 1975 and peak oil production in 1988 (12,970 bbl/day); mature oil field.
NPV/boe* (derived)	Block 50 Oman Concession Fiscal Regime: USD4.7 Sharjah Concession Fiscal Regime: USD6.8 RAK North Concession Fiscal Regime: USD6.4	Block 50 Oman Concession Fiscal Regime: USD5.9 Sharjah Concession Fiscal Regime: USD6.9 RAK North Concession Fiscal Regime: USD8.6	Block 50 Oman Concession Fiscal Regime: USD3.8 Sharjah Concession Fiscal Regime: USD5.5 RAK North Concession Fiscal Regime: USD5.2

Note:

- * The NPV/boe applied by Pareto Asia are USD6.40 (RAK North Concession), USD4.20 to USD4.90 (Block 50 Oman Concession) and USD6.20 (Sharjah Concession).

In estimating the NPV/boe, we have adopted the following key bases and assumptions:

- a. In order to derive the NPV, a normal cash flow model was built for each reference field. The cashflow model estimates the revenue based on sale of oil and gas produced from each reference field. Operating costs and tax were subtracted in order to derive the free cashflow on a yearly basis which were then discounted with a WACC factor. The fiscal regimes³ implemented in the cashflow model for each reference field were based on the various EPSAs and CA of the Concessions as supplied by Hibiscus. Production, cost and capex profiles for each reference field came from Wood Mackenzie. Inflation adjusted capex and operating expenditures ("Opex") figures (estimated by Wood Mackenzie) were applied for fields developed pre-2006.
- b. The estimated revenue from these fields is based on an assumed oil price of USD100 per barrel of oil ("bbl") and USD 1 per thousand cubic feet ("mcf") for gas going forward; USD100 per barrel of oil is the mid-point between Brent forward curve (USD 91.5 in 2019) and long-term IEA estimate (USD 110 in 2020). Furthermore, USD 1/mcf is in-line with the sales contract between Rakgas and West Bukha.
- c. The annual estimated cash flow for each reference field was discounted with a Weighted Average Cost of Capital ("WACC") of 10%. A WACC of 10% is the industry norm for calculating NPV for oil and gas assets in fairly politically stable countries.

- ii) Applying these results on Lime's assets to estimate risked net asset value

The NPV/boe value was then multiplied with the gross unrisks recoverable estimates⁴ (from Aker Geo) for each of Lime Group's concession assets in order to estimate the gross unrisks

³ Fiscal regime: The government's take of production (e.g. royalty, tax, production sharing) as well as cost recovery. Regulated by the individual EPSA and CA for each concession

⁴ Unrisks recoverable resources are the amount of resources expected to be technically recoverable, which is a subset of the total estimated resources. Gross unrisks recoverable resources describes the estimated recoverable resources from 100% of a prospect, while net recoverable resources describes the percentage of the resources allocated to a part owner of the asset.

INDEPENDENT VALUATION CERTIFICATE OF LIME GROUP BY PARETO ASIA (Cont'd)



value for each concession asset. The potential gross unrisksed value for each concession asset has been used in the calculation of the EMV for each concession asset based on the geological risking provided by Aker Geo and drilling cost estimates provided by AGR.

The EMV of exploration assets is calculated using the input for the various scenarios and geological risking. In case of success, the EMV is the amount of recoverable resources multiplied by the NPV/boe, less the cost of the initial exploration well. In case of a dry well, the loss is the cost of drilling. The methodology yields a theoretical value of exploration assets.

A further "risking" of the assets, based on Pareto Asia estimates for commercial risking and probability of drilling, is done in order to derive a risked net asset value:

- a. Commercial risking takes into account risks related to the development process of oil and gas fields, including risk of commercialization, technical challenges, cost overruns, delays, changes in volume estimates etc. It is an industry norm to risk developments, contingent resources and exploration. However, there is no industry standard for the level of risking. Pareto Asia consistently applies the following commercial risking assumptions for valuations based on our experience in valuing oil & gas assets: for discoveries with uncertain commerciality, 30-60% commercial risking (implying a 70-40% discount) is applied. For discoveries which are clearly commercial, 60-90% commercial risking (implying a 40-10% discount) is applied. The probability of success will improve and risk factors will be reduced as a field enters development phase and approaches first production. For exploration prospects, a standard 60% risk factor is applied. Hence, as Lime Group's assets are at an exploration phase with undiscovered resources, this valuation uses a 60% commercial risking (40% discount) for all of Lime Group's exploration assets.
- b. The probability of drilling takes into account uncertainties related to whether or not prospects will be drilled within the next two years. Prospects with firm rig contracts will be risked 100% - typically to be drilled within next 1-2 years. Prospects with drill decision but no contracted rig will be risked 50-100% - also within next 1-2 years. Prospects with drill or drop decision and/or where drilling is more than 1-2 years away will be risked close to zero. As Lime Group's drilling program over 2012-13 would be fully funded as a result of the Proposals (according to budgets provided by Hibiscus), and assuming that the other shareholders contribute their share of costs, this valuation uses a probability of drilling of 100% for Lime Group's prospects that are expected to be drilled over 2012-13 and 0% for all other prospects.

iii) Further discount applied

Pareto Asia has been tracking two Norwegian pure play exploration companies, North Energy ("North") and Rocksource ("RGT"). Enterprise Value ("EV") per Gross Asset Value ("GAV") ("EV/GAV") as of 20 Sept 2011 is 0.26 while the average for 2011 is 0.35. Please note that the two following weeks, RGT drilled two dry wells, and hence later data is not representative. We have applied a range of EV/GAV between 0.25 – 0.30 in order to reflect the uncertainty i) due to company specific events ii) uncertainty about the exact status quo for EV/GAV for exploration companies. The range is below the average for the year of 0.35, which we believe is fair. Furthermore, the range reflects a certain strengthening in EV/GAV since last observation, which is also fair since peer group share prices are up ~4%; and

Historically, in an Initial Public Offering ("IPO"), shares are offered to the public at a discount which is typically approximately 10-20% compared to listed peers. In the currently challenging market conditions in other stock exchanges, even listed companies (especially in the pre commercial phase) have a large discount to last traded share price to attract new capital. As

INDEPENDENT VALUATION CERTIFICATE OF LIME GROUP BY PARETO ASIA (Cont'd)



shares of private companies are less liquid and generally have a smaller investor universe than listed companies, they are normally priced at a discount to listed peers. For the same reason, raising new equity for privately owned companies will normally require a discounted valuation relative to listed peers. A private company with a limited operating history and consolidated shareholder base such as Lime may require a substantial discount to the estimated market value to raise new equity. Pareto Asia has applied a conservative discount to listed peers of 30%.

Summary of fair market valuation based on risked NAV approach:

		EV/GAV	
		25%	30%
Gross Asset value LIME	USDm	444	444
Value post EV/GAV discount (NORTH, RGT)	"	111	133
Value post private company discount	30%	78	93
Cash (added back)	"	21	21
Fair pre-money value	USDm	99	114
Value of Hibiscus' 35% post-money ownership following USD 50m cash injection	USOm	52	58

Pareto Asia estimates a net asset value of USD 465 million for Lime Group. The net asset value is then discounted with the above mentioned 25%-30% EV/GAV discount and 30% private company discount. The pre-money market valuation of Lime Group based on risked NAV approach is USD 99 million to USD 114 million (equivalent to MYR 309 million to MYR 358 million).

10.2. Financial market valuation

To estimate the market pricing of companies similar to Lime Group, Pareto Asia has reviewed all relevant E&P companies with a market capitalisation of between USD 50 million and USD 1 billion listed on the Australian Securities Exchange ("ASX") in Sydney, London Stock Exchange ("LSE") & Alternative Investment Market ("AIM") in London and Toronto Stock Exchange ("TSX") in Toronto. These exchanges were chosen as they are believed to have the highest number of listed E&P companies and a range of USD 50 million to USD 1 billion was used as a cut-off to exclude outlier companies as Pareto Asia believes this is a fair representation of companies which are neither too small nor too large and are relatively similar to Lime.

Only companies strictly focused on exploration were chosen. Ideally, these assets should be in the same country or in vicinity of Lime Group's assets and the characteristics of the assets should be similar. Furthermore, we have been looking for companies with market capitalization of USD 50 million - USD 1 billion, and pure exploration focused companies with primarily offshore assets.

However, no pure exploration companies with assets in the Middle East were identified. The review revealed 6 possible names, of which all 6 of them were used in the peer group as the most comparable companies. 5 of the 6 companies identified as peers are listed on the AIM in London. In addition, we have included one company (Hyperdynamics) listed on the New York Stock Exchange (NYSE) in the United States. Please note that Pareto had not reviewed all companies on the NYSE but only companies on the exchanges mentioned above (ASX, AIM & LSE, and TSX). However, Hyperdynamics Corp was included as a peer as it was a company Pareto is familiar with and one that satisfied all the criteria (mentioned above) to qualify as a peer.

Please also note that share price and volatility of companies were not among the factors considered while deciding whether or not a company must be included in the peer group. The decision to include the company was based on more fundamental factors such as similarity of industry, business model, and others mentioned above. Once the company qualified as a peer, then its share price and other market factors have been considered as indicators for Lime.

INDEPENDENT VALUATION CERTIFICATE OF LIME GROUP BY PARETO ASIA (Cont'd)



The EV for each company in the peer group was then estimated and divided by their respective risked best estimate recoverable resource estimates. Finally, the weighted (by enterprise value) average enterprise value (EV) per barrel of oil was calculated for the peer group as a whole, being an estimated USD 0.61/boe.

Name	Areas of operation	Market capitalization (USDm)	Enterprise value (USDm)	Risked best estimate recoverable resources (mmboe)	EV/ risked (USD/boe)
ARGOS RESOURCES	Falklands	76	63	86	0.73
BAHAMAS PETROL	Bahamas	141	76	709	0.11
CHARIOT OIL	Namibia	374	235	1,087	0.22
DESIRE PET.	Falklands	104	90	111	0.81
HYPERDYNAMICS	Guinea	770	612	750	0.82
TOWER RESOURCES	Sub Sahara	58	43	278	0.16
<i>Sum</i>		<i>1523</i>	<i>1118</i>	<i>3,022</i>	
<i>EV Weighted Average</i>					<i>0.6108</i>

Lime Group's total risked best estimate recoverable resource base⁵, as provided by Aker Geo, was then multiplied by the peer group's estimated average EV/boe to arrive at a total EV estimate for Lime Group.

Update on the drilling status of the peer group companies

Argos Resources, Bahamas Petroleum and Chariot Oil & Gas have not commenced drilling yet but have drilling planned for 2012:

- Argos Resources – not yet drilled but is preparing to drill its principal asset in the North Falkland Basin;
- Bahamas Petroleum – not yet drilled but intends to spud the first well on its current exploration licenses in the Bahamas no later than April 26, 2013;
- Chariot Oil & Gas – its drilling plans from last year were pushed back to Q2'12;

Hyperdynamics Corp. and Tower Resources have drilled but they have not encountered commercial discoveries yet:

- Hyperdynamics – completed drilling its Sabu-1 exploration well offshore Guinea and the results have been sent for analysis but there has been no conclusion yet
- Tower Resources – started drilling of its Mvule-1 exploration well in Uganda on 12th February 2012 and it is in progress

Desire Petroleum is the only company which has had a drilling operation leading to a discovery, among all the peers. The company had ongoing drilling operations when Pareto Asia submitted the Valuation Report (basis 2 November 2011) but none of this was a commercial discovery. Later, the block 14/15-4 with Rockhopper in the Falklands was spudded on 28 November 2011 and it proved to be a successful oil discovery according to the company's announcement made on 30 December 2011.

Financial market pricing – Approach / Methodology

The valuation approach involves three steps:

⁵ Best estimate recoverable resource base: subset of the total estimated resources expected to be technically recoverable, with at least a 50% probability that the extent recovered will equal or exceed this best estimate

INDEPENDENT VALUATION CERTIFICATE OF LIME GROUP BY PARETO ASIA (Cont'd)

- i) Estimated EV/boe based on market data and publicly available information
 - a. Based on the prevailing market price for pure play exploration companies listed on ASX (Sydney), LSE & AIM (London), and TSX (Toronto) sourced from Bloomberg;
 - b. Net debt figures sourced from the respective companies' interim reports for the 1st half of 2011; and
 - c. Prospective resource estimates based on actual reported numbers, provided by each peer group company
- ii) EV/boe applied to gross risked resources of the Concessions, as provided by Aker Geo
- iii) An estimate of the private company discount of 30% by Pareto Asia is applied as Lime is a private company, which is also reflective of current market conditions where a general discount is required in order to raise fresh capital.

Summary of fair market valuation based on financial market approach

Our estimates based on financial market valuation yields an estimated pre-money value of USD 117 million (MYR 365 million) in Lime Group.

10.3. Comparison between risked NAV valuation and financial market pricing valuation

Having considered the risk factors in Section 9, and assumptions set out in Section 10, the estimated pre-money market value of Lime Group based on the risked NAV approach yields a value between USD 99 million and USD 114 million, while the financial market pricing approach yields a value of USD 117 million. Both approaches reflect the market's appreciation and willingness to price in the potential value of E&P assets.

In comparison to the financial market pricing valuation, the risked NAV valuation range yields a lower valuation for Lime Group. The reason could be the somewhat static nature of the valuation when a range between 0.25 and 0.30 has been used for EV/GAV while financial market pricing is impacted by the current market fluctuation.

Furthermore, the peer group used in the financial market valuation model could also be impacted by volatile share price movement, e.g. Hyperdynamics recently commenced drilling of one of their prospects, and the share price has been increasing significantly since the drilling commenced. Hence, the peer group will to a certain degree be impacted by company specific events and the generally high potential reward and risk involved in exploration for oil and gas. Should Hyperdynamics make a commercial discovery, it would obviously have to be excluded from the peer group, and this will most likely change the peer group's EV/boe multiple.

In theory, the two valuation approaches should more or less yield the same results. Based on the quality of data used as input in this valuation, both valuation approaches should be viewed as equals.

10.4. Key Limitations

Exploration for oil and gas companies is associated with the potential for significant value creation in the event of discoveries of commercial quantities of hydrocarbons, but also severe risk and uncertainty. This nature makes it particularly challenging to estimate the value for companies whose principal activity is exploration and where there is limited or no discoveries and/or production. We wish to highlight that valuing exploration assets cannot be regarded as an exact science and the conclusions arrived at in many cases will necessarily be subjective and dependent on the exercise of individual judgement.

INDEPENDENT VALUATION CERTIFICATE OF LIME GROUP BY PARETO ASIA (Cont'd)



There cannot be, therefore, an indisputable single value and as such, we normally express our estimate as falling within a likely range. As the range of indicative values is only an estimate, it may not necessarily be the same as the transaction price. The value arrived at is indicative in nature and represents only our best estimation.

We have not performed an audit nor verification of any of the historical and prospective financial information pertaining to the existing business provided to us for the valuation and accordingly do not express an opinion with regard to such information. No responsibility, whether legal or otherwise, is assumed on our part for their accuracy, and any projections or future estimates cannot be guaranteed as being certain or achievable.

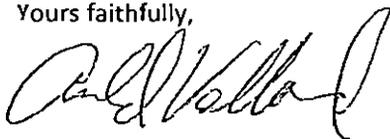
11. Conclusion on estimated fair market value of Lime Group

The pre-money valuation range, based on the two valuation approaches, is between USD 99 million and USD 117 million. We have added USD 50 million in equity (the amount to be injected into Lime following the completion of the Proposals) to derive the post-money value of Lime Group of between USD 149 million (MYR 465 million) and USD 167 million (MYR 521 million). Hence, the estimated post-money fair market value of Hibiscus' 35% ownership in Lime Group as at 2 November 2011 ranges from USD 52 million (MYR 163 million) to USD 58 million (MYR 182 million).

Valuation Method	Pre-money (100%) USD million	Post-money (35%) USD million	Post-money (35%) MYR million
Risked NAV (EV/GAV 0.25)	99	52	163
Risked NAV (EV/GAV 0.30)	114	58	180
Risked financial market pricing	117	58	182

Valuation of E&P assets cannot be regarded as exact science and the conclusion are necessarily subjective and dependent on individual judgement. There is no indisputable single value and we normally express our valuation as falling within expected ranges that are reasonable and defensible.

Yours faithfully,



Arild F. Valland
Director
Pareto Securities Asia Pte Ltd

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO

All references to "P50" in the executive summary of this expert report means the best estimate of prospective resources, having at least a 50% probability level (P50) that the quantity of resources actually recovered will equal or exceed this best estimate.

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

Executive Summary of the Aker Geo Reports.

Hibiscus Petroleum Berhad has asked Aker Geo to perform a second opinion review of the prospective recoverable resources and the geological risking of the 3 concessions – Oman Masirah Block 50, RAK North Offshore, and East Coast Sharjah in UAE, in which Lime BVI has an interest. The review and analysis of the data made available to Aker Geo permitted to make an independent evaluation of the prospectivity of the 3 concessions, which is synthesized in the form of resource summary tables provided in section 5. The review was performed by senior geoscientists who have vast knowledge of the Middle East geology through their direct working experience. In the appendix, the full text of the regional geology of the three concessions is attached.

- **Guy de Caprona** obtained a PhD in Geophysics and Structural Geology from Göteborg University, Sweden. Guy has more than 30 years of industry geoscience experience working for many international oil and gas companies, including Mobil Exploration Norway Inc, Schlumberger, Norsk Hydro, and Geotermica AB.
- **George Butenko** obtained a M.Sc. in Marine Geology and Geophysics from the Massachusetts Institute of Technology, USA. George has more than 30 years of experience in applied geosciences and engineering for exploration and production of hydrocarbons, offshore field developments and academic research. Also, 10 years industry experience in geotechnique, hydrogeology and engineering geology applied to civil engineering, water supply and environmental projects.



Bengt Larssen
President
Aker Geo AS

 **AkerSolutions**

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

1. Data

The data used to tabulate the final numbers as presented in the Aker Geo Reports are as follows:

- **Existing data on the concessions:** This consists of data and reports from previous concession holders obtained from the data rooms of the respective governments of Oman, Ras al-Khaimah, and Sharjah. The data includes raw and processed seismic data, gravity and magnetic survey data, existing well data and reports, geological evaluation reports, company presentations, and any other technical data obtained from the data rooms.
- **Interpretations of the existing data by Rex:** Rex has performed their own evaluations of the data and reports obtained from the respective data rooms. This has been provided in the form of data and interpretations that can be loaded and viewed in a workstation, compiled reports, and presentations. Additionally, Aker Geo has had working sessions with the geoscientist representing Rex in which the interpretations were explained for each of the prospects. Aker Geo has independently reviewed all data and interpretations provided by Rex and arrived at its own conclusions regarding the prospectivity of the mapped structures.
- **Industry Literature:** Both Oman and the UAE are very mature in terms of oil and gas exploration. A large volume of E&P industry literature is available from different parties, covering comprehensive topics from regional geological history, interpretations of regional technical data, and general and detailed prospectivity of the region. All relevant reports have been used by Aker Geo to form an independent opinion of the prospectivity of the 3 concessions of which Lime BVI has an interest in.

2. Reports

Each Aker Geo report contains the following sections:

- **Introduction:** Short description of the work performed by Aker Geo.
- **Regional Geology:** This section explains the history of the regional geology and provides an overview of the tectonic development, and the presence of source, reservoir rocks and sealing mechanisms known in the region. Upon the request of Hibiscus Petroleum Berhad, the full text of the regional geology for each of the three concessions is enclosed to the present Executive Summary as appendices 1, 2 and 3.
- **Data Analysis:** This provides an overview of the seismic and well data available for each of the concessions. Aker Geo also provided an opinion on the quality of the data and the degree of reliability of the available interpretations.
- **Volumetrics and De-Risking:** In this section, the deterministic volumetric value spread is discussed. A deterministic and stochastic resource calculation was made and compared with the results obtained from Rex. The subsequent de-risking is also compared with the estimates made by Rex, and summarized in a table detailing the P50 unrisked and risked potential resources for the 3 concessions. Details of the volumetrics and de-risking are provided in Section 3 and 4 below.
- **Recommendations for Further Work and Conclusions:** In these sections, recommendations are provided for future work that can reduce uncertainties in the volumes and increase the geological chance of success. The conclusions provide a summary of the findings for the reports.

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

3. Volumetrics

Volumetrics for each prospect are calculated using the following process:

1. The seismic data is used to identify the prospects. Depth maps of the prospects are generated using the seismic data and subsequently a bulk rock volume (BRV) of the prospect is calculated by interpreting the prospect's areal extent and the height of the potential hydrocarbon column using these maps. BRV is an expression of the total volume (rocks and fluids) contained within a prospect.
2. This volume is then multiplied by the Net-to-Gross (N/G) factor. The thickness of productive (net) reservoir rock within the total productive and non-productive (gross) reservoir thickness is termed the net to gross or N/G ratio. The range for this parameter is determined from available nearby well logs and regional estimates obtained from the relevant literature.
3. The result is then multiplied by the porosity of the rock. Porosity is an expression of the ratio of the volume of the porous space versus the bulk rock volume. The result is the total volume of fluid filled space within the mapped prospect.
4. This volume is then multiplied by the hydrocarbon saturation. Every reservoir initially contains only water. The hydrocarbon migrates into the reservoir at a later stage displacing water in the process. During this process, only a certain percentage of the water can be displaced. The hydrocarbon saturation is an expression of the fraction of the average pore space that is filled with hydrocarbon. The result of the multiplication provides the total volume of hydrocarbon in the reservoirs, within the mapped prospect.
5. This volume is then multiplied by a recovery factor and a shrinkage factor for oil and an expansion factor for gas. The recovery factor represents the ratio of hydrocarbon that can be economically extracted from the reservoir versus the total volume of hydrocarbon initially in place. The shrinkage and expansion factors are due to the fact that when oil is produced, the large decrease in reservoir temperature and pressure to surface conditions will de-gas the oil, as the gas bubbles out of the oil, the volume of the oil decreases. Conversely, when gas is produced from reservoir conditions to surface conditions it will expand. The multiplication of the total hydrocarbons in place with the recovery factor and the shrinkage factor for oil and expansion factor for gas provides the final result of the total volume of hydrocarbons that can be extracted from the mapped prospects. The volume being measured at standard temperature conditions and atmospheric pressure.

Each of the parameters listed above has a range of values representing a pessimistic, expected and optimistic case. A deterministic calculation of producible volumes is the multiplication of the parameters in a pessimistic, expected and an optimistic scenario. In a stochastic calculation of producible volumes, multiplications are run with parameters assigned all the possible values within each given spread. The resulting values fall in a statistical distribution where results less or equal to 50%, or P50, of all value combinations are called best estimate of recoverable unrisks prospective resources. The methodology is called a Monte Carlo simulation by analogy with dice gambling.

4. Risking

The P50 unrisks recoverable resources are subsequently de-risked by assessing the probability of the following seven parameters being in place:

- **Trap Geometry:** Chance that the closure interpreted from the seismic data is present

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- **Seal:** Chance that there is a mechanism to contain the hydrocarbons in the reservoir
- **Reservoir Presence:** Chance that there is reservoir rock with porosity that can contain hydrocarbons
- **Reservoir Quality:** Chance that the rock has enough connected porous space such that the hydrocarbons can be extracted efficiently
- **Source:** Chance that mature source rock to generate hydrocarbons is present
- **Source Efficiency:** Chance of the generated hydrocarbon migrating efficiently from the mature source rock into the reservoir rock
- **Hydrocarbon Quality:** Chance that the oil is not biodegraded or that the gas does not contain non-desirable content such as hydrogen-sulphide or carbon-dioxide.

The probability of each of these chance factors is determined from the data available, industry reports and using technical experience. They are then multiplied to produce the geological chance of success (GCOS). The GCOS is then multiplied with the P50 unrisked recoverable resources to obtain P50 risked recoverable resources.

5. Summary Tables

General industry best practice has been followed, as there is no signed global agreement on a common standard to be used. Our practice is in line with the Guidelines for application of the petroleum resources management system, recommended by professional organisations such as AAPG, WPC, SEG. The following tables summarize the P50 unrisked recoverable resources, GCOS, and P50 risked recoverable resources for all reservoirs in each of the prospects in the 3 concessions reviewed. The volumes are reported as Million Barrels of Oil (MMBO) and Billion Cubic Feet of Gas (Bcf). For a comparison between the energy content of oil and gas resources, the United States Geological Survey gives 6000 cu.ft of natural gas as equivalent to one barrel of oil.. The numbers provided here are based on calculations done by and probabilities assessed by Aker Geo only.

Prospect	Reservoir Layers	Unrisked P50 MMBO	Probability %	Risked P50 MMBO
Masirah 1 North	Shuaiba	61.5	15%	8.93
GA South	Natih	14.6	22%	3.18
	Shuaiba	10.7	24%	2.55
K1-N	Natih	1696	8%	133.53
	Shuaiba	1398	15%	214.02
	Khufai	59.2	8%	4.70
	Abu Mahara	86	9%	7.80
K1-S	Natih	311.4	6%	19.61
	Shuaiba	404.1	15%	59.39
	Khufai	17.1	8%	1.36
	Abu Mahara	26	8%	2.12
K2	Natih	324.9	6%	20.46
	Shuaiba	267.8	13%	34.98
	Khufai	26.1	8%	2.07
	Abu Mahara	39.8	8%	3.25
		4743.2		517.96

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Table 1: Oman Masirah Block 50 Resource Summary

Prospect	Reservoir Layers	Unrisked P50 Oil MMBO	Unrisked P50 Gas Bcf	Probability %	Risked P50 Oil MMBO	Risked P50 Gas Bcf
Dahan B	Ilam	2.69	8.61	30%	0.81	2.60
	Mishrif	3.61	11.6	50%	1.82	5.85
	Mauddud	5.29	16.9	17%	0.89	2.84
	Thamama	9.10	29.9	45%	4.08	13.40
Dahan C	Ilam	1.62	5.2	26%	0.42	1.35
	Mishrif	2.95	9.4	43%	1.27	4.06
	Mauddud	2.79	8.93	14%	0.40	1.29
	Thamama	3.75	12.4	38%	1.40	4.76
Slope E	Thamama	4.61	14.8	12%	0.56	1.79
Slope F	Thamama	10.50	33.6	12%	1.30	4.15
	Arab Darb	7.62	24.4	11%	0.81	2.58
Slope G		3.90	12.5	5%	0.21	0.68
Slope H		7.20	23.1	5%	0.40	1.25
Total		65.63	211.34		14.36	46.58

Table 2: RAK North Offshore Resource Summary

Prospect	Unrisked P50 MMBO	Probability %	Risked P50 MMBO
North A	381.90	14%	51.74
Southwest B	266.50	14%	36.10
South C	266.50	14%	36.10
Miocene North	57.30	7%	4.25
Miocene Central	34.11	7%	2.53
Miocene South	57.30	7%	4.25
Miocene SouthWest	19.10	7%	1.42
Miocene SW Lead B	19.10	7%	1.42
Miocene SW Lead C	71.90	7%	5.33
Total	1174		143

Table 3: Offshore Sharjah-Fujairah, Gulf of Oman Resource Summary

Appendix 1. Oman Block 50 Regional Geology

1.1. Tectono-Stratigraphic Evolution

During the Late Precambrian the region of Oman, underwent accretion and collision, followed by an extensional phase of deformation (Husseini, 1989). It appears that the Huqf uplift has been a long lived, large-scale, feature that has controlled the sedimentation towards the east in the basins of Oman, Figure 1. The Huqf high, probably, was the eastern boundary of the Infracambrian–Cambrian Oman salt basin. In the western flank of the Huqf uplift there are outcrops of Permian–Carboniferous rocks and striations in older rock units resulting from glaciation (Levell et al., 1988). The Huqf uplift may have also acted as a barrier to the deposition of upper Paleozoic sediments to the southeast of the arch, where wells drilled east of the uplift have not penetrated rock units between the ages of Infracambrian to Jurassic, (Beauchamps et al., 1995).

From the general knowledge of the geology of Oman, it is possible to ascertain that during the transition from the Pre- Cambrian to Cambrian, the Pan-African collisional tectonics changed to an

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intra-continental extensional tectonics and the Infra-Cambrian rocks overlies unconformably the deformed Pre-Cambrian rocks.

The opening of the NE-SW oriented basins was linked to major left lateral strike slip faults oriented NW-SE across the Arabian Peninsula. Along the NE-SW oriented extensional basins there were right lateral strike movements along the normal faults.

Following the rifting event, the Tethys Ocean gradually encroached onto the southeastern corner of the Arabian Peninsula reaching the fringes of the Masirah Graben and stepwise flooding the area. The depositional sequences consists of the predominantly clastic sediments of variable thickness (Abu Mahara Group) at the base, to more uniformly stratified clastic deposits and platform carbonates of the Nafun Group at the top (Gorin et al,1982) .

The Abu Mahara Group is poorly resolved from seismic data, but, it has been partly penetrated by wells and studied in outcrops in the Huqf, Jebel Akhdar, and Mirbat areas. Thickness variations in the Abu Mahara Group suggest that, during deposition of the Ghadir Manqil Formation, a NE-SW trending rift basin developed in eastern Oman. The sedimentary facies variations suggest that during the deposition of the Abu Mahara Group there was a relief created by NE-SW trending horst-and-graben and basement highs may have developed separating different basin segments, maybe the Huqf uplift was at that time already a basement high. The rifting event was locally associated with igneous activity and was followed by a thermal subsidence in the basins with deposition of siltstones, sandstones, stromatolitic carbonates and source rock of the Masirah Bay Formation (from PDO presentation. AAPG field seminar, April 2000)

The Nafun Group consists of two sequences of platform carbonates the Khufai and Buah Formations, separated by a sequence of mainly fine clastics of the Shuram Formation. Thickness and facies variations in the Nafun Group appear to be much less pronounced than in the underlying Abu Mahara Group sequences, (Clarke, 1988). A relatively quiet tectonic period with absence of volcanics and coarse-grained clastics characterizes the deposition of the Nafun Group that probably was controlled by eustatic sealevel changes during a late phase of thermal subsidence following the Abu Mahara rift event. After this relatively tectonic quiet period, the Abu Mahara rift trend was reactivated, volcanism and the sedimentary sequences of carbonates, thick salt and the organic rich shales of the Athel source rock suggests renewed tectonic activity and subsidence during the deposition of the Ara Group (Upper Huqf).

The existence of a salt basin east of the Huqf uplift that can be time equivalent to the Oman salt basins is speculative (Figure 1). However, it is important to note that the SMPA-1 well, drilled in the southern Masirah graben penetrated 2500m of Infracambrian sediments; this thick section of the Huqf Group may indicate the presence of another Infracambrian basin east of the Huqf uplift. An unconformity separates Infracambrian sediments from Jurassic sediments in the Masirah Graben. It is not known if Paleozoic-Triassic sediments were not deposited or if they were eroded by successive events ending at the Triassic extension when a rift basin was probably formed at the site of the Masirah Graben. There is no direct evidence for sedimentation in the Masirah area until the Jurassic, but, the presence of Permian to Cretaceous blocks in the Batain melange suggests that Paleozoic-Mesozoic sediments were present in northeastern Oman. Basement granite blocks in the ophiolites suggest basement was eroded from beneath the Permian (Beauchamps et al., 1995).

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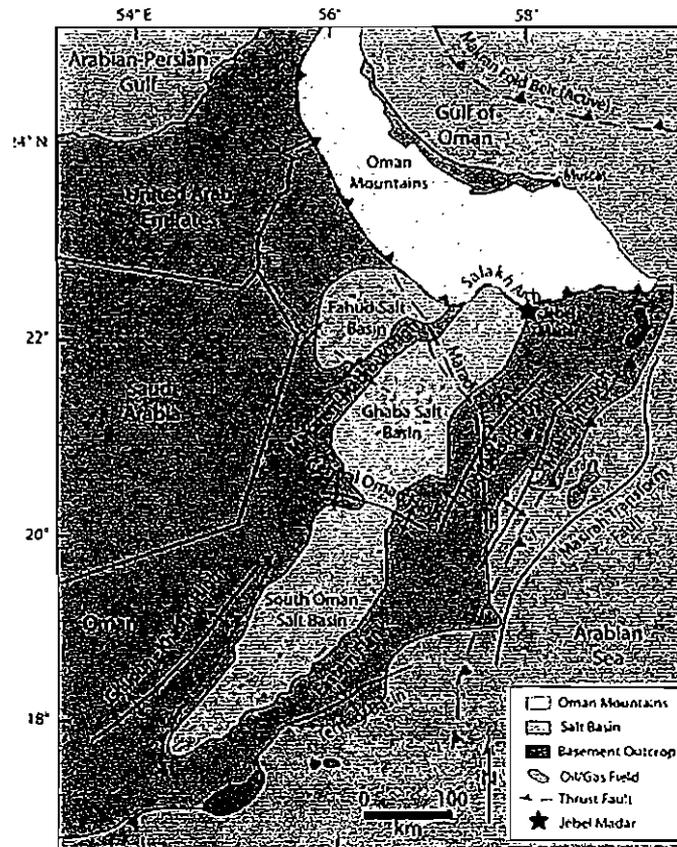


Figure 1: Structural elements and basins of Oman with the Masirah Graben straddling the eastern coastline, between the Huqf uplift and the Masirah Transform margin. (After Claringbould et al., 2011)

During the Triassic extension in the Tethyan rift domain, rifting and faulting created the conditions that resulted in the deposition of Jurassic and Lower Cretaceous shelf carbonates in Oman. This phase is represented by the Jurassic Sahtan Group and Khamah Group penetrated by wells in the Masirah graben. These rocks are similar in age to the Upper Jurassic Shuqra-Sabatayn formations of Yemen, and the Upper Jurassic Arab-Hith formations of central Arabia (Beydoun, 1988., Beauchamps et al., 1995).

From the Aptian to the Cenomanian, the general sealevel rise and flooding of the basins resulted in the deposition of the Nahr Umr Formation shale unit, the Nahr Umr Formation and the Lower Cretaceous Wasia Group were penetrated by wells in the Masirah graben.

During the Campanian the Hawasina and Semail nappes were obducted towards the southwest in northeastern Oman. Following this obduction, in latest Maastichtian to Paleocene times the Batain Complex was obducted in southeastern Oman, coeval with the northwestern directed obduction of the eastern ophiolite belt. The location of the Arabic paleocontinental margin is now hidden beneath the obducted allochthonous sediments. The Cretaceous- Tertiary evolution of the Masirah graben and adjacent Huqf uplift has been illustrated by Beauchamps et al., (1995) in a series of cross sections shown in Figure 7. The Late Cretaceous to Paleocene age for the formation of the ophiolites indicates that sediments A-B are most likely of Upper Cretaceous age and that the Batain/Hawasina ophiolites were obducted in a large thrust sheet overlying layer A. The overthrust direction was to the west-northwest, and involved imbricates branching from a basal detachment above layer A.

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Extensional faults appear to have been active during the Eocene in the eastern part of the Huqf uplift. The faults were reactivated and the footwall of the Huqf/Jebel Ja'alan block was further uplifted and tilted.

During the later Paleogene or Neogene, there was subsequent inversion of the faults surrounding the Jebel Ja'alan/Huqf uplift, folding of the Tertiary sediments, and overthrusting of the ophiolites. The transport direction was to the northwest, so the main Jebel Ja'alan/Huqf fault zone was reactivated as an oblique-slip fault with a left-lateral and reverse sense of motion. The original fault system was of a normal sense of motion and formed the western margin of the Masirah graben.

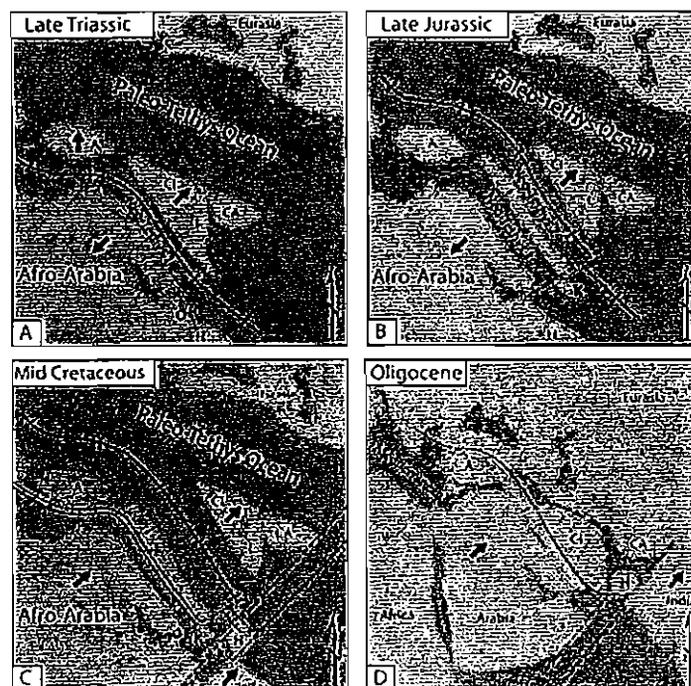


Figure 2: Paleotectonic setting. (After Claringbould et al., 2011)

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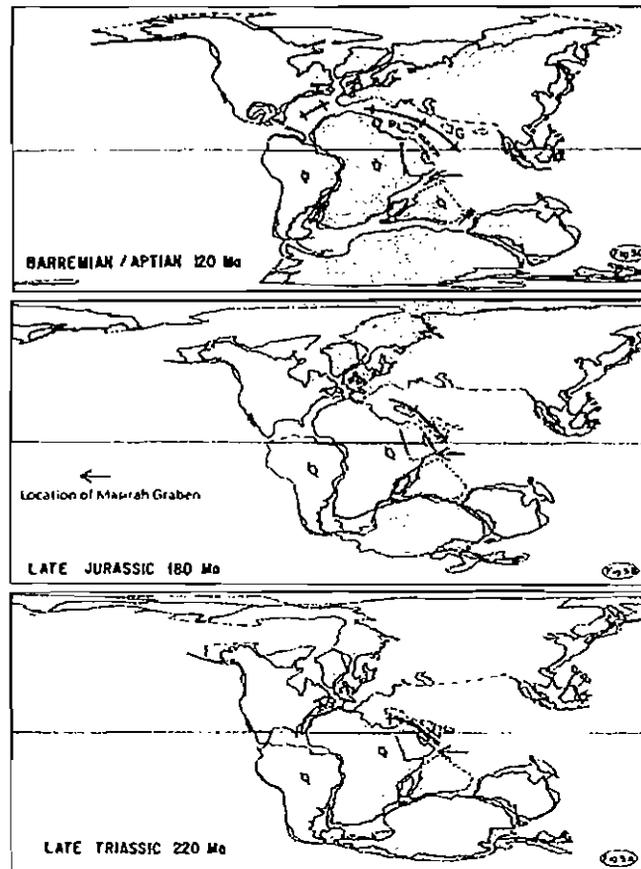


Figure 3: Plate tectonics reconstruction

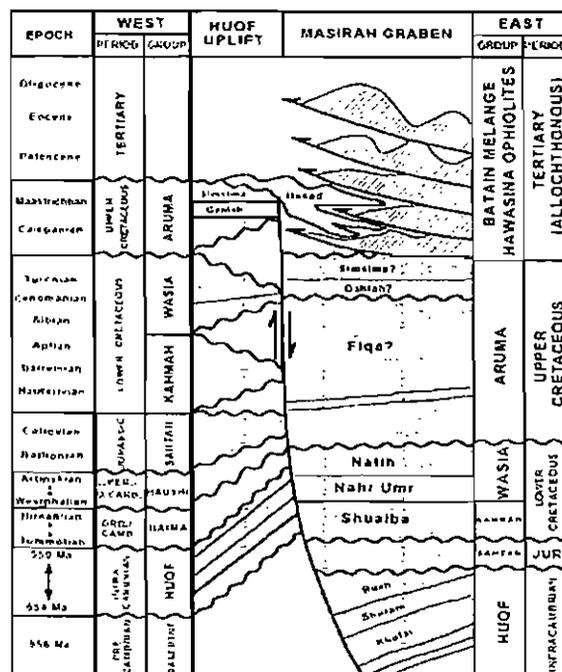


Figure 4: Stratigraphy of the Masirah graben and the Huqf uplift. The décollement surface of the Batain mélangé and ophiolite nappes is interpreted as the Aruma Group, unlike the Amoco composite section in Figure 5. Beauchamp, WH et al (1995)

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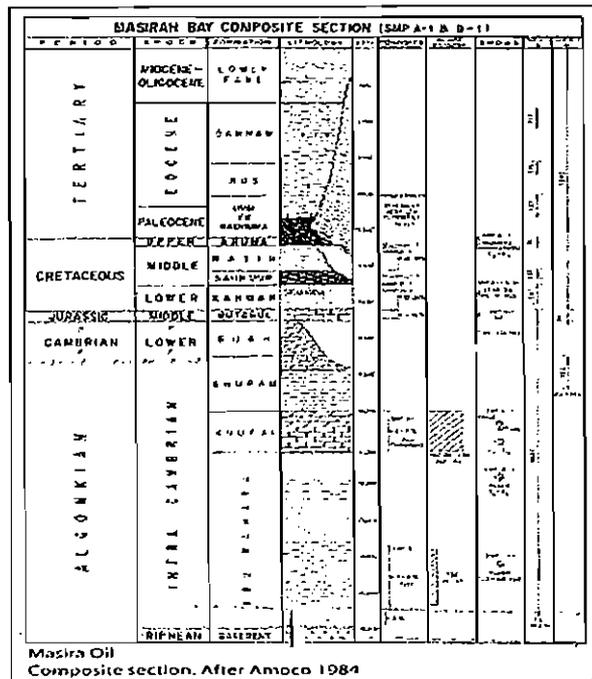


Figure 5: Décollement surface of the Batain mélange and ophiolite nappes interpreted as the Umm el Radhuma (Paleocene) Aruma Group (Upper Cretaceous), Amoco, 1984. The thrusting is interpreted as cutting much deeper into the autochthonous than in Beauchamp, WH et al (1995).

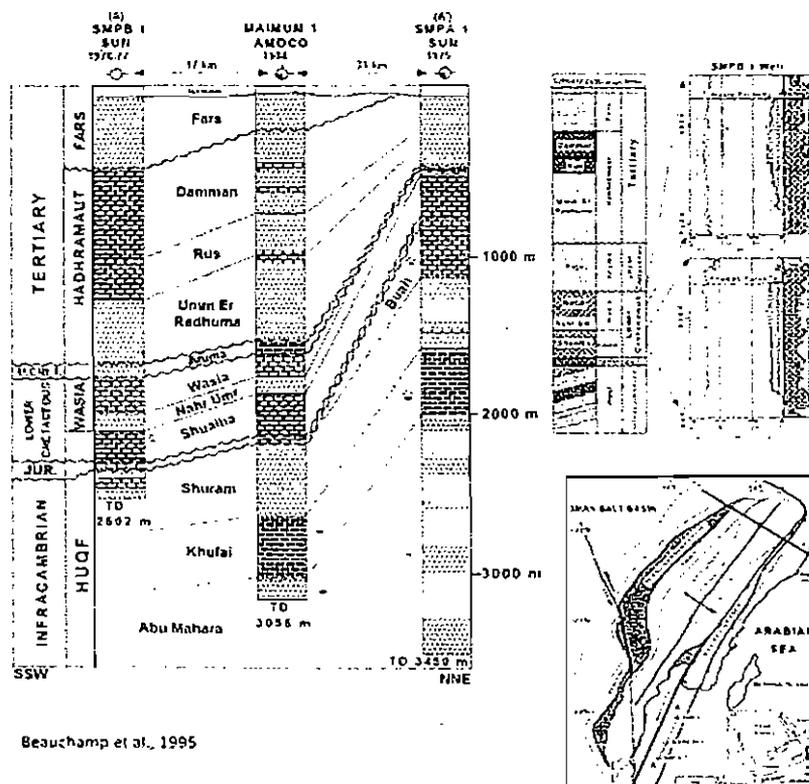


Figure 6: Masirah wells correlation. The Mesozoic – Cenozoic section unconformably overlays the Infracambrian and thickens in the Masirah Graben from North to South, with the Nahir limestone reservoir formation pinching out at SMPBA-1. The underlying Shuaiba reservoir limestones remains of even thicknesses well as the Khufai limestones in the Maimun-1 and SMPA-1 wells (Beauchamp et al., 1995)

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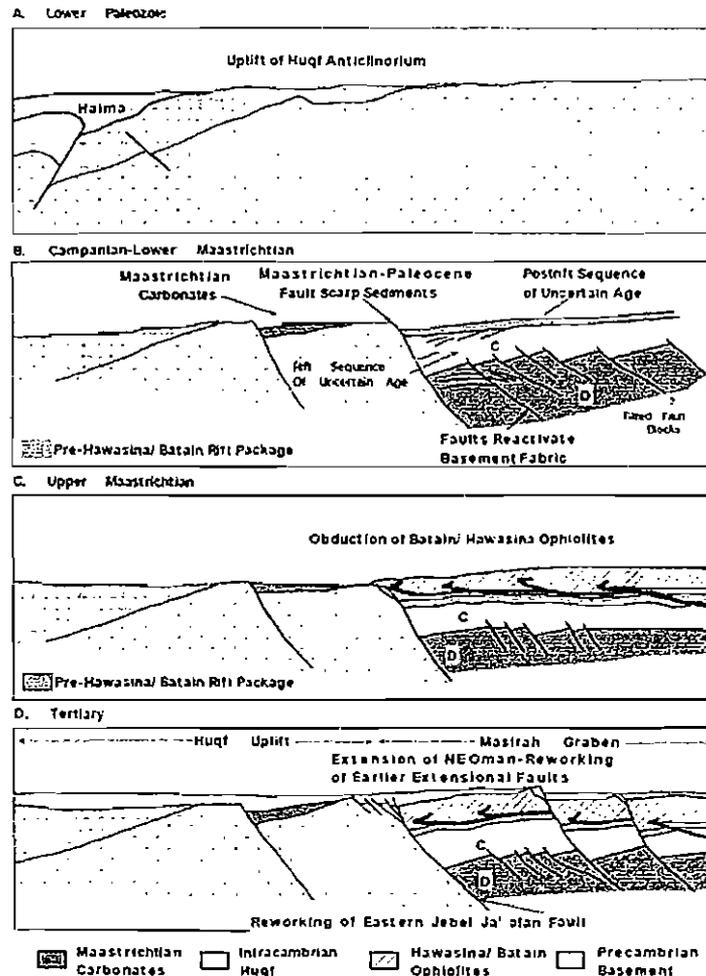


Figure 7: Tectonic evolution of the Masirah graben. (Beauchamp et al., 1995)

1.2. Plate Tectonics and Structuring in the Masirah Graben

The present day plate boundary between the Indian and Arabian plates is located along the Owen Ridge, however, initially the Indian-Arabian plate boundary was located further west, along the Oman continental margin. Probably, during the re-organization of the plate movements in the Oligocene-Miocene, the plate boundary moved to the present location and movements further west ceased. The present primary plate boundary structure is not the bathymetrically high Owen Ridge, but is instead a series of clearly delineated right lateral strike-slip fault segments separated by several releasing and restraining bends. Despite abundant sedimentary supply by the Indus River flowing from the Himalaya, fault scarps are not obscured by recent deposits and can be followed over hundreds of kilometers, pointing to very active tectonics. The total strike-slip displacement of the fault system is 10-12 km, indicating that it has been active at least for the past 3 to 6 million years. Fournier et al., (2010) interpreted high resolution multi-beam echo sounder data and described the geometry of this recent fault system, including a major pull-apart basin. The value of this analysis for us is to illustrate the possible analogous structures along the ancient plate boundary domain dominated by a left-lateral strike-slip wrench tectonics with the passage of the Indian continent towards its present position. The change of left-lateral to right-lateral movements probably occurred in Tertiary times during the opening of the Gulf of Aden-Sheba ridge zone.

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In the following set of figures and cartoons, Figure 8-12, we illustrate the possible structures that could exist, but, that have not been discovered because of the limitation of the quality of seismic data and the difficulties of interpreting structure below the obducted Batain Batain mélangé.

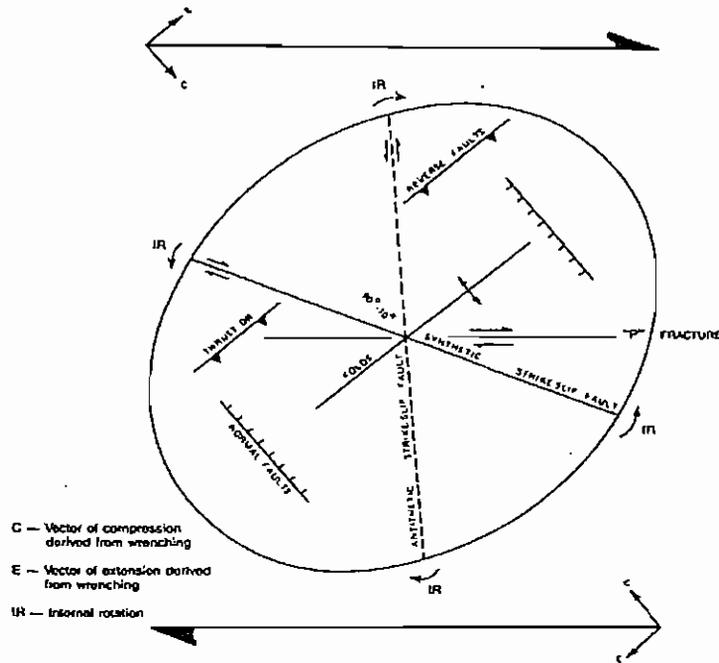


Figure 8: Faults and structures from a right-lateral wrench couple (the mirror image applies to a left-lateral wrench couple)

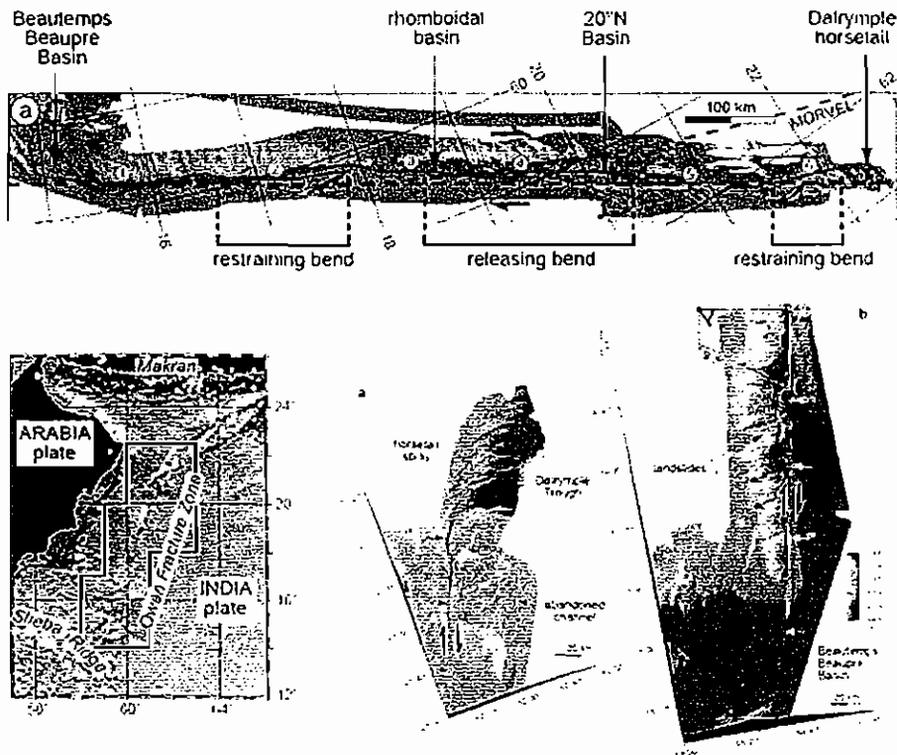


Figure 9: Present day plate boundary and right-lateral strike-slip movements with structures visible on the seabed (Fournier et al., 2010).

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The following diagrams with dextral strike-slip settings, Figure 9 and Figure 10, illustrate, as mirror images, the possible sinistral wrench tectonic-related structures that might be present in the Masirah Basin.

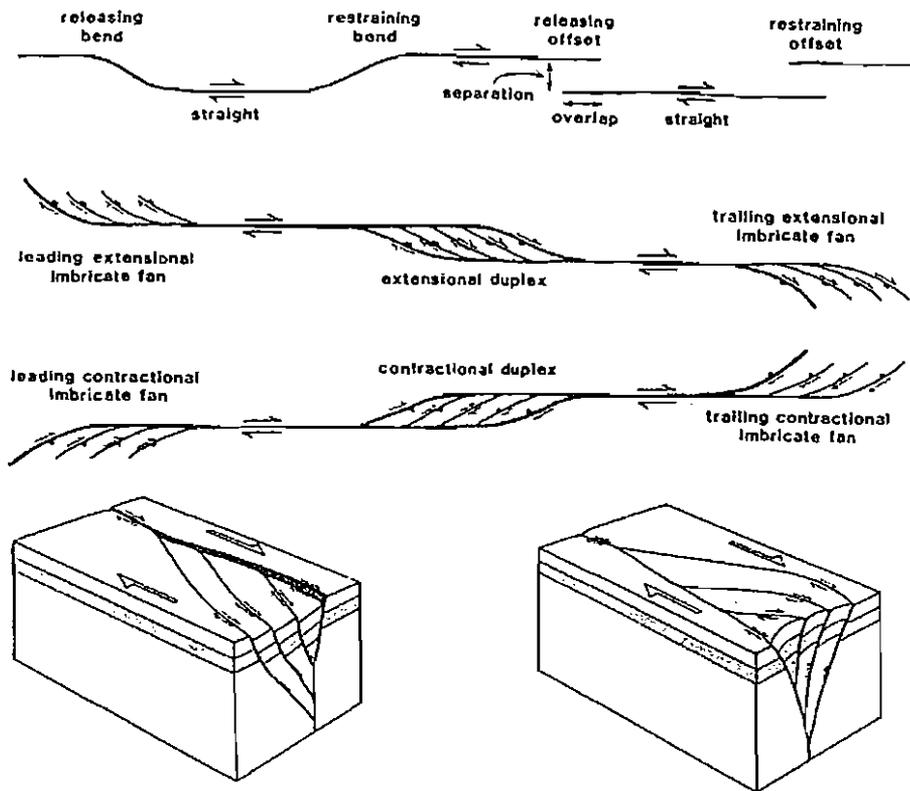


Figure 10: After Harding (1985)

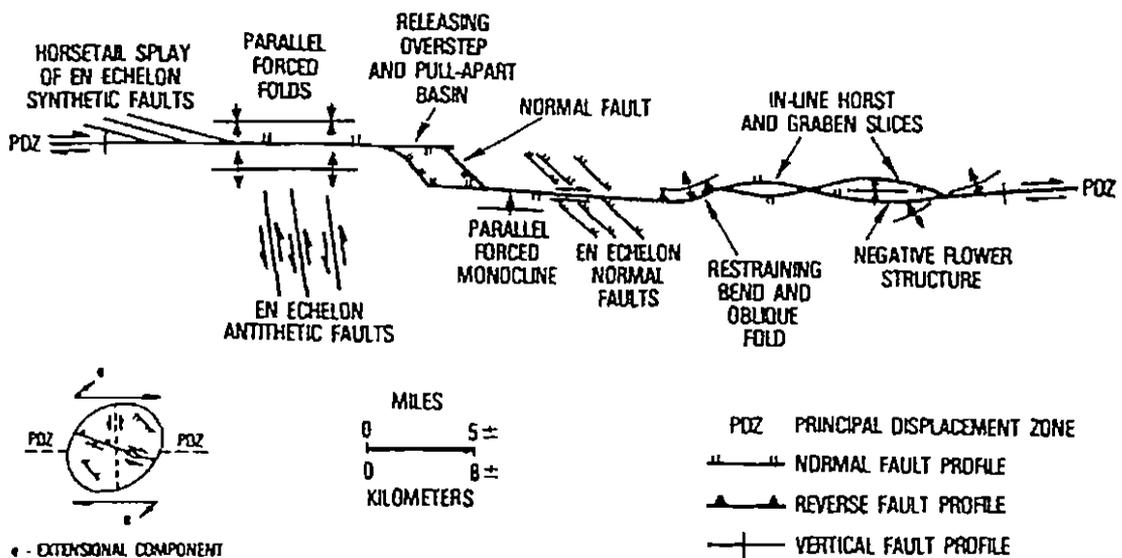


Figure 11: Modified after Woodcock (1986)

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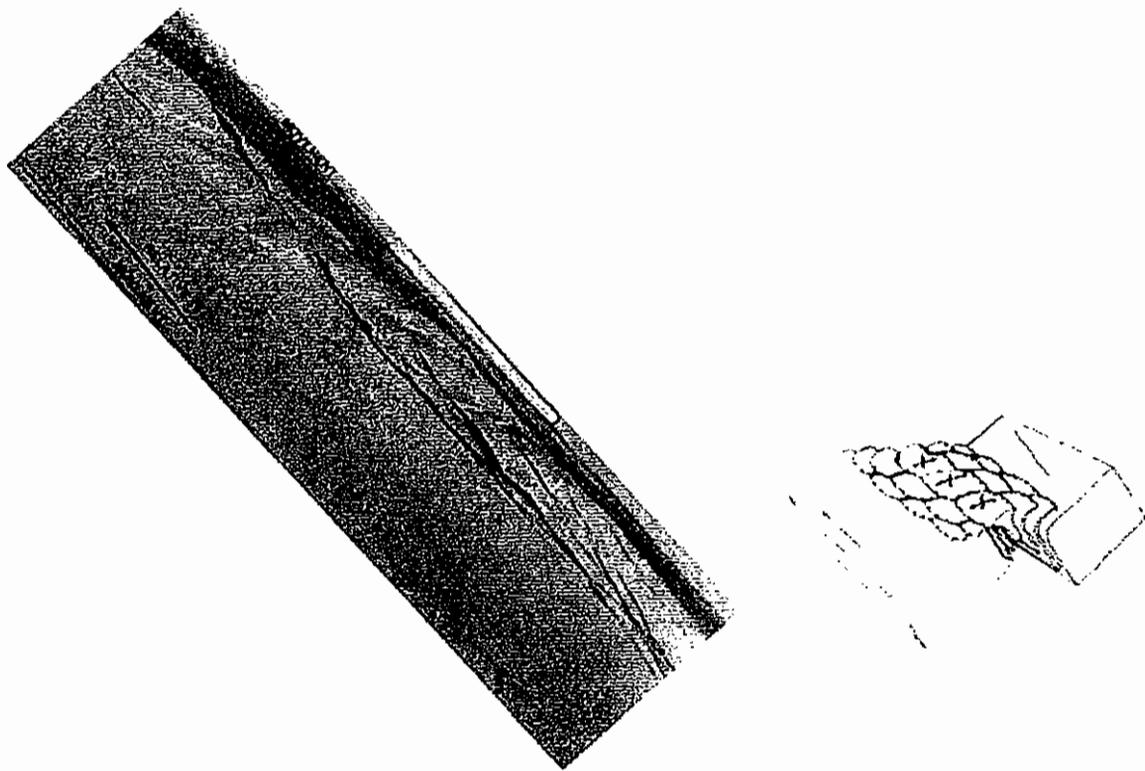


Figure 12: Transpressional setting with elongated flower structures with sheets thrust on the two sliding blocks. This setting occurs in eastern and southern margins of Oman, in a dextral respectively sinistral setting

In addition to this large scale, transform margin, plate tectonic forces that formed structures in the Masirah Basin there are other components of the stress regime that have to be considered as contributing or enhancing the structures in the basin. Three major tectonic events with different stress regimes have influenced the structuration in the Masirah Basin. In the Late-Cretaceous obduction of the Hawasina Complex and Semail Nappe induced a southwest verging compression. In the latest Cretaceous to Early Paleocene obduction of the Batain complex and the Masirah ophiolite coeval to the opening of the Gulf of Aden, led to a NW-verging complex transpressional and transtensional stress regime that could have caused E-W oriented oblique normal fault formation. Lastly, the Miocene Alpine orogeny that resulted in growth of the Oman Mountains had a southwest oriented compression.

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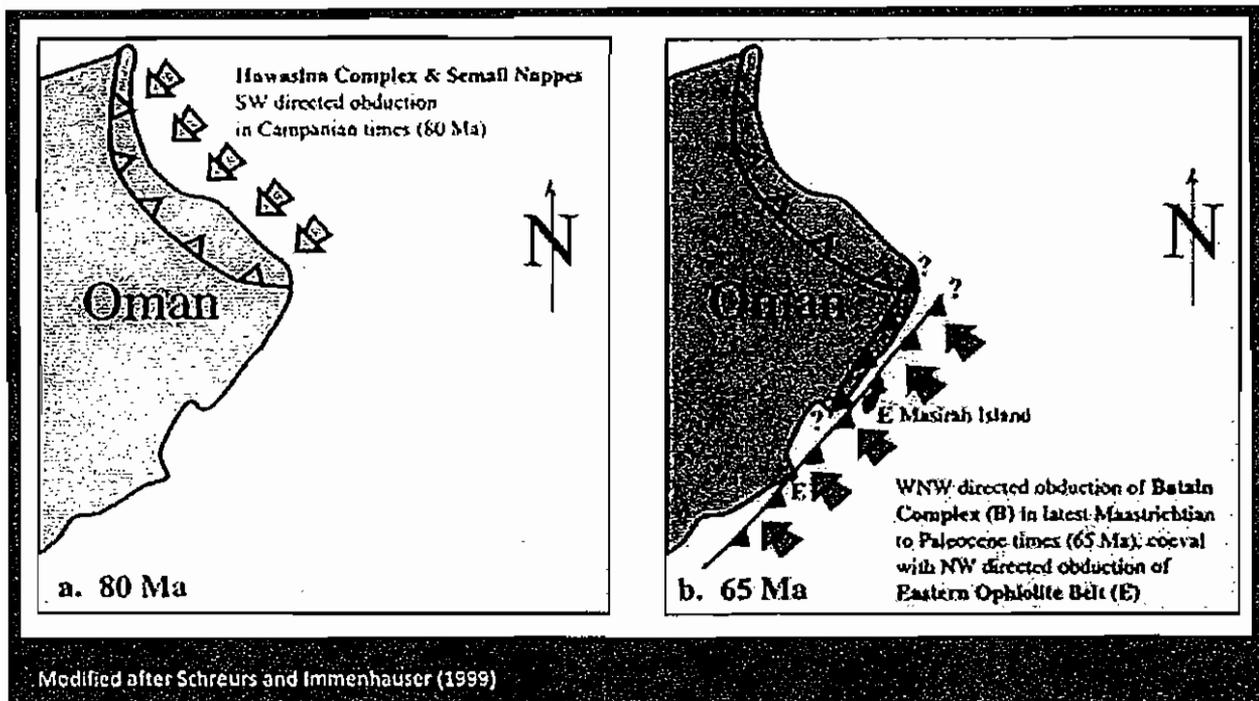


Figure 13: Schematic visualization of the obduction of the ophiolites complexes in Oman (after Claringbould, J.S. et al., 2011)

1.3. Source Rocks

Onshore Oman is a mature exploration province, with well-known petroleum systems. The present quest to find new resources requires the search of opportunities beyond the known hydrocarbon provinces that are considered to have significant charge risks.

Source rocks in Oman are multiple, generally rich, and fairly widespread marine sequences. They are predominantly oil prone, and most of the gas found is interpreted to result from thermal cracking of liquid hydrocarbons trapped in deep reservoirs and retained in source rocks.

Existing data show that Mesozoic and Cenozoic kitchen areas are restricted to western north Oman, the only areas currently buried at their maximum temperature. Large parts of north and central Oman depend on lateral migration from these kitchens for their charge. Progressive uplift of the east flank and basin inversion since the middle Paleozoic provides favorable conditions for long-distance migration in the post-Carboniferous interval. In central Oman, geochemical data suggests that a north-south-trending, reactivated basement grain has funneled charge up to 300 km southeastward. Charge risks increase in the deeper sequence, in which eastward migrating hydrocarbons have to traverse the Ghaba salt basin, a pronounced syncline at depths greater than 3 km. The south Oman salt basin is currently cool because of shallow depths and hydrodynamic fluid flow activity. The shallow post-Cambrian reservoirs rely on storage of early (Cambrian-Ordovician) charge by the Ara salt (Cambrian) sequence, followed by release of hydrocarbons as the salt edge retreats through time. (Terken et al., 2001).

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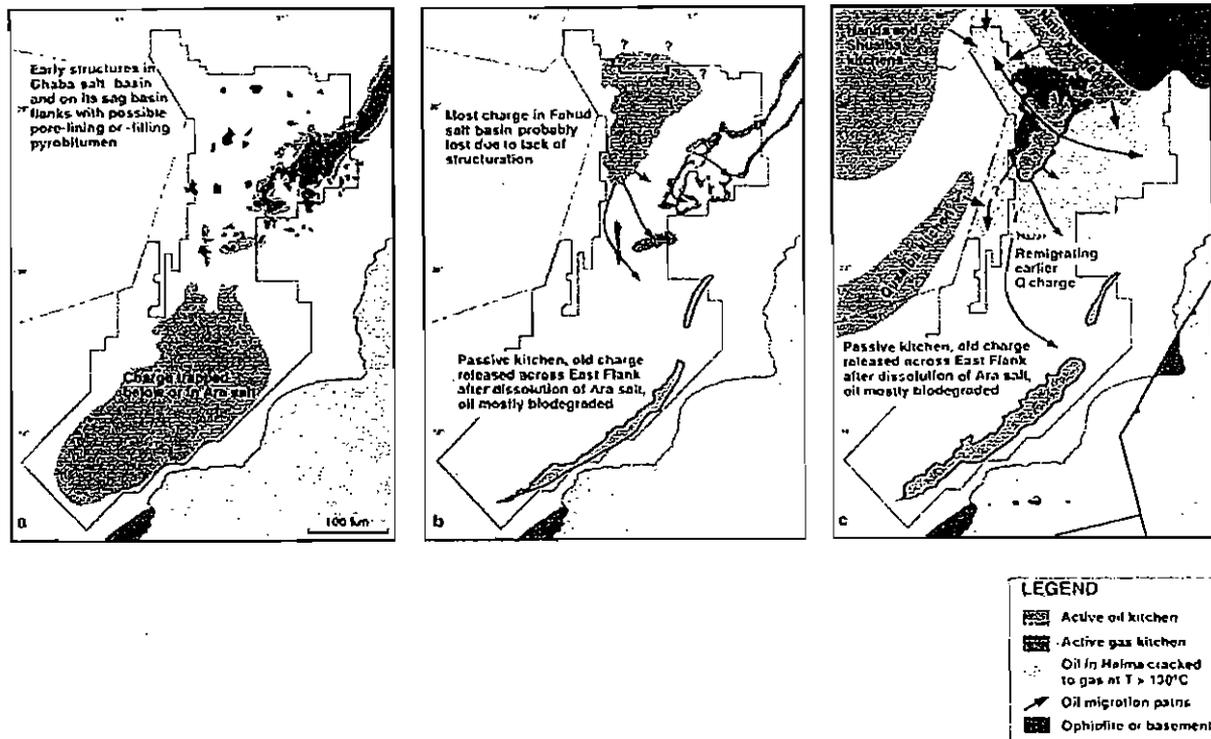


Figure 14: Generation and migration histories together with processes that affect the quality of the oil for (a) Middle Paleozoic, (b) Late Paleozoic – Early Mesozoic and (c) Late Mesozoic and Cenozoic (if not indicated, marked areas reflect presalt Nafun and intra- and postsalt Ara kitchens) (Terken et al., 2001)

Geochemical analyses of oil stains from the SMPA 1 well that were found at two levels in the Infracambrian (1811– 1905 m and 1985–2042 m depth) showed that the oils have identical properties and the analyses produced results comparable to published data. The results of the analyses of oils from the two zones suggested that the SMPA 1 oils were not sourced from the Infracambrian. The oils appear to be normal salinity marine and clastic sourced from a relatively aerobic depositional environment. The oil analyzed in the SMPA 1 well is mature on the basis of biological marker ratios, probably from a peak to late-mature source.

Although the exact source cannot be determined, it is most likely not an Infracambrian or Q source rock. This points to a younger sedimentary section as a source (Mesozoic–Jurassic), presently off structure from the area of the SMPA 1 well. The most similar sourced oils described elsewhere in Oman are those attributed to the regionally known Jurassic Sahtan Group (Diyab Formation). This Jurassic source was not present in the wells of the Masirah trough, but was inferred by correlation of oil types from northwestern Oman, United Arab Emirates, and Qatar. These oils also have some affiliations to the Silurian Safiq sourced oils, but the correlation is better with the Jurassic source. This might also imply the existence of a precollision Cretaceous rift basin because such a basin would have been necessary to generate a Mesozoic oil for migration into existing structures in the Masirah graben (Beauchamps et al., 1995).

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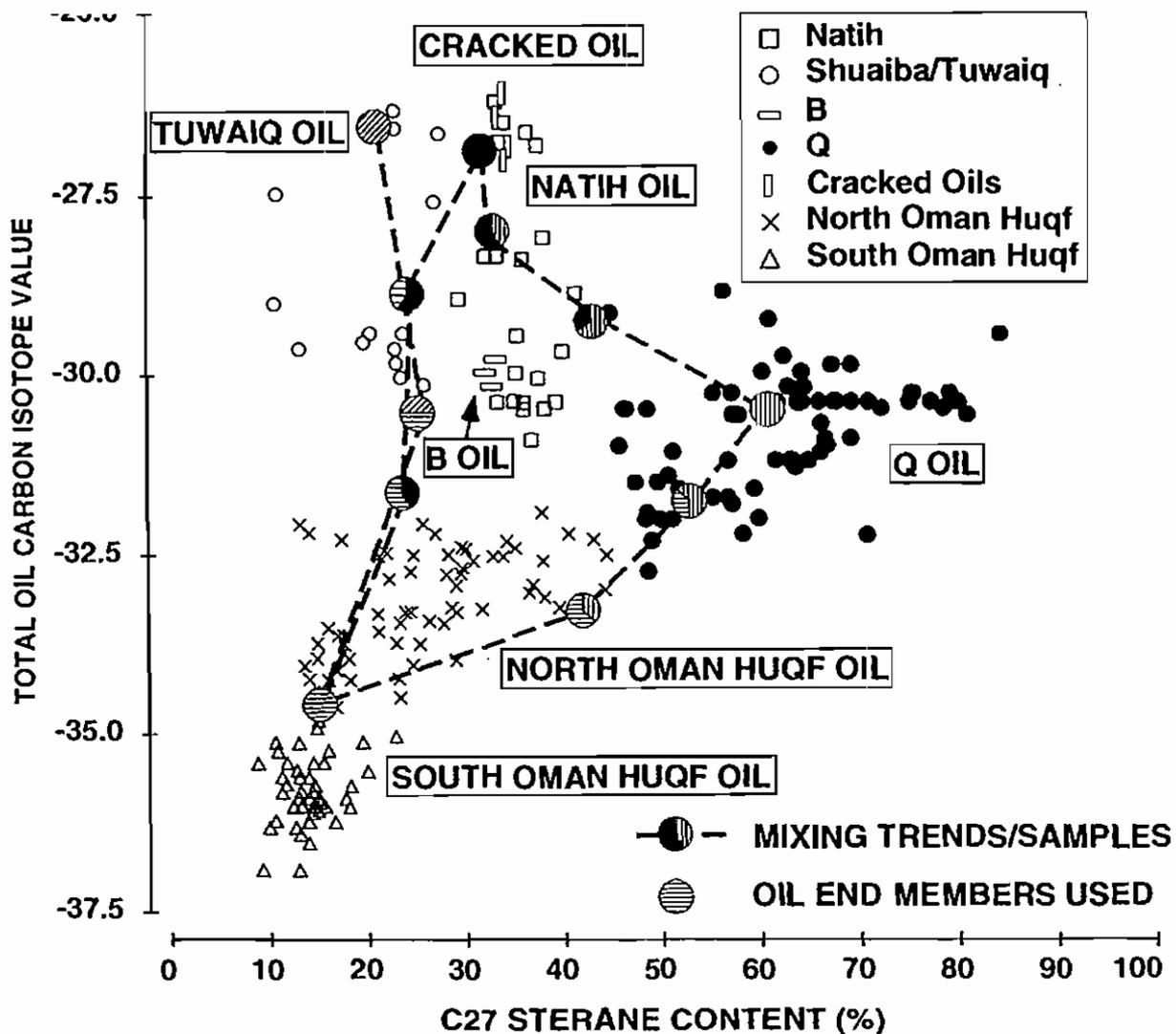


Figure 15: Different oil types in Oman, Terken et al., 2001

The Mesozoic carbonate basins of the Arabian plate are one of the most prolific hydrocarbon provinces of the world. The outstanding features of these petroleum systems are the presence of source rock, reservoir, and seal facies within the same depositional system. The repeated cycles of development of organic-rich shallow basins upon the Arabian plate assured that significant source rock accumulations lay adjacent or in contact with potential reservoir facies. For example in the Jurassic succession, the organic-rich source rock of the Hanifa Formation is partly interfingering, partly overlying Arab Formation (Murriss, 1980). In the Cretaceous, the Aptian organic-rich deposits of the Bab basin are time equivalent to the adjacent Shuaiba reservoirs (van Buchem et al., 2002) and the Cenomanian, organic-rich intrashelf basins were formed at the time of deposition of the Mishrif and Natih reservoir facies (van Buchem et al., 1996; Terken, 1999).

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

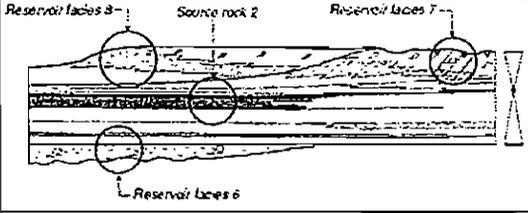
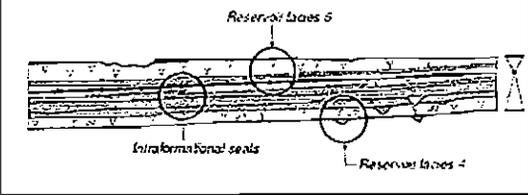
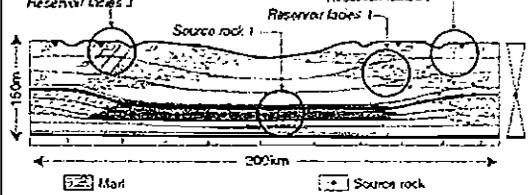
SEDIMENTARY SYSTEM					SEQUENCE STRATIGRAPHIC MODEL	PETROLEUM SYSTEM
Age	3rd-order seq.	Dominant controlling factors	Geometries	Lithology		
LATE CENOZOIC / EARLY TURSIAN	SEQUENCE III HST late TST early TST LST	Local Tectonic Uplift Eustatism	Forced regressive wedges Ramp system with regional intrashelf basin Flat ramp system Overlapping wedge	Carbonate Carbonate with organic matter Mixed carbonate / clay		<p>Typical reservoir facies: Overlapping lowstand deposits (6); diagenetically enhanced reservoirs (7); forced regressive wedges (8).</p> <p>Source Rock 2: Deposited in large intrashelf basins (>150 km).</p>
MIDDLE CENOZOIC	SEQUENCE II HST late TST early TST LST	Environment (shy flux)	Flat ramp system Overlapping wedge	Carbonate Mixed carbonate / clay		<p>Typical reservoir facies: Flat homogeneous and laterally continuous high stand deposits (5); overlapping LST/early TST deposits (4).</p> <p>Intraformational seals: thin towards E and N.</p>
LATE ALBIAN / EARLY CENOZOIC	SEQUENCE I HST late TST early TST	Eustatism	Ramp system with local intrashelf basins Flat ramp system	Carbonate Carbonate with organic matter Mixed carbonate / clay		<p>Typical reservoir facies: flat ramp (1) and inner ramp (2) deposits in prograding clinoforms; diagenetically enhanced reservoirs (3).</p> <p>Source Rock 1: Deposited in medium intrashelf basins (up to 100 km).</p>

Figure 16: Diagram showing the characteristics of the carbonate sedimentary system: The sequence stratigraphic model, and the typical reservoir, source rock, and seal facies. (van Buchem et al., 2002).

Whether the Mesozoic carbonate basins of the Arabian plate have an equivalent in the area of the Masirah graben it is not known, however, it is possible to speculate that in Jurassic to Cretaceous time the area of the Masirah graben was part of a shallow water embayment formed by Triassic rifting at the fringes of the Tethys Ocean. In such a setting it is possible to visualize the development of a carbonate depositional system (confirmed by the Masirah wells) where restricted water circulation favored the deposition and preservation of organic rich carbonate muds that could become source rocks in depositional settings similar to the basins on the Arabian Platform or the Persian Gulf.

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OMAN STRATIGRAPHY

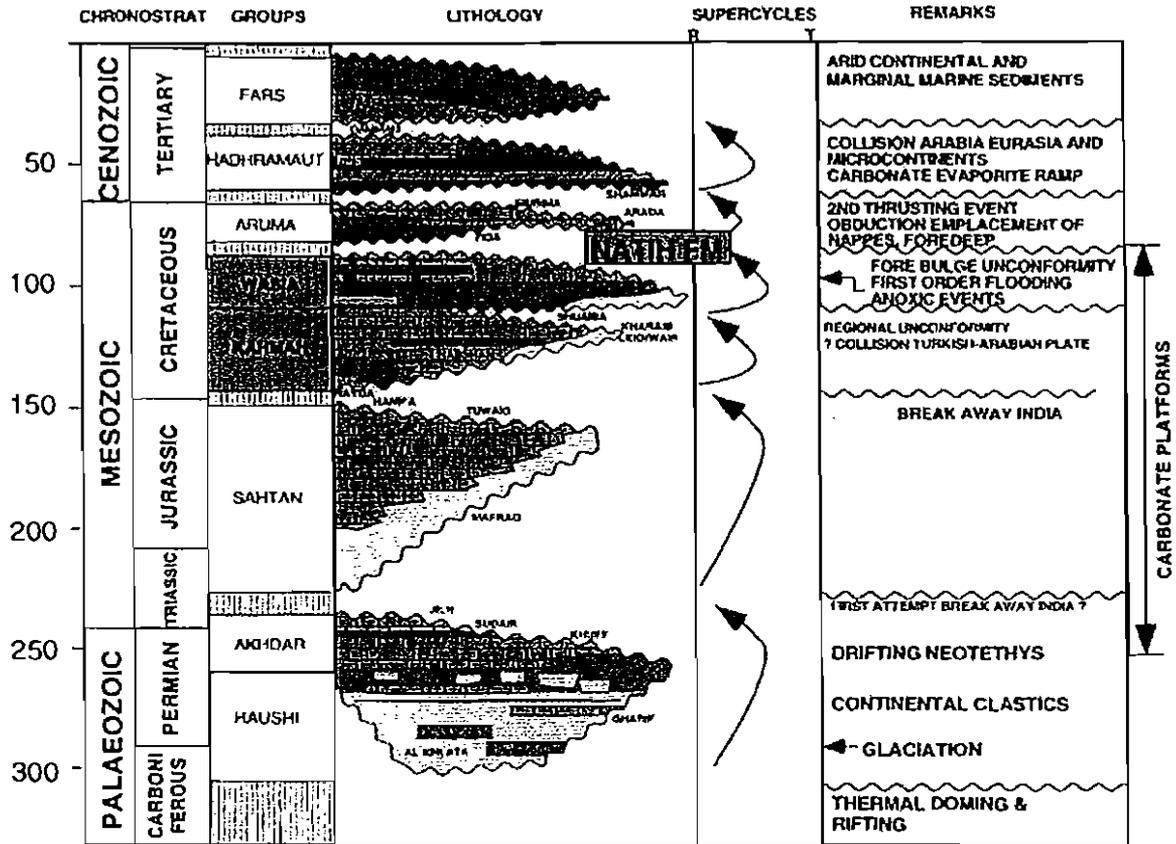


Figure 17: Stratigraphic column for Oman with the tectonic-sedimentary events. AAPG. Field Trip (2000)

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

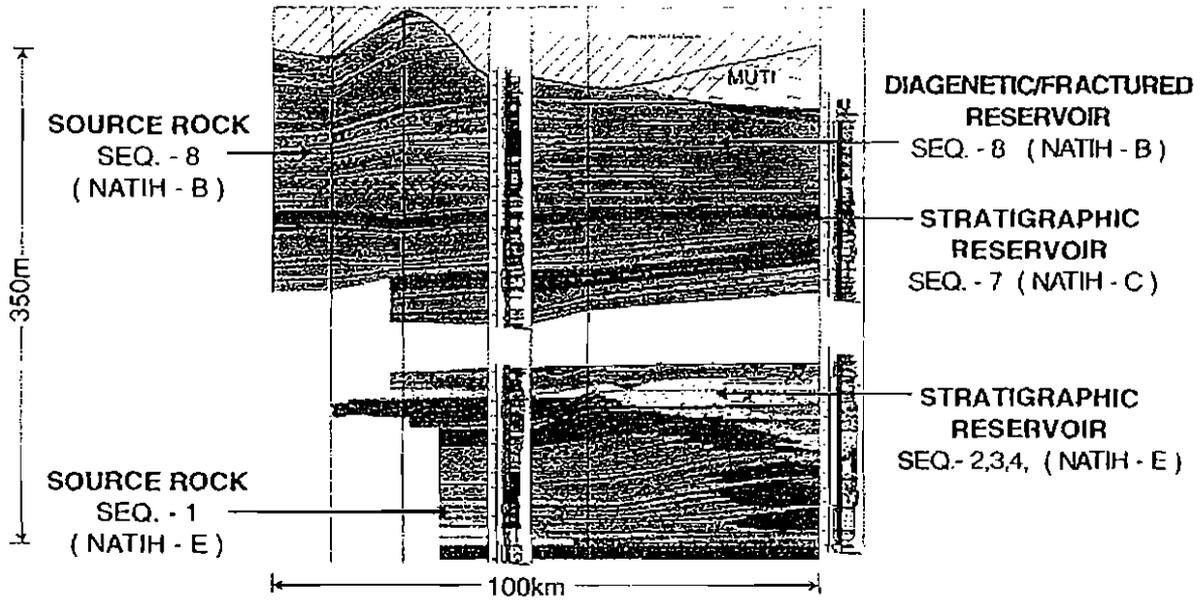


Figure 18: Natih petroleum system on the foothills of northern Oman. AAPG Field trip, 2000

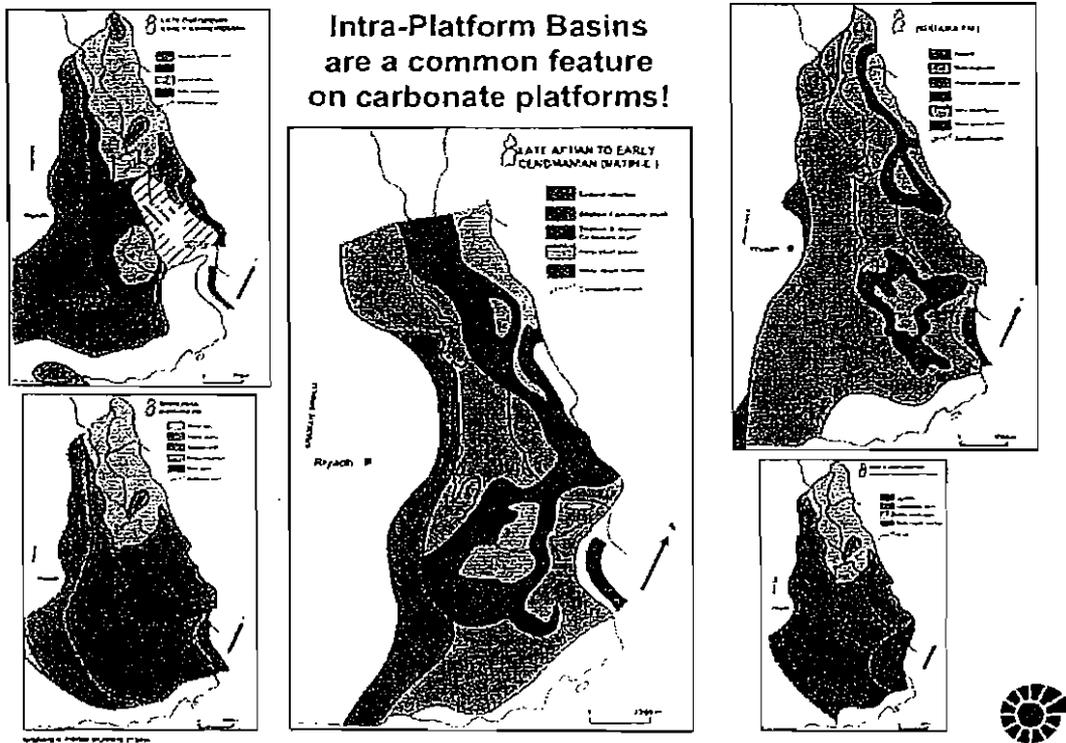


Figure 19: Development of the Jurassic-Cretaceous carbonate platforms with intra-platform basins with source rock deposition. The area of interest is separated from the platforms by the Huqf uplift but may be connected to the NE, seawards with the development of shallow carbonates. AAPG. Field Trip (2000)

1.4. Reservoir Rocks

The SMPB 1 ended in the Infracambrian Huqf Formation after penetrating 2285 m of Mesozoic-Cenozoic sediments composed of carbonates of the Lower Cretaceous Wasia Group/ Natih

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Formation and the Lower Cretaceous Khamah Group/Shuaiba Formation. These shallow water carbonates composed mainly of oolitic and fossiliferous grainstones-wackestones separated by dense evaporitic had well preserved porosity of up to 25%. The porous intervals of the Lower Cretaceous Natih Formation were absent in the SMPA 1 well, probably removed by erosion in the Late Cretaceous or otherwise not developed.

The differences in the thickness of these intervals between wells SMPA 1 and SMPB 1 may represent differential subsidence in the Masirah graben, Beauchamp et al., (1995). The shallow-marine Lower Cretaceous Khamah Group is separated from the Lower Cretaceous Wasia Group by a regional flooding surface and deposition of the Nahr Umr calcareous shales. This sequence is similar to those recognized elsewhere in Oman and the United Arab Emirates (Pratt and Smewing, 1993).

The Jurassic sedimentary rocks penetrated in the SMPA 1 and SMPB 1 wells ranged from Bathonian to Callovian in age based on biostratigraphy. The Jurassic was composed of dolomites consisting of micritic mudstones. The Jurassic carbonates were not reservoir quality in the SMPA 1 or SMPB 1 wells.

For the Infracambrian, postulated characteristics of the Abu Mahara and Nafun Group can be summarized as follows:

The Abu Mahara consists of mixed continental and marine siliciclastics. Large thickness variations (few 10's to 1000m). Poor reservoir quality (preservation of porosity and reservoir continuity is at risk); most likely productivity will depend on fractures.

Seal reliability is variable; depend on tight limestones and shales (shales are silty). Lateral seal across faults can be questionable.

Any mature Huqf source rock will be confined along the NE-SW trending deep basins. Abu Mahara source rocks are discontinuous with thickness of up to 50m and TOC of 3-5%.

Development of structures forming traps can range in age from Infra Cambrian to Tertiary.

The Nafun Group (Kufai, Shuram and Buah Formations) are mixed carbonates and siliciclastic marine depositional environment. Preserved porosity is poor <10%. Secondary porosity is produced by diagenesis and development of vugs, connectivity can be poor and productivity will depend on fractures.

Seal depends on tight limestones, shales and top seal of the Ara salt (if present).

Source rock confined to rift basins. Huqf "Q" source or Athel, relatively thick (100's m and more than 1000m onshore) and TOC from 1 to 5%. Also possible charge from younger sources if large faults are present (i.e well SMPA 1).

Development of structures forming traps can range in age from Infra Cambrian to Tertiary.

In general the Infra-Cambrian reservoir productivity will depend on interconnected and intersecting sets of fractures connecting the pore space. The rotating stress field created by transcurrent, extensional and compressional tectonic cycles from the Paleozoic to the Cenozoic probably have been of sufficient strength to fracture competent rocks.

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The SMPA 1 and the SMPB 1 wells had oil shows in cuttings and drill-stem tests from the carbonates of the Khufai Formation and the sandstones of the Abu Mahara in the SMPA 1 well. The shows in both formations were in poor-quality reservoir rocks. Drill-stem tests over intervals of the Khufai and Abu Mahara formations indicated low permeabilities and resulted in minor traces of oil associated with the acid water and cushion recovered. Although no reservoir-quality rocks were encountered in the Huqf Group in either well, the carbonates of the Buah and the Khufai, as well as the sandstones of the Abu Mahara Formation, may be of reservoir quality elsewhere in the Masirah graben. These same-age (Infracambrian) rocks are proven reservoirs in the southern Oman salt basin west of the Huqf uplift, (Beauchamp et al., 1995).

The fractured carbonates of the Middle East contain some of the world's largest hydrocarbon reserves. Besides matrix permeability and porosity, reservoir quality is highly dependent on fracture distribution. The multiple tectonic events that occurred in the Mesozoic-Cenozoic have created a stress field variable in time direction and intensity, this has resulted in multiple fracture patterns that enhance the porosity-permeability and connectivity of the pore space in otherwise relatively tight rocks, Figure 19. As examples of fractures that can be present in structures of the Masirah Graben we show illustrations of outcrop onshore Oman.

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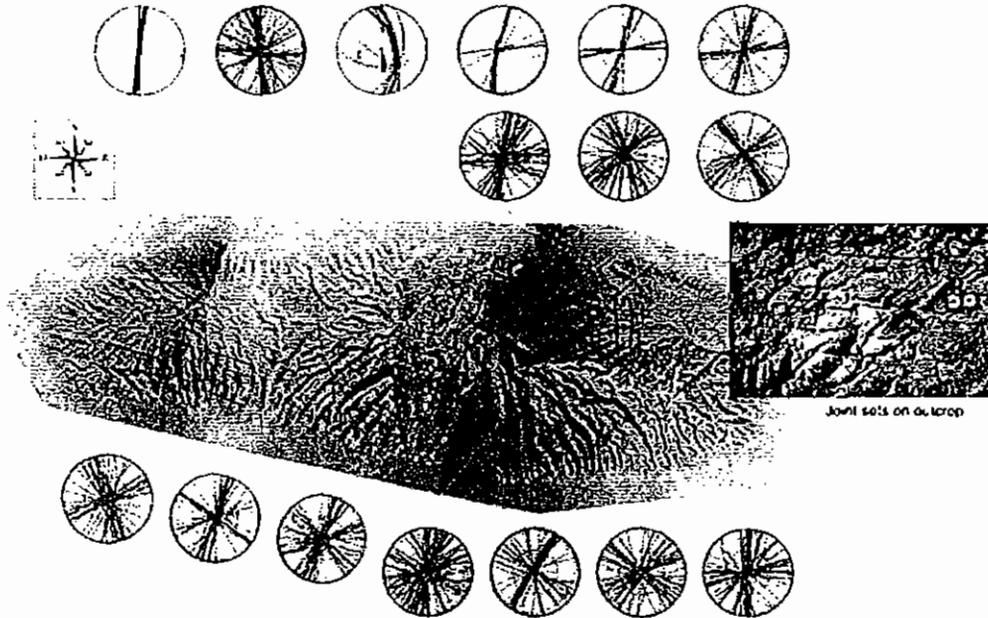


Figure 20: Fracture system in Jebel Qusaybah. Diagrams: untitled fracture trends. AAPG Field Trip

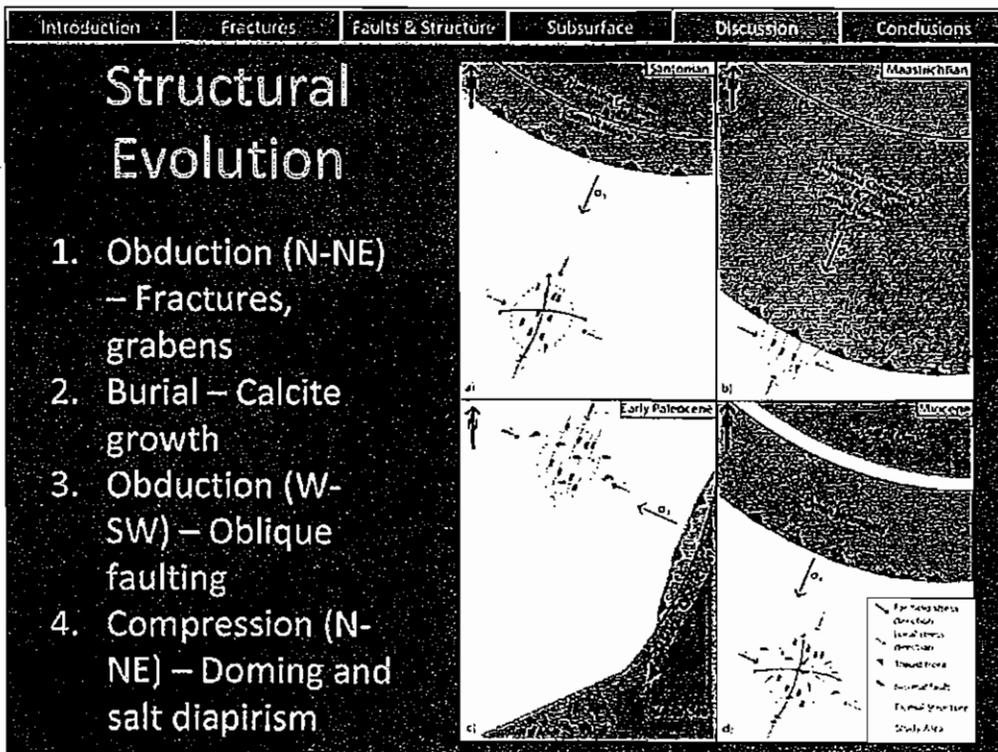


Figure 21: Three-dimensional structural evolution of a salt-cored, domed, reactivated fault complex, Jebel Madar, Oman (Claringboud, J.S. et al., 2011)

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Appendix 2. RAK Offshore Regional geology

2.1. Evolution Summary

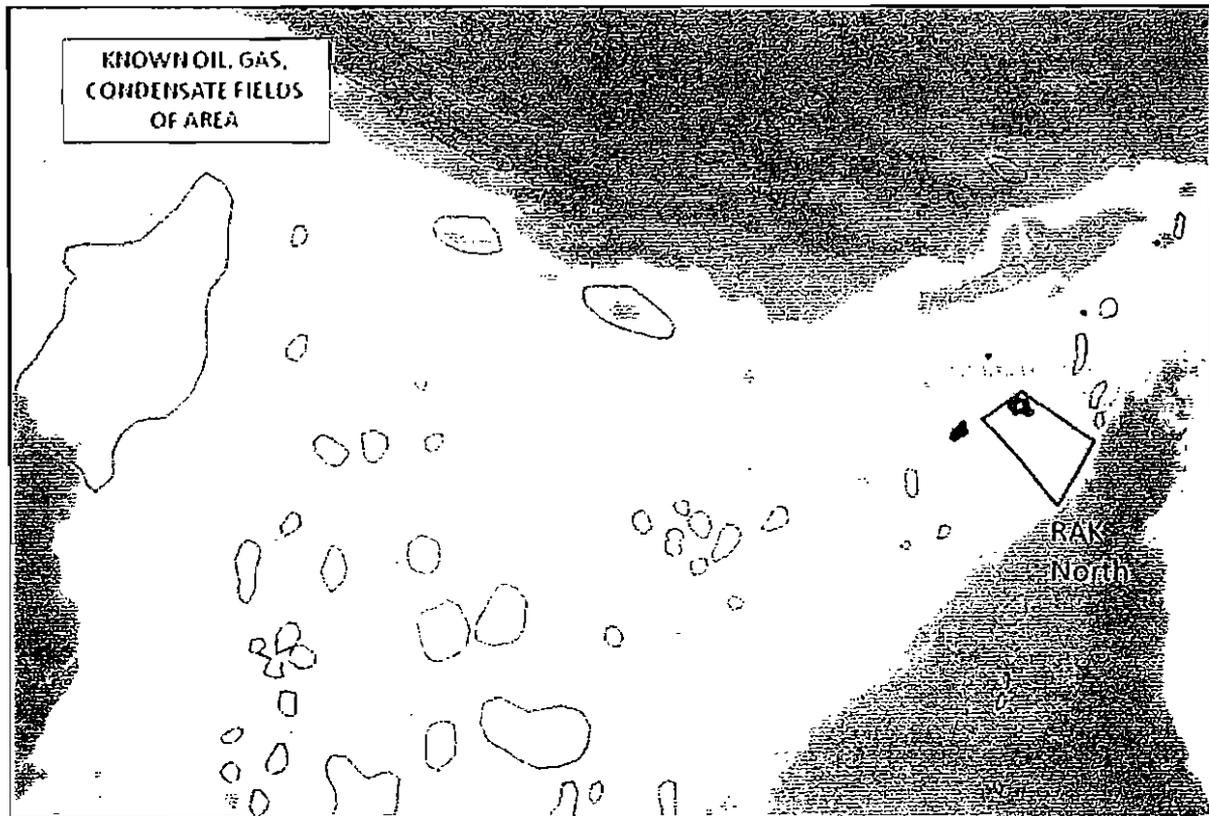


Figure 22: Location on Map. Provided by the client

Faulting: Late tertiary and Latest Cretaceous

The region of the UAE was subjected to an early continental rifting and block-faulting in the Mid-Permian and a later stage of rifting in the Late Triassic - Early Jurassic that led to continental break-up (Glennie et al., 1973; Béchenec et al., 1990). During the early Mesozoic, the UAE region was part of a large carbonate platform on the rifted southern continental margin of the Neo-Tethys Ocean that by the end of the mid-Cretaceous became a mature carbonate basin.

At the end of the Late Cretaceous the region was subjected to compressional deformation by the emplacement of a number of thrust sheets migrating from east to west onto the Neo-Tethyan rifted continental margin. The obduction of the Semail Ophiolite and thrust sheets loaded and flexed the underlying rift margin sediments forming the UAE foreland basin and the flank bulge. The ophiolites and the thrust complex were intensely deformed; however, the underlying Mesozoic shelf carbonates were mildly deformed and faulted (Warburton et al., 1990; Boote et al., 1990; Ali et al., 2008). But, these tectonic events caused uplift and erosion of the shelf carbonates and the development of the Turonian Wasia-Aruma unconformity that separates the rifted margin sequence from the overlying foreland basin sequence. The Upper Cretaceous foreland basin was infilled by an up to 4 km Santonian-Campanian deep-marine mudstones of the Fiqa and Juwaiza formations, (Glennie et al., 1973). The foreland infill is overlain by the Upper Maastrichtian to Palaeogene

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conglomerates and shallow-marine limestone of the Qahlah and Simsima formations and the basin remained stable until post-Middle Eocene time through the deposition of the transgressive Umm Er Radhuma Formation. The UAE foreland basin region was affected by a second compressional event during the Late Eocene - Miocene when the Arabian Plate moved northeastward, colliding with the Eurasian Plate. This event caused the reactivation of deep-seated faults in the frontal fold and thrust belt and adjacent foreland basin (Ali et al., 2009).

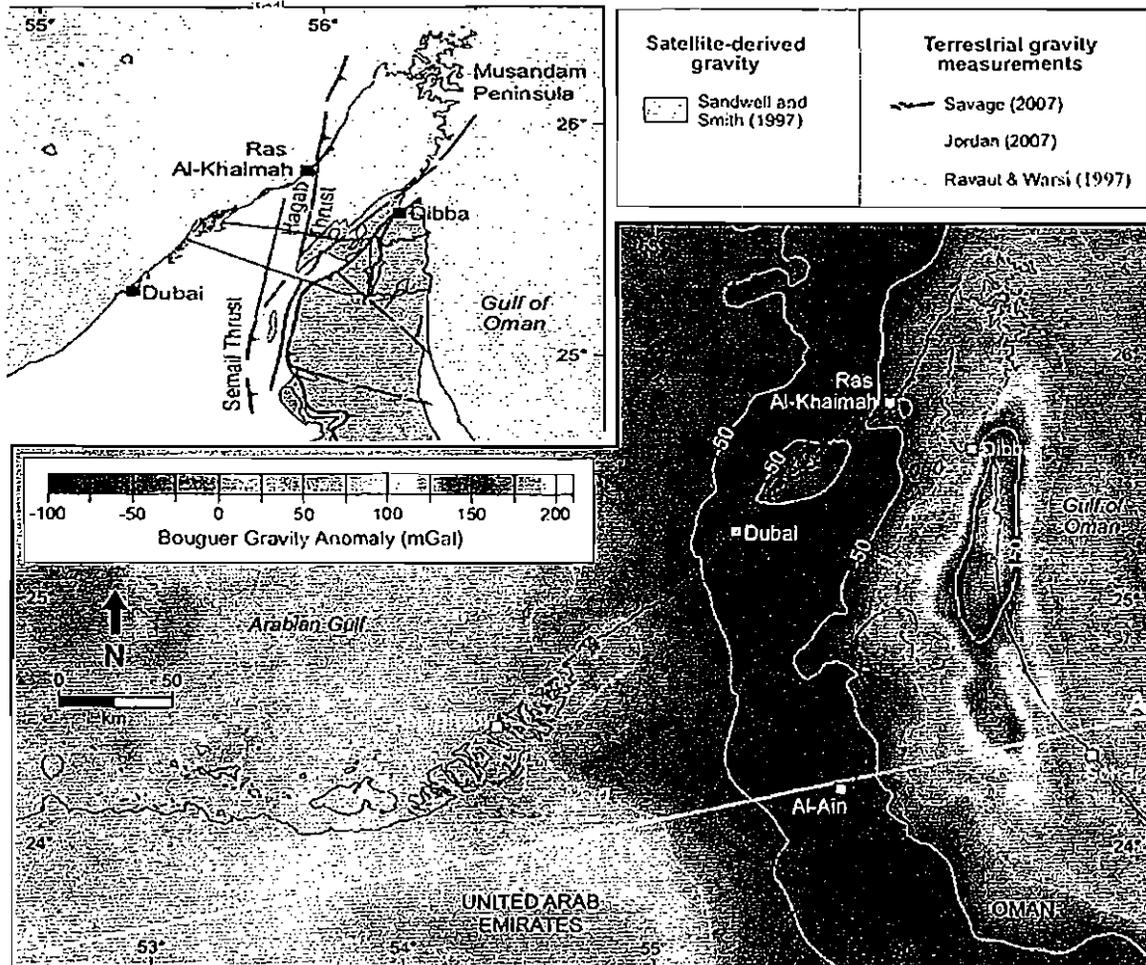


Figure 23: Bouguer gravity anomaly map of the UAE foreland basin and Oman Mountains (Modified from Ali et al., 2009)

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

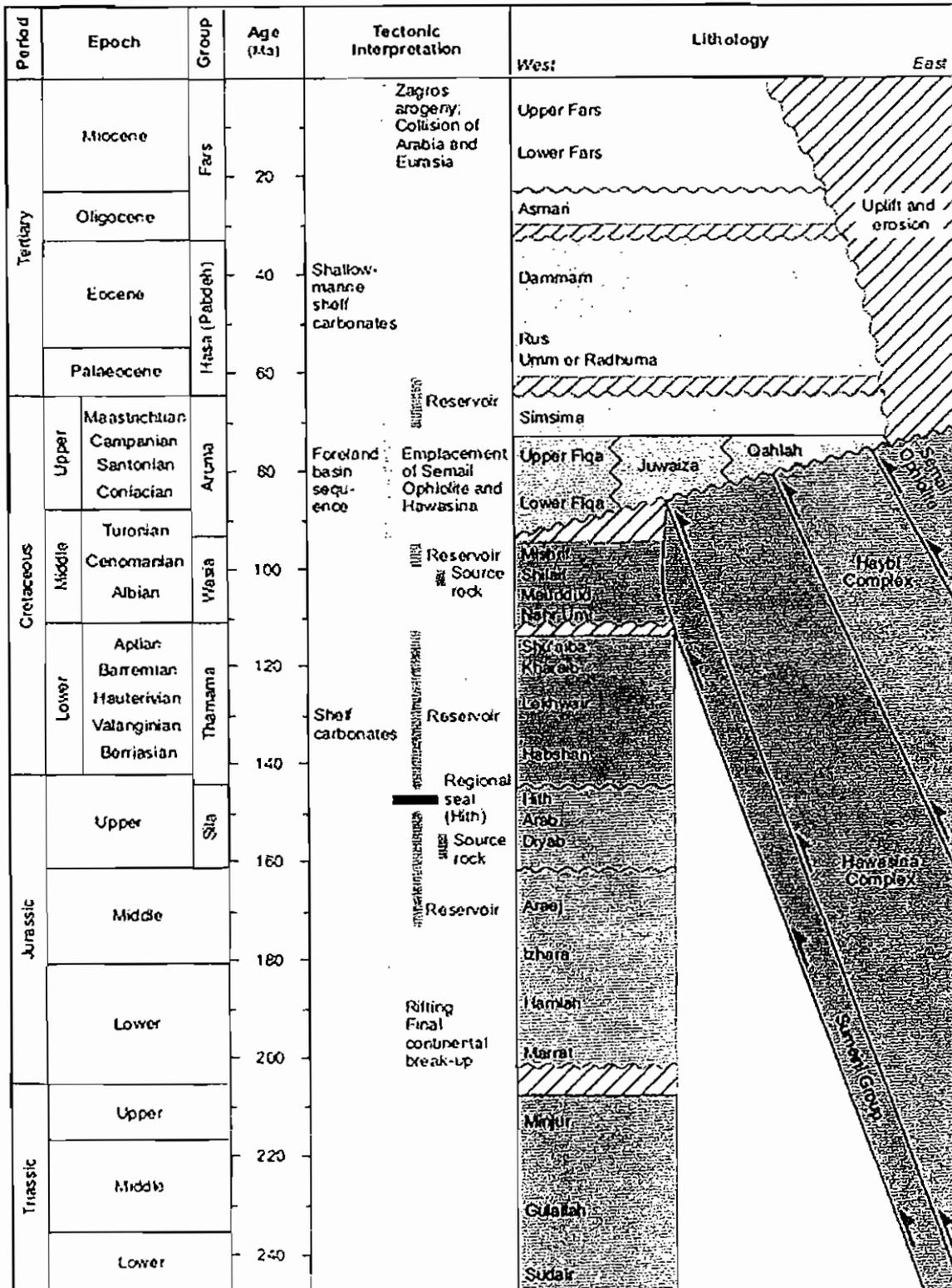


Figure 24: Summary of the stratigraphic column and tectonic events of the UAE foreland basin. (Ali et al. 2009).

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Upper Jurassic

Diyab Formation (Callovian-Oxfordian)

In the early Late Jurassic active subsidence in the Arabian Gulf resulted in the development of intrashelf basinal sediments of the Diyab/Dukhan Formation that consists mainly of organic-rich, argillaceous lime mudstones and wackestones and constitutes source rocks. The Diyab Formation has a facies change toward the shallower parts of the basin, where it consists of limestones, slightly dolomitic with wackestone to packstone texture, grading upward to cleaner, sucrosic dolomite. (Alsharhan et al., 1995).

The progressive Jurassic flooding of the Arabian craton by a shallow sea ended in the Late Jurassic time with the formation of an extensive evaporitic platform over much of the area that had formerly been a shallow carbonate sea.

Late Jurassic sediments were deposited over a shelf that underwent periodic epeirogenic movements probably controlled by basement features. The widespread occurrence of four depositional cycles of the Arab/Hith Formations suggests also that this depositional cycles may be related to eustatic sealevel variations.

Arab Darb Formation

The Arab Formation can be subdivided into four members A, B, C and D. The dominant lithology of members A-C consists of limestone to mudstones with sucrosic dolomite, dolomitized pelletal wackestones to packstones, with thin stringers of peloidal grainstones separated by continuous anhydrite intercalations. Member D is in general characterized by dense, bioturbated, slightly dolomitized lime mudstones to wackestones with local pelleted packstones. Towards the base of this member is possible to find locally oolitic grainstones.

The Arab Formation can be a prolific reservoir: In Qatar the Arab Formation produces oil and gas at BulHanine, Dukhan, Idd El Shargi (North and South Domes) and Maydan Mahzam, and minor oil at North Field (Alsharhan et al., 1994).

In Abu Dhabi the Arab Formation has porosities of up to 30% and permeabilities exceeding 100 md. The Umm Shaif Field holds the largest oil accumulation, with 38° oil. Oil accumulations occur in the Ghasha, Nasr, Bu Tini, Saath Al Raazboot, Abu Al Bukhoosh, Satah, Jarnain, Dalma, Bunduq, Arzana, Hair Dalma, Hail, Umm al Dholou and Belbazem fields (Alsharhan, 1989).

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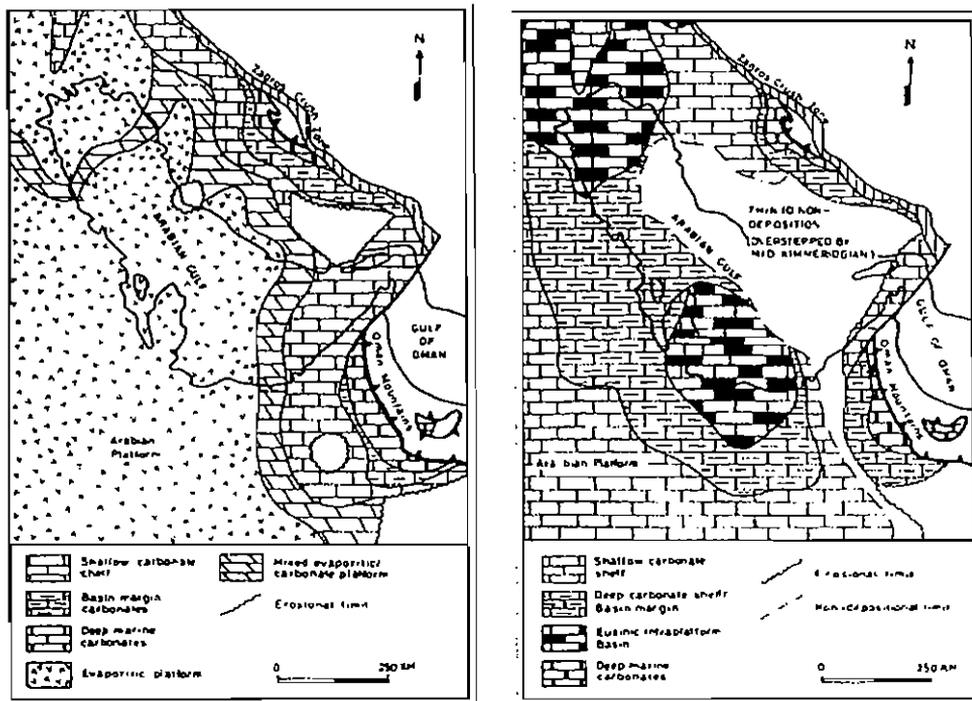


Figure 25: Arab-Darb Formation

Lower To Middle Cretaceous

In the Arabian Gulf region, three major Cretaceous depositional cycles are separated by regional unconformities (Harris et al., 1984; Alsharhan et al., 1986), these are: Lower Cretaceous Thamama Group, which includes Berriasian to middle-late Aptian age rocks. Middle Cretaceous Wasia Group formed during the late Aptian-latest Cenomanian or earliest Turonian, and Upper Cretaceous Aruma Group, which includes sediments of Coniacian-Maastrichtian age.

Thamama Group

The Lower Cretaceous Thamama Group accumulated over a time span of about 30 m.y. during a cycle of extensive flooding of the Arabian Peninsula. During the Early Cretaceous, ramp depositional conditions were established. Later in the Early Cretaceous, an advancing sea pushed clastic sources westward, and a differentiated carbonate shelf was established. During the Barremian-early Aptian the Thamama Group deposition was differentiated into shallow shelf carbonates and an intrashelf basin within the stable cratonic shelf. Around the margins of this basin, rudist reefs developed that constitute the main Shuaiba Formation reservoir facies.

Shuaiba Formation

Locally in the United Arab Emirates, carbonate buildups are found on the slopes of the intrashelf basin. In the northern part of the UAE, the carbonate Shuaiba Formation is characterized by wackestone to packstone and a few peloidal grainstones depositional textures. This formation contains also rudist and coral patch reefs or biostromes. The Shuaiba Formation was encountered in some exploration wells, such as the Al-Ali 2 and Bukha 1. Here, the formation is characterized by fractured peloidal wackestones that exhibit an extensive recrystallization of the micrite matrix and the peloidal packstones, which contain echinoderm fragments and shell debris. The porosity of these sediments is filled with calcite spar (Burruss et al., 1985). Most geologists accept that much of the oil in the Abu Dhabi Shuaiba reservoirs was generated from the prolific Jurassic Diyab Formation

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(Murriss, 1980; Alsharhan, 1989). However, minor potential source rocks are thought to occur as relatively thin kerogen-rich layers. (Alsharhan et al., 1995).

Wasia Group

During the middle Cretaceous cycle in late Albian-Cenomanian time an intrashelf basin was formed in the southern part of the Arabian Gulf. The basin was filled by deeper water sediments, but along the margins of the basin the carbonate deposition show substantial lateral facies variation with carbonate buildups occurring in some areas. It has been suggested that that the location of the buildups was controlled by the same structures over which the present day Mishrif Formation reservoirs are found.

Mauddud Formation

It seems that the Mauddud Formation was deposited in the RAK area under similar conditions as the northern offshore areas of Qatar and Oman (see Figure 26). Offshore Qatar, the Mauddud Formation consists of relatively well-developed rudist buildups, with *Orbitolina* and echinoderm bearing limestones, but with no significant dolomitization, porosity and permeability are mainly the result of carbonate dissolution, (Sadooni et al., 2003). In Oman, the Mauddud-equivalent strata are oil producing reservoirs from zones with dissolution and dolomitization porosity that are believed to be associated with subaerial exposure (Harris et al, 1984).

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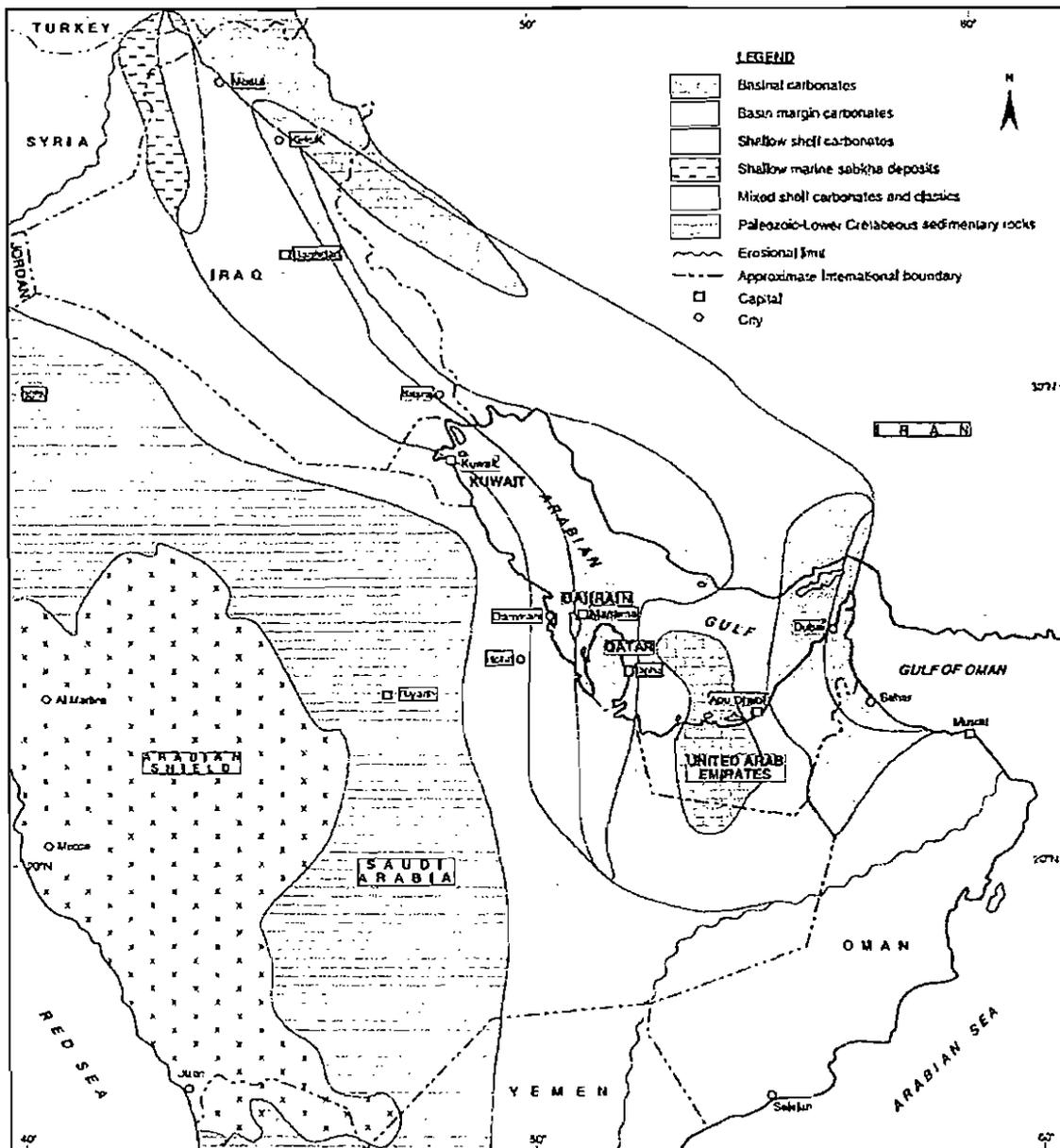


Figure 26: Paleogeographic map of the Albian- upper Cenomanian strata of the Arabian Gulf basin modified from Murriss, 1980 and Alsharhan and Nairn, 1997. (After Sadooni et al., 2003)

Mishrif Formation

In the Cenomanian Mishrif Formation, although rudist buildups are not as numerous as those of the Shuaiba Formation, significant levels of hydrocarbon production occur in offshore U.A.E., oil is produced from rudist bank or reef in the Fathe, Southwest Fathe, West Fathe, Falah, Umm Al Dalkh, and Saleh fields. The occurrence of rudists in Saleh field of northern U.A.E. and Malik and Wadi Aswad wells in Oman may indicate that thin rudist buildups or biostromes may be localized along the crest of prospective structures. (Alsharhan et al., 1995).

The Mishrif reservoir has primary remnant and leached porosities. In the leached shelfal grainstones to packstones associated with rudist bioherms, porosity can range from 10 to 15%. The leached skeletal grainstones associated with rudist buildups can have significant porosity and fair

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permeability depending on grain size of the rudist rubble forming reservoirs. Karstic solution of sub-aerially exposed highs can be also an important factor that can improve the original, primary porosity. i.e Fathe field (Jordan et al., 1985).

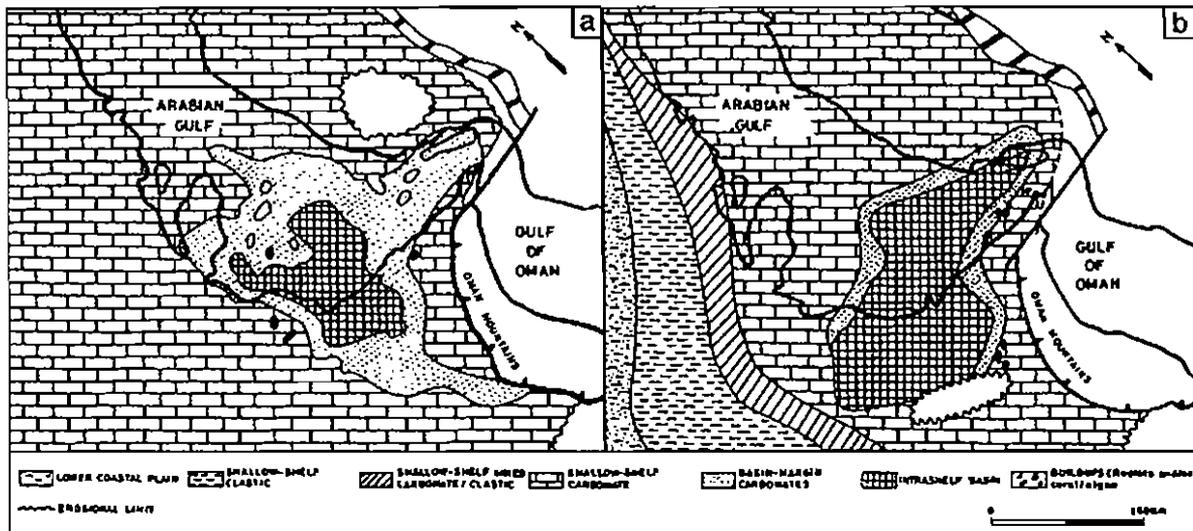


Figure 27: Paleogeographic maps of the Arabian Gulf region (a) during Aptian time and (b) during Cenomanian time. (From Murriss, 1980; Harris et al., 1984; Frost et al., 1983; Alsharhan et al 1988, 1994).

Paleogene

During the Paleogene, the basin that was formed in the Cretaceous and encompassed western Oman, the northern Emirates and Fars in Iran was subsiding. The thick Pabdeh Formation (Paleocene-Oligocene) that was mainly deposited in the Zagros/Lurestan and Ras Al Khaimah troughs consists principally of deep marine shales, marls and limestones. Towards the coastal rims of the basin (including the margins of Ras Al Khaimah) the Pabdeh Formation merges into a single platform carbonate unit that includes the Jahrum Formation (Alsharhan., 1994).

Oligocene-Miocene Asmari Formation

Large parts of the northeastern margin of Arabia was sub-aerially exposed and eroded in late Paleogene times, however, sedimentary continuity represented by the Asmari Limestone seems to have been restricted to the Zagros and Ras al Khaimah basins. The massive, dense Asmari limestones with poor primary porosity are important reservoirs in the fields of the Zagros Fold Belt, in this region the Asmari limestone is fractured due to fold deformation and it is the fracture porosity and permeability that makes the Asmari limestone productive. Rock quality similar to the Zagros can be expected in the Ras al Khaimah basins and the reservoir potential of the Asmari Formation will be dependent on the development of fractures. As this region was less affected by fold movements, the reservoir quality of the Asmari limestone can be significantly reduced, however, halokinesis could play a significant role for the development of fractures.

In the Ras al Khaimah basins, the Asmari Formation is capped by massive salt and the Miocene Gasharan Formation that consists mainly of layers of carbonates containing nodular beds of anhydrite, sandwiched between predominantly anhydritic units with minor limestones, dolomites mudstone and rare siltstone beds (Alsharhan., 1994).

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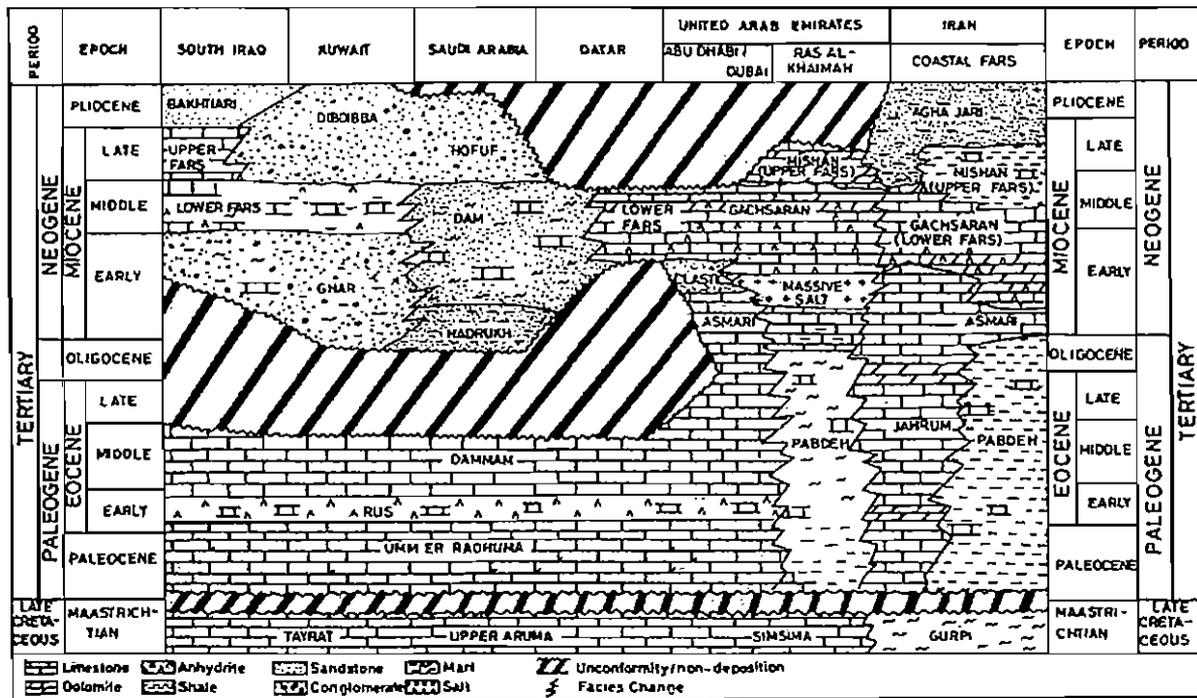


Figure 28: Lithostratigraphic chart of the Paleogene-Neogene Formations in the Arabian Gulf and adjacent areas. (Alsharhan et al., 1994).

2.2. Source Rocks

Silurian, Jurassic, Mid Cretaceous and Early Tertiary. The most relevant source rocks for the Ras Al Haimah basin are described below

Jurassic sources

Izhara Formation

The Bajocian (Middle Jurassic) Izhara Formation apparently provides a local source for the Arab formation reservoirs offshore western Abu Dhabi.

Diyab (or Hanifa-Jubailah) Formation

Towards the end of the Middle to early Upper Jurassic major parts of the Arabian platform were inundated and resulted in the development of an intrashelf basin characterized by laminated, bituminous lime mudstones and marls of the Hanifa and equivalent formations which form the prolific source rocks for the oil in most of the Upper Jurassic and Lower Cretaceous reservoirs. For example, in Qatar organic matter in these rocks varies from 1 to 6 wt% TOC (total organic carbon) and consists predominantly of sapropelic organic matter, (Alsharhan 1994).

Cretaceous Sources

Shilaif Formation

The Shilaif Formation is the deeper water, intrashelf basin depositional unit correlative to the shallow water Mishrif Formation. Periodically organic rich (during cycles of low carbonate flux) wackstone and mudstone deposited in low oxygenated conditions constitute source rocks.

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Mauddud Formation

The deeper water facies of the Mauddud Formation in the eastern and southeastern parts of Qatar consists of marl and calcareous shale with organic-rich intercalations. The TOC content of these intercalations ranges between 3 and 8 %; it is mainly sapropelic and its source potential for oil is good, (Sadooni et al., 2003.) The existence of a local Mauddud Formation source rock in basinal positions down flank of the Ras al Khaimah shelf is speculative

2.3. Reservoir Rocks

Aruma Group (Upper Cretaceous):	Ilam Formation (Santonian-Coniacian)
Wasia Group (Mid Cretaceous):	Mishrif Formation (Cenomanian)
	Oligostegina Formation
	Mauddud Formation (Albian)
Thamama Group (Lower Cretaceous):	Shuaiba-Kharaib-Lekhwar-Hahshan Formation (Berriasian-Aptian)
Butabul Group (Toarcian-Kimmeridgian):	Arab-Darb Formation

The most relevant reservoirs for the Ras Al Haimah basin are described below

Butabul Group, Arab-Darb Reservoir Facies

The Arab-Darb reservoir facies have very variable reservoir properties, depending on depositional environment, overburden and diagenetic evolution. In general it can be expected that these reservoirs in the Ras al Khaimah basin are of lower quality than the Arab reservoirs offshore Qatar and Abu-Dhabi. It is possible that the Arab-Darb was deposited in deeper waters in the Ras al Khaimah basin, see map published by Ehremberg et al (2007).

The Arab A and B are in general a dolomitic peloidal grainstone, wackestone and packstone with porosities ranging from 5-25% and permeability of few mD and seldom exceeding 100mD.

The Arab C is very variable. Can be oolitic, dolomitic grainstone (Qatar) with porosities of 2-25% and permeability of up to 1D or it can be wackestone-boundstone (Abu Dhabi) with porosities of less than 15% and permeability under 10mD.

The Arab D can be in general of better reservoir quality, with reservoir rocks composed of oolitic grainstones and peloidal packstones with porosity up to 30% and permeability of up to 1 D. However, conservatively the reservoir quality of the Arab D can be comparable or slightly better than the Arab A and B.

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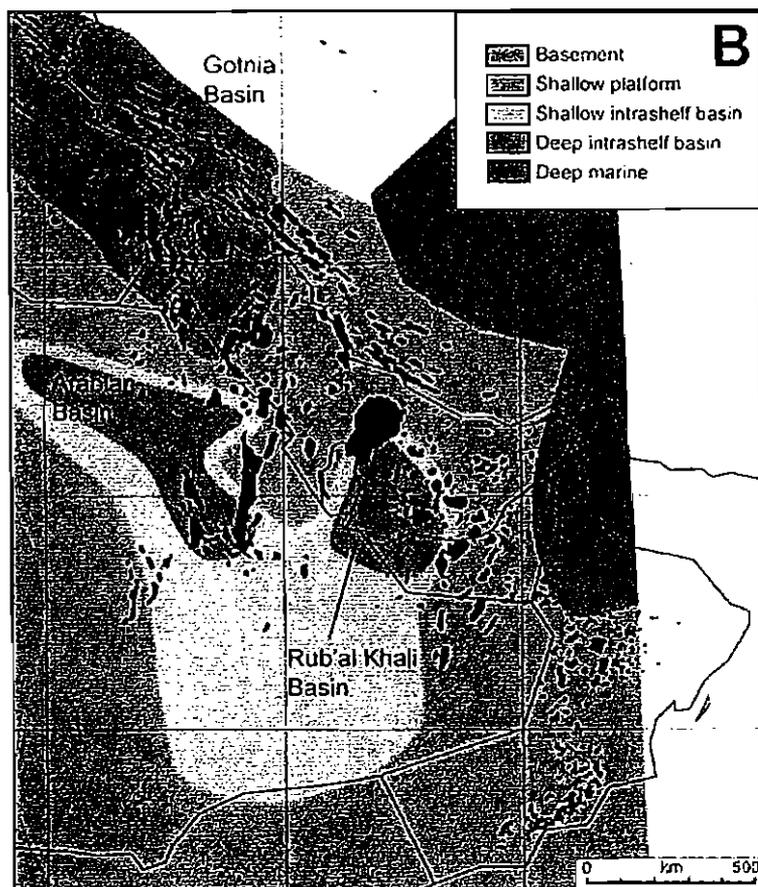


Figure 29: Arab Reservoirs depositional facies (After Ehreberg et al., 2007)

Thamama Group, Shuaiba Reservoir Facies:

Shallow shelf: Packstone and grainstones with abundant rudist build ups. 15-25% porosity. 100's mD

Shallow shelf: Wackestones, algal layers and corals buildups. 10-20% porosity. 10-100 mD.

Intermediate shelf: Wackestones, boundstones and packstones with algal colonies. Lime mudstones in deeper waters. 5-18% porosity. 10's mD

Ramp and slope deposits (Bab member): Microporous argillaceous lime mudstones and wackestones. Poor porosity-permeability.

All these reservoir facies can have altered porosity-permeability properties. Diagenetic destruction of porosity or development of enhanced secondary porosity-permeability due to diagenetic processes, leaching and fracturing.

Waisa Group, Mishrif Reservoir Facies:

Shoal and shallow shelf: Bioclastic packstones and grainstones, rudists birstromes. 10-30% porosity. 100's mD.

Backshoal platform: Coarse to fine packstones, grainstones and wackstones. Scattered ophiomorpha and rudists. 5-20% porosity. 5-100mD

Platform margin to slope: Bedded, prograding, bioturbated medium grained packstones. 3-18% porosity. Few to 10's mD permeability.

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

All these reservoir facies can have altered porosity-permeability properties. Diagenetic destruction of porosity or development of enhanced secondary porosity-permeability due to diagenetic processes, leaching and fracturing.

Waisa Group, Mauddud Reservoir Facies

The producing Mauddud reservoirs in northern Qatar and Oman consist primarily of bioclastic packstone and grainstone with local rudist buildups and chalky, fractured, limestone. Porosity range from 10 to 30% with permeability in the range of 10's mD

2.4. Seals

Fars Group (Miocene):	Massive salt
Pabdeh Group (Eocene-Oligocene):	Pabdeh marl (Lower Eocene)
Aruma Group (Upper Cretaceous):	Lower Gurpi Shale (Santonian-Coniacian)
Wasia Group (Mid Cretaceous):	Nahr Umr Formation (Albian)
Hith (Upper Jurassic):	Hith Salt

Various possibilities for sealing rocks exist in the Ras Al Haimah basin. Seals can be intraformational tight limestones, mudstones and evaporites and/or regional seal as listed above. The presence of a regional seal will depend on the location of a prospect and the uplift and erosion history at that particular location.

Main Regional Seals

The Tithonian Hith anhydrite provides effectively regional seals in many of the Middle East large oil fields. The porous Middle and Late Jurassic reservoirs are sealed by the Hith Formation in Saudi Arabia, Bahrain, Qatar and the Emirates.

In the Ras Al Khaimah region the Albian Nahr Umr Formation can be a regional seal for the Thamama (Shuaiba) reservoirs. The Nahr Umr Formation consists of grainstones near the base, overlain by argillaceous packstones and marls. Locally, an Upper Albian shale, the Khatiya formation, is encountered between the Misrif and Mauddud limestones.

The Late Cretaceous foreland basin infill sediments of the Aruma Group can provide seals for the Wasia Group sediments (Misrif Formation). Within the Aruma Group the main sealing units are the Laffan shale, the Fiqa shale and silty marls and the Simsima argillaceous limestone and silty marls.

The Oligocene Asmari potential reservoirs are sealed by layers of salt, evaporites and tight limestones of the Gachsaran Formation.

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

Appendix 3. Sharjah-Fujairah Regional Geology

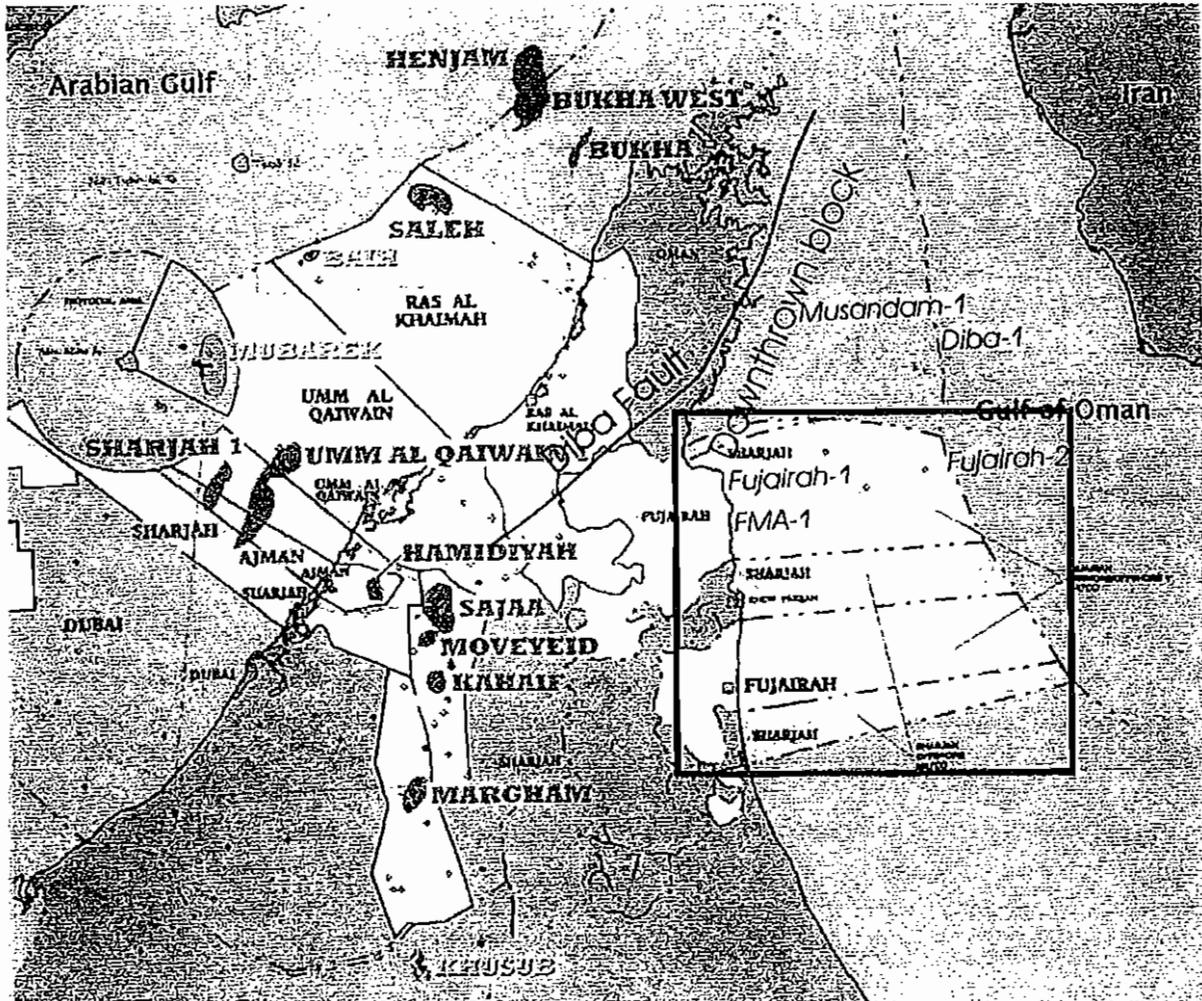


Figure 30: Political and hydrocarbon resource map of the studied area with the area of interest in red and the Diba regional fault drawn. Five wells are drilled in the northern part of the area of interest: Diba-1, FMA-1, Fujairah-1, Fujairah-2, Musandam-1. The gas condensate field, Sajaa, 60 km west of the area of interest is used as reference for the evaluation of the Lower Cretaceous potential in the area. Modified map, provided by the client with area.

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

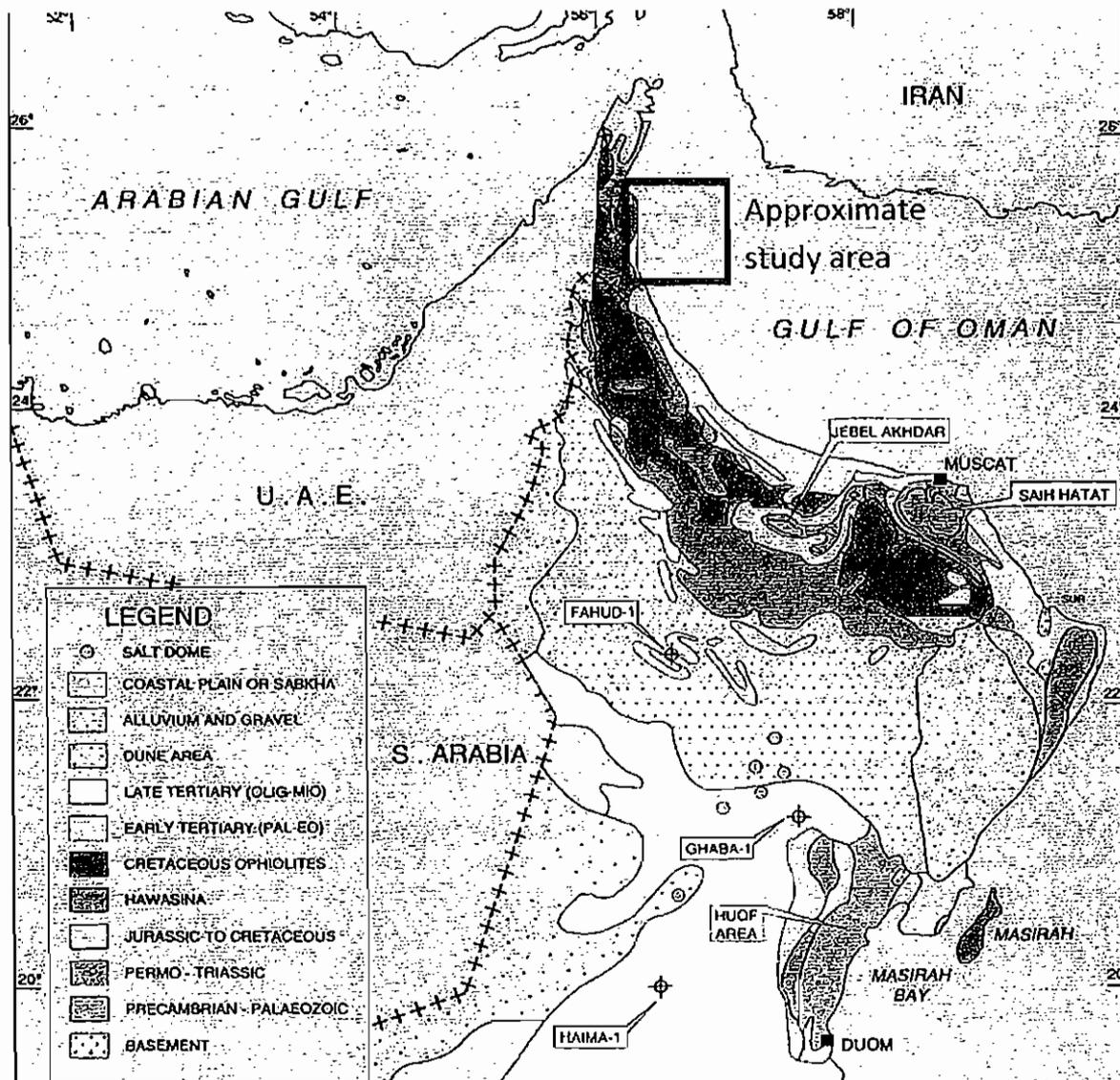


Figure 31: Geologic sketch map of Oman

3.1. Regional Tectonic Development

The tectonic events that led to the structural configuration of the Gulf of Oman Basin can be divided into four phases: rifting, sea-floor spreading, convergence and a divergence. The rifting phase probably began in Late Permian to Early Triassic time. White (1984) has proposed that the blocky topography of the Oman continental slope formed during this rifting phase by listric faulting. Rifting gave way to sea-floor spreading in Early Triassic time, and by Mid-Jurassic time an extensive southern Tethys developed in the region of the Gulf of Oman-Persian Gulf. At that time, deep- and shallow water carbonates were deposited on the graben fill and topped the topography of the fault blocks. In mid Cretaceous time, the sea-floor spreading and passive margin regime was replaced by transpression and later the obduction of a melange of pelagic sediments and volcanic rocks of the Hawasina and the Semail Ophiolite complex over the Mesozoic carbonates.

The margins of the Gulf of Oman Basin range from convergent at the north to translation at the west and east, and passive at the south. The basin's northern margin has been a site of continuous

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO *(Cont'd)*

subduction since Cretaceous time, which has led to the creation of an accretionary wedge, most of which is above sea level. Strata in the centre of the Gulf of Oman Basin display minor deformation resulting from the northward tilting of oceanic crust. A basin-wide unconformity dividing these strata in two was the result of erosion during Early Oligocene time when bottom water circulation was enhanced during a climatic deterioration. The morphology of the basin's south margin is the result of the Early Triassic rifting, deposition during Jurassic-Early Cretaceous time, early Late Cretaceous ophiolite obduction and Late Cretaceous-Cenozoic deposition, (from Uchupi et al ., 2002).

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

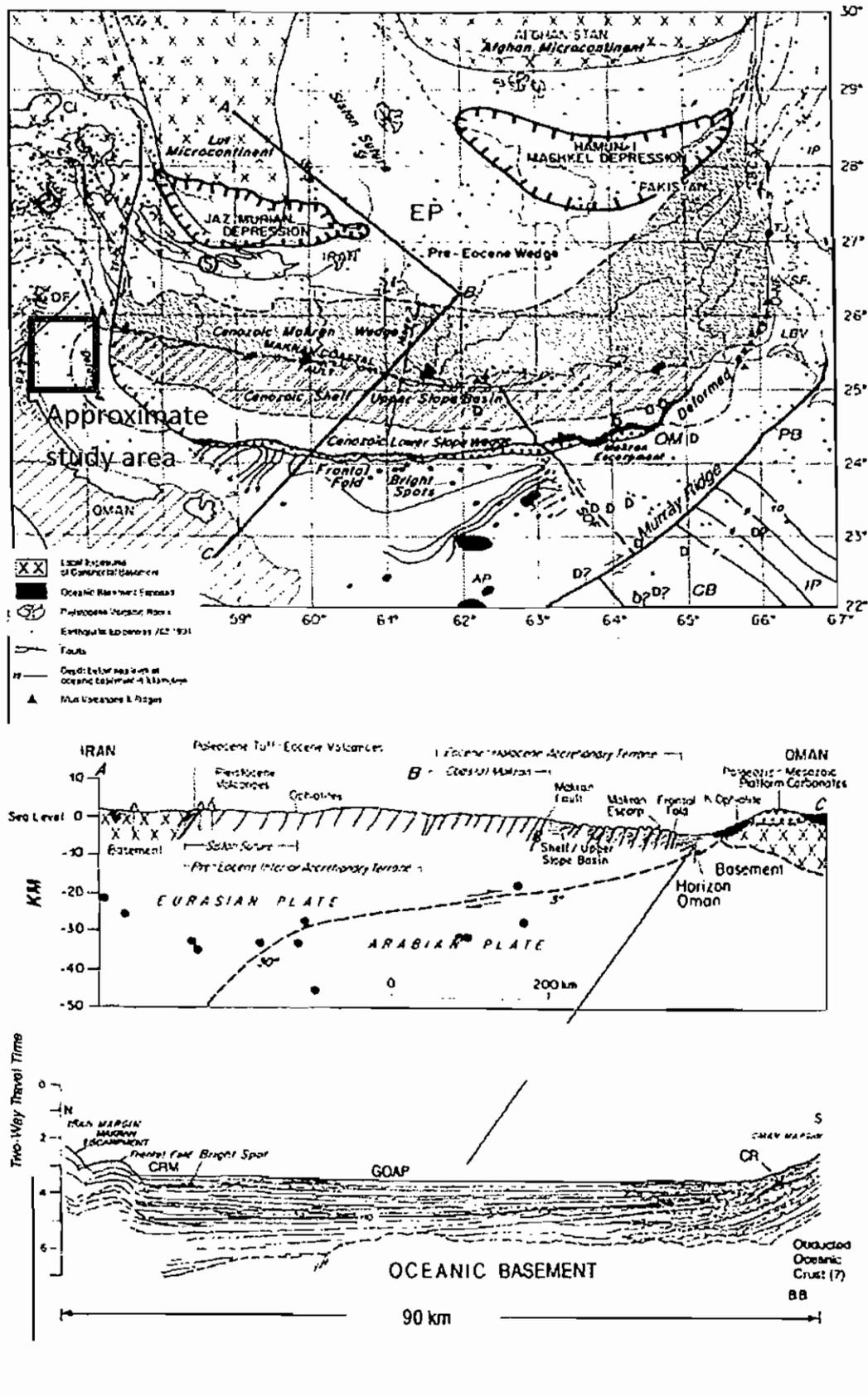


Figure 32: Regional Tectonic Morphology of the Gulf of Oman (from Uchupi et al., 2002)

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

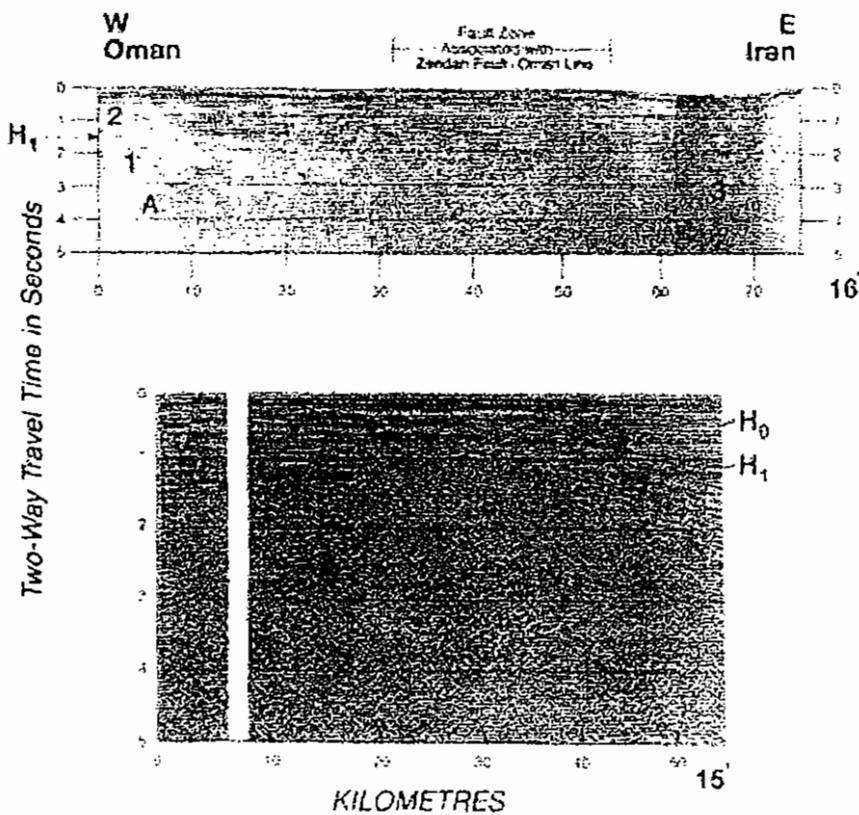
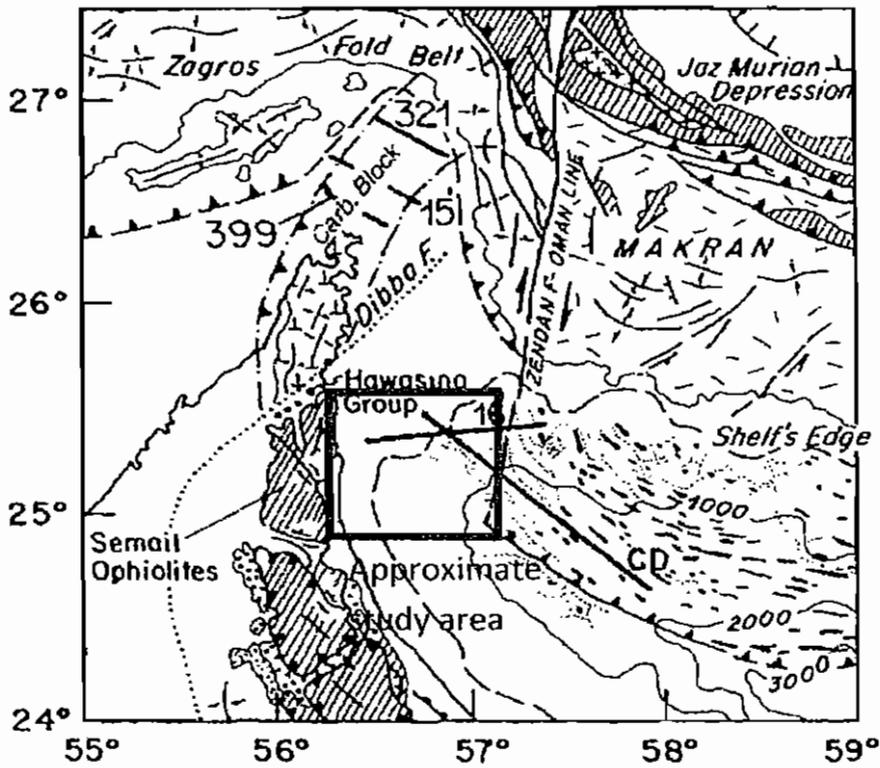


Figure 33: Details of the tectonic setting offshore Oman (Uchupi et al., 2002)

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

The Mesozoic-Cenozoic accretionary wedge is truncated on the western side by the right lateral Zendan-Oman Line transform fault. West of the fault lay: the Arabian Platform, the Musandam Peninsula, the Oman Mountains and the Dibba Fault. The Dibba Fault separates the ophiolites in the Oman Mountains from the Mesozoic carbonates in the Musandam Peninsula.

The Musandam Peninsula and Oman Mountains were formed by Mesozoic platform carbonate accretion and the obduction of oceanic crust and ophiolites in Cretaceous time. White et al., (1979) indicated that the region between the Zendan Fault-Oman Line and the Dibba Fault is one of continental collision and that oceanic crust is restricted to the area southeast of the Zendan Fault-Oman Line. However, latter Khattab (1993) identified magnetic reversals M11 and M10N in the region between the Zendan Fault-Oman Line and the Dibba Fault suggesting that parts can be underlain by oceanic crust.

Sedimentary strata in this region have been deformed during the Late Mesozoic-Cenozoic into a series of north-south trending ridges parallel to the Oman coast; between these ridges there are deposits of Paleocene to Lower Miocene turbidites, (Uchupi et al., 2002).

3.2. Paleogeography

Ziegler, MA (2001), published a compilation of paleogeographic and paleofacies maps to reconstruct the depositional history of the Arabian Plate from Late Permian to Holocene. We have extracted his most relevant figures and ideas to address our main concern: The deposition of suitable source rocks in the Sharjah-Fujairah Area. It appears that other aspects, as deposition such as suitable rocks to become reservoirs and seals are less critical than the forming and preservation of source rocks.

Late Permian

In the Late Permian, continental rifting and spreading took place along the present-day Zagros Suture and Gulf of Oman as the Neo-Tethys Ocean started to form. Short-term sealevel oscillations caused recurrent shoaling pulses that culminated in the establishment of evaporate sabkhas and salinas particularly over the Central Arabian Arch. In the Late Permian, a shallow-marine carbonate platform (Khuff and Saiq formations) was established over most of Oman. This transgression was the result of subsidence of the northeastern Oman margin. Near Muscat, a rifted shelf margin with horst and graben structures developed. Condensed carbonate successions are present on the horsts, whereas thick melanges of clastics, conglomerates, and olistoliths occur in the troughs. Offshore along the outer shelf break, higher energy calcarenites formed. The outer belt at the edge of the Arabian Plate margin was rimmed with reef-like carbonate buildups and detrital carbonates. Abyssal (hemipelagic) carbonates developed in Fars and on the Gulf of Oman-Makran slope.

The development of a petroleum system in Permian rocks in the Sharjah-Fujairah Area is entirely speculative and of little practical value because of the depth of burial. Only a process of re-migrated gas could be of any significance for prospects within the reach of drilling.

Triassic

During the early to mid-Triassic, the Arabian Plate persisted as a relatively peneplaned east-northeast sloping passive margin platform. During this period the deposition of the Sudair Formation (Saudi Arabia, United Arab Emirates, Oman) and the Mahil Formation of Oman took place. In the Ru b' Al-Khali Basin gypsiferous shales predominated (Sudair Formation) and gave way

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

eastward to shallow-marine carbonates (Mahil Formation of Oman). The eastern shelf-break that developed in the Late Permian remained as a flexure with horst and graben structures.

In the Late Triassic, a second phase of Neo-Tethyan extensional tectonics occurred in the eastern part of the Arabian Platform. This caused drowning of the northeastern margin, and localized volcanic activity on the continental slope. This second subsidence event had an important effect on the restructuring of the Hawasina Basin and it is assumed that the basement of the Hawasina Basin was thinned continental. It is possible that in mid Triassic time the northeast flank of the Arabian Platform was a sloping platform where shallow-marine shales and carbonates were deposited and a flood of siliciclastics was carried into the sea by a major fluvial system.

There are not well documented Triassic sources in Oman and there is not additional data that can be used to predict the existence of Triassic source in the Sharjah-Fujairah Area.

Jurassic

During Early Jurassic time In Oman, the long-lasting Sahtan group was a gradually shoaling carbonate sequence that had a thin, basal transgressive succession of mixed terrigenous clastics and carbonates. In mid Jurassic time sediments were deposited in an open-marine environment, as the Arabian Plate now had passive margins to Neo-Tethys to the northeast and north. This was a time of a general phase of sea level rise (Haq et al., 1988). Coastal and nearshore environments are represented by coastal sands that pass eastward into shallow-marine shales and then into shallow marine detrital carbonates.

In Oman, the shallow-water limestones of the Middle to Late Jurassic Sahtan Group were deposited in the eastern part of the Rub' Al-Khali Basin. The present-day shore of the Gulf of Oman corresponds roughly to the Middle Jurassic paleoslope that passed into the Hawasina Basin off the continental margin (Cooper, 1990). The slope has a fringe of submarine-fan sands. It is possible that the Dibba fault was already active in mid Jurassic time separating a deeper basin to the southeast from the main platform.

In the Late Jurassic to Early Cretaceous, intermittent uplift, coincident with the easterly tilt of the Oman plate margin, occurred due to incipient rifting and spreading in the Indian Ocean, with continental separation occurring at the end of the Jurassic (Loosveld et al, 1996). It appears that the Arabian basin was filled-in rapidly by organic detritus and shelf marginal calcarenite wedges (clinoforms) that produced the prolific Middle Eastern oil reservoir facies of the Hanifa, Jubaila and Arab formations. In Oman, the NE-trending Dibba Fault clearly separates the western Gulf province from the complexly structured margin of the Hamrat Duru and Umar basins to the southeast. Here, high-energy, well oxygenated sediments such as reefs and detrital calcarenites, characterize the plate margin. Various types of debris flows covered the continental slopes of Neo-Tethys.

The widespread occurrence of conglomerates in Oman at the end of the Jurassic indicates a regional destabilization of the shelf edge associated with the rifting of India from Arabia. It appears that, synchronous with a sealevel rise, the rapid drowning of the northeast platform seems to have outpaced the vertical carbonate production and led to the accumulation of deeper-water, mud-dominated, chert rich facies.

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (*Cont'd*)

Cretaceous

The Early Cretaceous time period spanned the deposition of the Yamama, Minagish, Habshan, and Rayda formations, and their regional equivalents. Relatively continuous sedimentation took place in Oman, but most other parts of the Arabian Plate were affected by a late Valangian unconformity. The sediments were deposited on open platforms and within intrashelf basins of the Arabian Plate that was surrounded to the north, east, and south by passive margins. In the Hawasina Basin of northeastern Oman, cherty sediments characterize the sequence from Tithonian through Hauterivian. However, the Hamrat Duru Basin with a high carbonate generation rate contains hemipelagic limestones, whereas radiolarian cherts prevail predominantly in the proximal, shale-rich Al Ayn subbasin and the distal Duru subbasin (Cooper, 1990). The flanking platform of the Al Ayn sag had mainly shallow-shelf environments with reefs, winnowed oolitic and peloidal limestone belts, and a lagoonal to platform interior environment (Alsharan et al., 1997).

The depositional environment appears to have alternated between an inner-outer, proximal-outer, to deep-outer ramp conditions. The rudists in the Thamama Group indicate general shoaling phases reflecting an inner-ramp environment sloping into intrashelf basins with predominantly deeper-marine, fine-grained argillaceous and organic rich mudstones and lime packstones (in Qatar the Lekhwair Formation overlain by Kharai Formation).

The transgressive Albian deposits reflect a rise in sea level. The gradually rising sea level that followed the pre-Albian unconformity caused the oscillating deposition of shale and carbonates. The Shu'aiba, at a location in the southern Rub' Al-Khali Basin, evolved from a moderately deep-water platform into a rudist-rimmed plateau that may be a spur of the Dibba Fault of Oman. The distinct biofacies belts allow subdivision into an open marine/basinal environment, followed by platform-rimming rudist banks, and finally back-bank to lagoonal environments.

In Cenomanian-Turonian time the prospective sediments of the Mishrif, Ahmadi, and Rumaila were deposited in the Arabian Peninsula that are contemporaneous with the Natih Formation of Oman). In the mid-Turonian a prominent unconformity was formed by the beginning of the ophiolite obduction along the eastern margin of the Arabian Plate. The Late Cretaceous Fiqa (United Arab Emirates, Oman) formations and their regional equivalents were deposited within a compressive foreland basin setting following onset of mid-Turonian ophiolite obduction along the eastern margin of the Plate. A narrow NW-trending foredeep formed west of the rising orogen as a result of ophiolite obduction, the erosional products from the orogenic front were shed as flysch deposits into the foredeep where deeper-water marine conditions were present (e.g. Simsima and Shiranish formations). Subsequently, the Oman Platform became submerged and a series of transgressions resulted. This setting lasted through the Maastrichtian with deposition of the Aruma and Simsima formations, the Aruma Formation overlies unconformably the Early Turonian rocks

Paleogene

This time period spanned the deposition of the Rus and Umm er Radhuma formations in the Arabian Peninsula and the Pabdeh Formation in Iran. The emerged and uplifted mélangé and ophiolite complex was eroded and sediments were deposited in the remaining foredeep in the Arabian Plate to the west. East of the Oman uplift, the eroded sediments were shed into the Gulf of Oman culminating with a maximum flooding of the basins in the Early Eocene. During the Eocene debris

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

flows and turbiditic slope sediments were mixed with fine-grained basinal sediments in the foredeep. Basinal shales also accumulated in the Mahdi Basin and the Gulf of Oman.

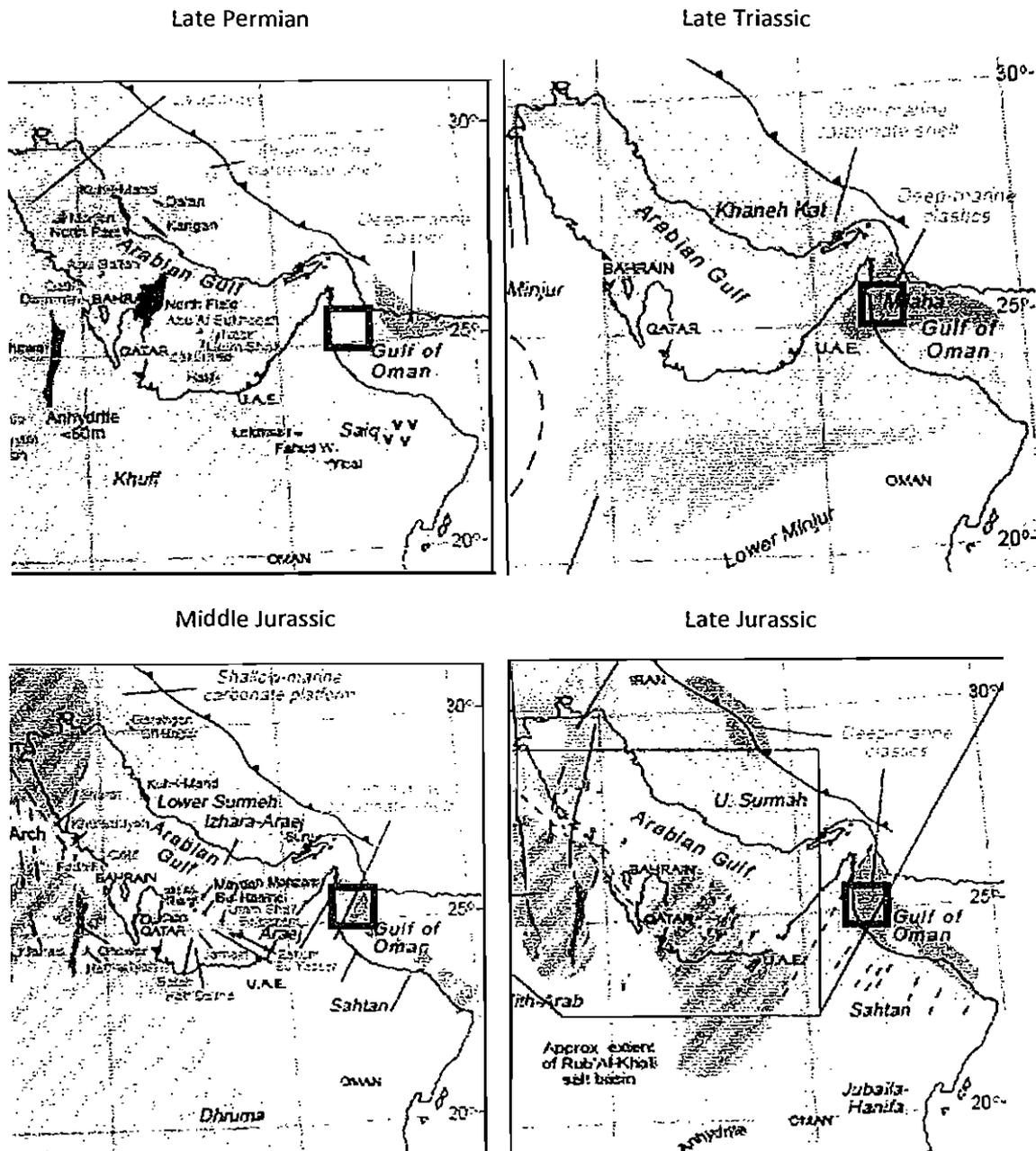


Figure 34: Late Permian-Late Jurassic paleogeographic maps of the Persian Gulf, from Ziegler, MA (2001). Shuaiba/Tuwaik oils are sourced by type II/I marine source rocks (Lijmbach et al., 1992). Geochemically, minor variations can be observed between oils found in the Shuaiba and Tuwaik. Study area is located by the red square

In mid-Oligocene time a major erosional event was caused by a prominent sea-level fall developing an unconformity and sedimentary hiatus that affected much of the Arabian Plate. This unconformity is also present in the Gulf of Oman (Uchupi et al., 2002), and above the unconformity there are low stand wedges and submarine fans sourced from the uplifted Oman margin and deposited in Gulf of Oman. Probably, in the Sharjah-Fujairah Area the turbidites were deflected along north south-trending ridges that were formed during the preceding compressive events.

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Onshore example of the tectono-stratigraphic relation of the Middle Cretaceous Wasia Group, the Fiq Formation, the Hawasina thrusts and the Late Cretaceous-Tertiary basin in the Al Jaww Plain was published by Ali et al., 2008 and shown in Figure 36

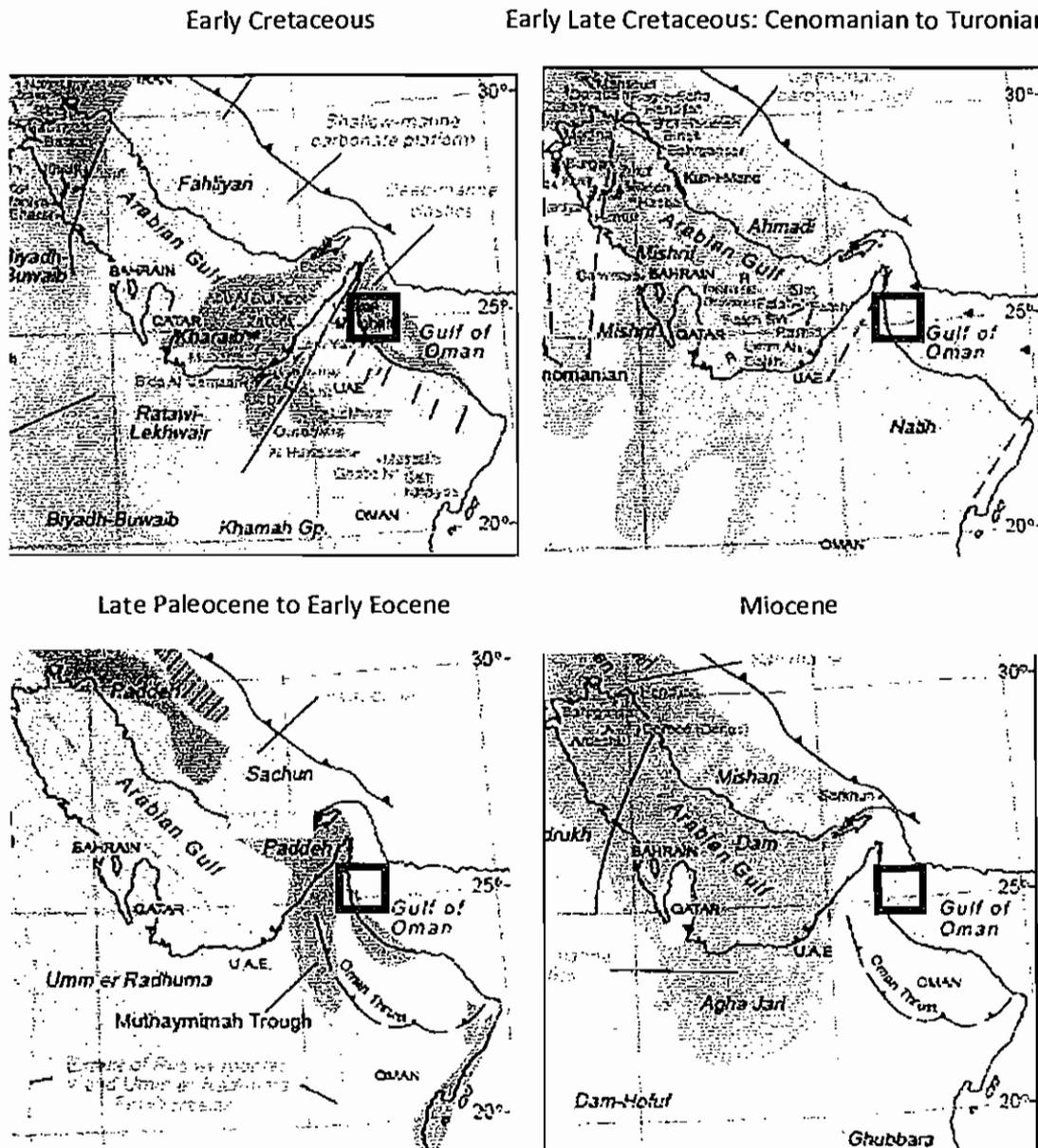


Figure 35: Early Cretaceous to Miocene paleogeographic maps of the Persian Gulf, from Ziegler, MA (2001). Study area is located by the red square

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

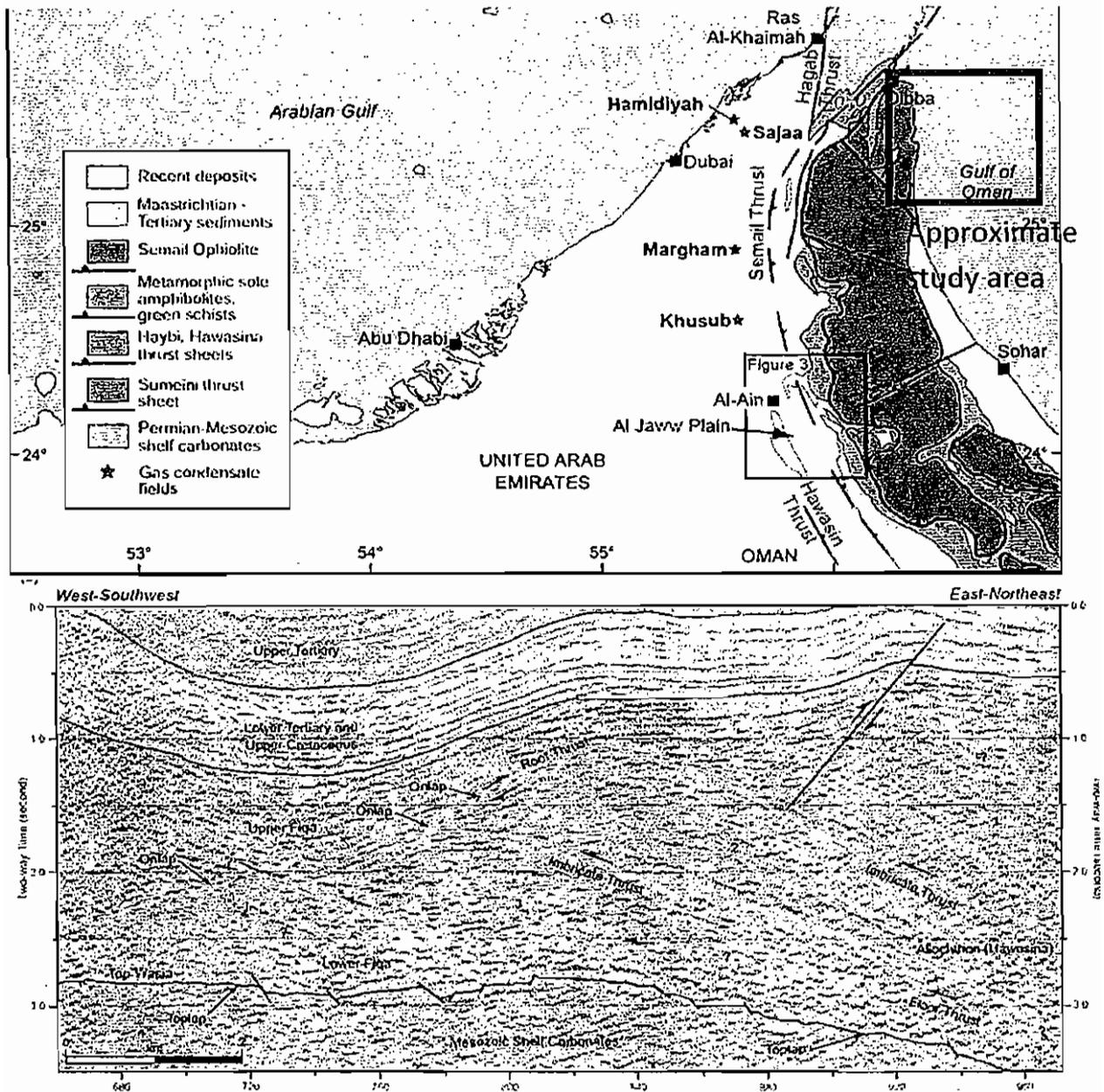


Figure 36: Onshore example of the tectono-stratigraphic relation of the Middle Cretaceous Wasia Group, the Fiq Formation, the Hawasina thrusts and the Late Cretaceous-Tertiary basin in the Al Jaww Plain, SW of the area of interest (Ali et al.,2008).

Neogene

Between the prominent north south- trending ridges in the Sharjah-Fujairah Area there are also Paleocene to Lower Miocene turbidites that prograde southward. They can be rhythmically alternating sands, silts and shales or sandy shales and conglomerates of Late Miocene and younger age thickening southward. This progradation terminate eastward at the Zendan Fault-Oman Line transform.

At the end of the Pliocene, sea level was probably about 150 m higher than at present (Haq et al., 1988), and the shorelines of this time are visible on the Arabian mainland. During the Late

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

Pleistocene glaciation submarine erosion would have carved channels and erosional terraces in the Gulf of Oman.

Modern equivalent of the Tertiary turbidite systems are useful to visualize the possible setting and geometry of prospective silici clastic plays.

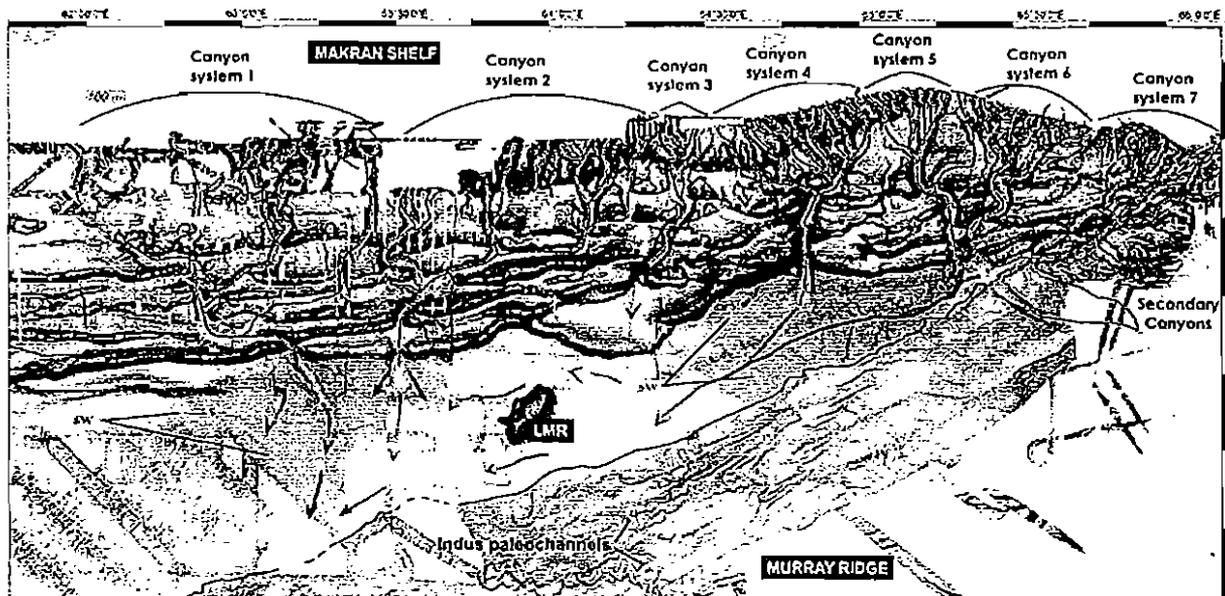


Figure 37: Development of the modern Makran canyon and turbidite systems in the tectonically active convergent margin (Bourget et al., 2009). A similar system could have developed on the western margin of Oman in Oligo-Miocene time

A modern example of turbidites systems offshore Oman can be found in a main sediment depocenter in the Gulf of Oman basin that corresponds to the Al Batha turbidite system. It is directly connected to the wadi Al Batha that is a typical sand and mud rich point source system that acts as regional sediment conduit and feeds a 1000 km² sandy lobe that consist of sandy turbidites interbedded with fine-grained deposits (Bourget et al., 2010).

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

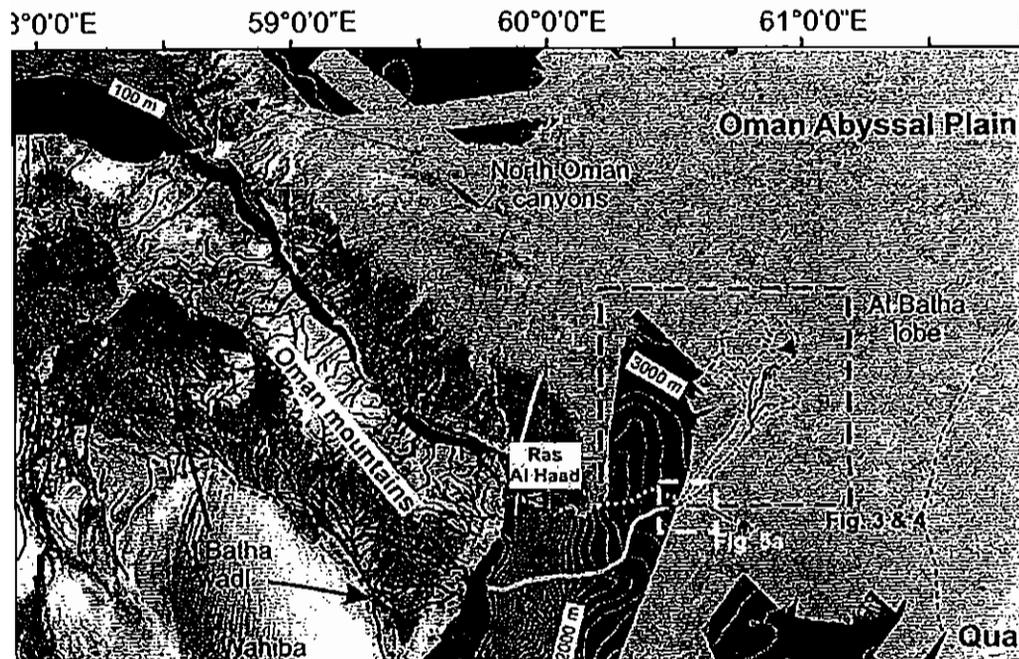


Figure 38: Location of the present day wadi Al Batha feeding the Al Batha turbidite system, southwest of the area of interest (Bourget et al, 2010).

3.3. Source Rocks

Mesozoic Source Rocks

In Oman there are two prominent Mesozoic families of oil-source relations: The first group corresponds to the Shuaiba/Tuwaiq Oil Family, originating from Late Jurassic (Callovian–Kimmeridgian) and Middle Cretaceous (Aptian) source rocks. The second group corresponds to the Natih Oil Family, derived from Middle Cretaceous (Cenomanian to Turonian) Wasia Group source rocks (Terken et al., 2001).

Shuaiba/Tuwaiq oils are sourced by type II/I marine source rocks. Both source rocks were deposited in intracratonic basins, which covered most of Abu Dhabi and extend into northern Oman. The TOC values measured in the UAE exceed 4 % by weight. In the foreland basin of the UAE, the TOC in the Thamama Group drops gradually and averages only 1.4 % near the Oman border where most of the organic matter is overmature, but, can have gas potential. Shuaiba/Tuwaiq oils are restricted to northwestern Oman and are present predominantly in the Late Jurassic Tuwaiq and middle Cretaceous Shuaiba formations.

The Natih oils are sourced by marine type I/II source rocks within the Natih Formation. Deposition most likely occurred in a restricted possibly oxygen-depleted intracratonic marine basin on the Arabian craton that was connected to the open (Tethys) ocean in the northwest (Murriss, 1980). The TOC values range up to 15%, but average around 5%. Hydrocarbon indices may be as high as 800 mg HC/g TOC (Terken, 2001). Nearly all Natih oil is reservoirized within the Natih Formation itself. Deep-marine shales of the Late Cretaceous Fiqa Formation overlap its top and provide an excellent seal in most parts of north Oman. Natih oils are restricted to a small area in central north Oman, a distribution that is structurally controlled to the south by the peripheral bulge of the foreland basin and to the east by the deformed core of the Ghaba salt basin (Terken, 2001).

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (Cont'd)

It is not straightforward to extrapolate Mesozoic source rock analogs of the Arabian Platform into the Sharjah-Fujairah offshore. However, accordingly to the paleogeographic setting and considering that the Dibba Fault zone could have played a role in creating a basinal setting with restricted water circulation it is plausible that source rock quality sediments were deposited in Jurassic-Cretaceous. Even if there were not isolated or restricted basinal conditions, still it is possible that organic rich sources were formed and preserved on the outer shelf during for example the Turonian global anoxic event.

A modern analog example of the "anoxic open ocean" is found today in the Indian Ocean. The upper continental slope of the Indian Ocean from the Gulf of Aden to the Andaman Islands is occupied by a very large and relatively shallow anoxic layer. Wherever this layer impinges on the shelf and slope between 250 and 1,200 m abnormally high organic carbon concentrations (between 2 and 10%) have been found by Stackelberg (1972), Konjukhov (1976), and other investigators (Udintsev, 1975). Organic carbon content on the shelf and other parts of the slope under oxic water is lower (between 0.5 and 1%). Similar observations were made in the Gulf of Oman (Hartmann et al, 1971., Demaison et al, 1980)

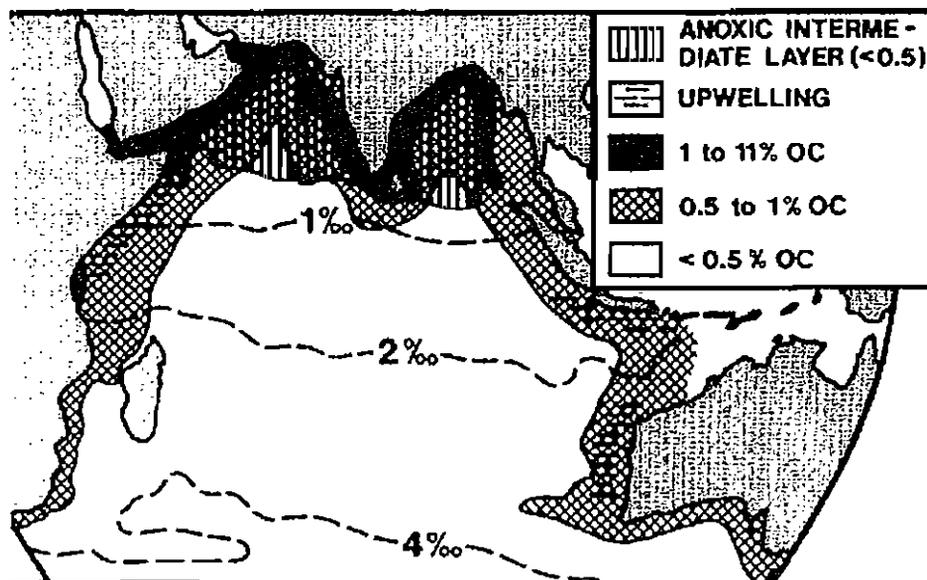


Figure 39: Present day rim of the Indian ocean, an "anoxic open ocean"

Paleogene Source Rocks

Contemporaneous with these events on the Arabian Plate a well-defined NW-SE trending depression was formed parallel to the Zagros Suture, extending from Fars to Lurestan, during the Paleocene-Eocene and even Oligocene in Lurestan. This depression was bordered to the SW by platform carbonates covering most of the Arabian- Persian Gulf. To the SE, the depression was limited by the Fars Platform, where the shallow water dolomitic limestone of the Jahrum Fm was deposited. In the depression a monotonous and thick (200 to 1000 m) sequence of grey marls, containing a rich planctonic fauna was deposited. Euxinic conditions prevailed in the central part of the depression during Middle/Late Eocene and even Early Oligocene in Lurestan. Source rocks of up 150 to 200 m of organic-rich marls contain up to 11.5% organic carbon, elsewhere, the average TOC values vary from 3% in Fars to 7.5% in Lurestan. The organic matter is mostly algal, with HI up to 500/650 g HC/kg C

EXECUTIVE SUMMARY OF THE EXPERT REPORT IN RELATION TO THE INDEPENDENT ASSESSMENT OF THE AGGREGATED ESTIMATED GROSS UNRISKED RECOVERABLE RESOURCES AND GCOS BY AKER GEO (*Cont'd*)

(Bordenave, 2002). Whether similar source rocks were deposited in the Eocene between the N-S ridges in the Fujairah-Sharjah area of the Gulf of Oman is speculative, but possible. Such source rock was assumed to be present and modeled by a consultant to Matco (2001), this study concluded that potential source rocks of Eocene-Early Oligocene are in the oil window and are capable to expel substantial quantities of oil. If this scenario is true then there is a significant upside potential in the Fujairah-Sharjah acreage.

3.4. Reservoir Rocks

The reservoir rocks evaluated here below are the Lower Cretaceous Thamama Group and Neogene Miocene turbidites, see 3.2 Paleogeography

BOARD RESERVED MATTERS – LIME'S SHAREHOLDERS' AGREEMENT

Interpretation

The definitions used in Lime's Shareholders' Agreement shall have the following meaning:

"Board" means the board of directors of Lime;

"Budget" means the work plan and budget of Lime as set out in Lime's Shareholders' Agreement,

"External Directors" means those directors appointed pursuant to Lime's Shareholders' Agreement and who are not representatives of or employed in any capacity by or receiving remuneration from any of the shareholders or an affiliate;

"Financial Distress" shall mean a situation at any given time where Lime is reasonably expected:

- (i) not to be able to meet its material financial liabilities and financial obligations at some point over the next six months, provided that it is not temporary;
- (ii) to become subject to insolvency proceedings; or
- (iii) to become subject to compulsory liquidation proceedings;

"IP Licence Agreement" means the agreement between Rex and Lime in respect of the exclusive use by Lime and its group companies (including the subsidiaries and associate companies of Lime) of certain technologies owned by Rex in a form acceptable to Hibiscus Petroleum to be entered into on or about the date of Lime's Shareholders' Agreement;

"Lime's Shareholders' Agreement" means an agreement dated 24 October 2011 entered between Gulf Hibiscus, Rex, Schroder and Lime in relation to, among others, regulate Lime's affairs and their respective rights and obligations as shareholders of Lime;

"Material" shall mean a transaction, agreement, expenditure, liability (contingent or actual) cost or similar (or a series of transactions, agreements expenditures, liabilities, costs or similar of a similar nature) with a total value in excess of USD 100,000 excluding VAT;

"PMTSA" means the project management and technical services agreement between Hibiscus Oilfield and Lime in respect of certain concessions held by Lime, dated the same date as Lime's Shareholders' Agreement;

"Shares" shall mean any and all shares issued by Lime;

"Supra Majority" shall mean the collective express approval of each director nominated by Rex, Gulf Hibiscus and Schroder;

"Work Plan" means the work plan of Lime as set out in Lime's Shareholders' Agreement;

The following is the full list of board reserved matters extracted from Lime's Shareholders' Agreement:

- (a) Lime giving Material guarantees;
- (b) Lime granting security over a Material part of its assets;

BOARD RESERVED MATTERS – LIME'S SHAREHOLDERS' AGREEMENT (Cont'd)

- (c) Lime entering into Material contracts (which shall include, but is not limited to, agreements relating to any new subsidiary, subsidiary undertaking of Lime or concession holder further to which Lime will hold any form of interest, direct or indirect, from time to time) save as included in the Work Plan, the Budget and the PMTSA;
- (d) Lime initiating Material litigation;
- (e) implementation of or making any change to any material accounting policy of Lime or Lime making any Material claim, disclaimer, surrender, election or consent for tax purposes;
- (f) the amendment or reorganisation of the share capital of Lime;
- (g) any replacement, Material variation or Material amendment of Lime's budget or projects chosen for development as outlined in the Work Plan and Budget of Lime;
- (h) entry by Lime into any new Material borrowing facility (except intra-group) or provide security save as is included in the Work Plan and Budget;
- (i) incurrence of any Material capital expenditure (including the acquisition of any undertaking or asset whether under lease or hire purchase or otherwise), except as provided for in the approved budget for the relevant year;
- (j) the appointment of (and any subsequent change in) the auditors of Lime;
- (k) any initial public offering or public issue of Shares of Lime with a view to obtaining the listing of Lime on any stock exchange including the filing of any forms or statements for a public offering of Lime's interests;
- (l) the appointment of or change in the authorised signatories of all and any banking or credit facilities or accounts;
- (m) the appointment and removal of External Directors as well as its fees;
- (n) loans to directors or to any corporation in which any director or the directors cumulatively has or have an interest;
- (o) inter-company transactions with any company or businesses in which the shareholders of Lime or the directors or any one of them have a financial interest (i.e. all related party transactions, other than the PMTSA and IP License Agreement);
- (p) amalgamation or reconstruction of Lime, or merger, consolidation or amalgamation with any company, association, partnership or legal entity;
- (q) the redemption, purchase or cancellation of any shares or other dilution of the interest of the shareholders other than in accordance with Lime's Shareholders' Agreement, or variation of any rights attaching to any Shares in the capital of Lime or making of any call upon moneys unpaid in respect of any issued Shares;
- (r) the issue of any power of attorney by Lime;
- (s) the creation of any committee of the Board or the delegation of any powers of the Board to any committee of the Board;

BOARD RESERVED MATTERS – LIME'S SHAREHOLDERS' AGREEMENT (Cont'd)

- (t) subject to the provisions of Lime's Shareholders Agreement, the winding up, dissolution or liquidation of Lime unless it shall have become insolvent;
- (u) increase, reduction or other alteration to the issued share capital of Lime;
- (v) issue or grant of any option over the unissued share capital of Lime;
- (w) the issue of any new class of Shares in the capital of Lime;
- (x) buy back of any Shares by Lime;
- (y) to the extent not contained within the Work Plan, the Budget or the PMTSA, the transfer of a Material part of Lime to any person;
- (z) to the extent not contained within the Work Plan, the Budget or the PMTSA, the acquisition, merger or disposal of any share capital, loan capital, other securities or debentures or the entry into or termination by Lime of any partnership or joint venture arrangement or Material profit sharing arrangement;
- (aa) the approval of the audited balance sheet and profit and loss account of Lime and any report or statement accompanying such balance sheet and profit and loss account;
- (bb) the entering into of any Material transaction or series of related transactions (whether at one time or over a period of time) involving the incurring of any capital expenditure or the disposal or acquisition of any Material asset or assets, in each case save as included in the Work Plan, the Budget or the PMTSA;
- (cc) changes to the strategy of Lime;
- (dd) approval of changes in the management team including dismissal of or appointment of chief executive officer and senior executive officers;
- (ee) appoint or vary the terms of appointment of any employee, consultant or technical advisor (not being an employee) whose contract has an annual Material value;
- (ff) approval of the Budget and any changes or amendments to it;
- (gg) approval of the Work Plan and any changes or amendments to it;
- (hh) approval, amendment and or termination of any agreements between Lime and a shareholder or a shareholder's affiliate, or company controlled by a shareholder;
- (ii) any changes, amendments or variations to the terms of the existing concession agreements (including related agreements thereto) involving Lime BVI, Masirah , Dahan and Zubara or any other subsidiary or subsidiary undertaking of Lime or associate company;
- (jj) decisions regarding the purchase, divestment, licensing or pledging of intellectual property rights;
- (kk) the commencement of any business not contemplated by the Work Plan and the Budget;
- (ll) amendments to the constitutional documents of Lime;
- (mm) the redemption, reduction or increase of the share capital, Share premium account and/or capital redemption reserve of Lime;

BOARD RESERVED MATTERS – LIME'S SHAREHOLDERS' AGREEMENT (Cont'd)

- (nn) winding up, liquidation or dissolution of Lime;
- (oo) entry into any contract other than in the ordinary course of business;
- (pp) distribution of dividends, to be reviewed on a quarterly basis;
- (qq) any change in the nature and/or scope of the business for the time being of Lime;
- (rr) the decision to convene a general meeting of shareholders of Lime for the purpose of acquisition of another entity or all or a substantial portion of the assets of such entity;
- (ss) establishment of any branch, representative office or subsidiary of Lime or acquisition of any shares in anybody corporate (including but not limited to associate companies) or participation in any partnership or joint venture or co-operation arrangement; and
- (tt) the establishment and terms of any employee stock option scheme or phantom employee stock option scheme.

In addition, no payment shall be made by Lime for an amount of:

- (a) USD100,000 (equivalent to RM305,920) or more unless and until authorised in writing by two Supra Majority directors; or
- (b) less than USD100,000 (equivalent to RM305,920) unless and until authorised in writing by two members of Lime's senior management.

Notwithstanding what is stated elsewhere in Lime's Shareholders' Agreement, in case of Financial Distress, a board decision may be taken with simple majority provided (i) that the decision would with certainty be necessary to remedy the financial distress, and (ii) it is an emergency action to avert bankruptcy.

In the event that the Board is not competent to take decisions as stated above due to the non-presence of the directors appointed by Schroder or Gulf Hibiscus, the directors present at such board meeting may call for a new board meeting to take place not earlier than ten (10) business days thereafter. At such new board meeting, the Board shall be competent to take decisions on matters that require Supra Majority even if one of the directors appointed by Schroder or Gulf Hibiscus is not present; provided, however, that such board meeting is duly convened.

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BOARD RESERVED MATTERS – DAHAN'S SHAREHOLDERS' AGREEMENT

Interpretation

The definitions used in Dahan's shareholders' agreement shall have the following meaning:

"Financial Distress" shall mean a situation at any given time where Dahan is reasonably expected:

- (i) not to be able to meet its material financial liabilities and financial obligations at some point over the next six months, provided that it is not temporary;
- (ii) to become subject to insolvency proceedings; or
- (iii) to become subject to compulsory liquidation proceedings.

"Intellectual Property Rights" shall mean all intellectual property rights, including but without limitation, trademarks, patents, inventions, copyrights, design rights, trade secrets, know-how and all applications for the same and all rights of similar nature existing anywhere in the world.

"Material" shall mean a transaction, agreement, expenditure, liability (contingent or actual) cost or similar (or a series of transactions, agreements expenditures, liabilities, costs or similar of a similar nature) with a total value in excess of USD50,000 excluding VAT.

"Supra Majority"* shall mean the express approval of at least one director of Rex, the director of Schroder and the director of Right Ally.

Note:

- * *Gulf Hibiscus has procured an undertaking from Lime BVI that notwithstanding the definition of "Supra Majority" in the Dahan shareholders' agreement, which requires the express approval of only one of the nominated directors of Lime BVI (in place of Rex) for the board reserved matters, such approval will not be given or granted by the nominated director of Lime BVI on the board of Dahan unless the nominated director of Gulf Hibiscus on the board of Dahan agrees to give or grant such approval to the nominated director of Lime BVI.*

The above confirmation of undertaking will take effect immediately after the due appointment of such nominated director of Gulf Hibiscus on the board of Dahan in place of the relevant currently nominated director of Lime BVI.

Board Reserved Matters

Unless otherwise stated in the Dahan shareholders' agreement, the shareholders shall procure that no action shall be taken by Dahan or resolution passed at a board meeting in respect of matters that are outside the scope of the work plan and the budget, including (but not limited) to the following board reserved matters, except with the prior approval by Supra Majority:

- (a) Dahan giving Material guarantees;
- (b) Dahan granting security over a Material part of its assets;
- (c) Dahan entering into Material contracts save as included in the work plan;
- (d) Dahan initiating Material litigation;
- (e) implementation of or making any change to any material accounting policy of Dahan or Dahan making any Material claim, disclaimer, surrender, election or consent for tax purposes;
- (f) the amendment or reorganisation of the share capital of Dahan;

BOARD RESERVED MATTERS – DAHAN'S SHAREHOLDERS' AGREEMENT (Cont'd)

- (g) any replacement, Material variation or Material amendment of Dahan's budget or projects chosen for development as outlined in the work plan of Dahan;
- (h) entry by Dahan into any new Material borrowing facility (except intra-group) or provide security save as is included in the work plan;
- (i) incurrence of any Material capital expenditure (including the acquisition of any undertaking or asset whether under lease or hire purchase or otherwise), except as provided for in the approved budget for the relevant year;
- (j) the appointment of (and any subsequent change in) the auditors of Dahan;
- (k) any initial public offering or public issue of shares of Dahan with a view to obtaining the listing of Dahan on any stock exchange including the filing of any forms or statements for a public offering of Dahan's interests;
- (l) the appointment of or change in the authorised signatories of all and any banking or credit facilities or accounts;
- (m) the appointment and removal of external directors as well as its fces;
- (n) loans to directors or to any corporation in which any director or the directors cumulatively has or have an interest;
- (o) inter-company transactions with any company or businesses in which the shareholders of Dahan or the directors or anyone of them have a financial interest (i.e. all related party transactions);
- (p) amalgamation or reconstruction of Dahan, or merger, consolidation or amalgamation with any company, association, partnership or legal entity;
- (q) the redemption, purchase or cancellation of any shares or other dilution of the interest of the shareholders other than in accordance with the Dahan shareholders' agreement, or variation of any rights attaching to any shares in the capital of Dahan or making of any call upon moneys unpaid in respect of any issued shares;
- (r) the issue of any power of attorney by Dahan;
- (s) the creation of any committee of the board or the delegation of any powers of the board to any committee of the board;
- (t) subject to the provisions of the Dahan shareholders' agreement, the winding up, dissolution or liquidation of Dahan unless it shall have become insolvent;
- (u)
 - (i) increase, reduction or other alteration to the issued share capital of Dahan;
 - (ii) issue or grant of any option over the unissued share capital of Dahan;
 - (iii) the issue of any new class of shares in the capital of Dahan; or
 - (iv) buy back of any shares by Dahan;
- (v) to the extent not contained within the work plan, the transfer of a Material part of Dahan to any person;

BOARD RESERVED MATTERS – DAHAN'S SHAREHOLDERS' AGREEMENT (Cont'd)

- (w) to the extent not contained within the work plan, the acquisition, merger or disposal of any share capital, loan capital, other securities or debentures or the entry into or termination by Dahan of any partnership or joint venture arrangement or Material profit sharing arrangement;
- (x) the approval of the audited balance sheet and profit and loss account of Dahan and any report or statement accompanying such balance sheet and profit and loss account;
- (y) the entering into of any Material transaction or series of related transactions (whether at one time or over a period of time) involving the incurring of any capital expenditure or the disposal or acquisition of any Material asset or assets, in each case save as included in the work plan;
- (z) changes to the strategy of Dahan;
- (aa) approval of changes in the management team including dismissal of or appointment of chief executive officer and senior executive officers;
- (bb) appoint or vary the terms of appointment of any employee, consultant or technical advisor (not being an employee) whose contract has an annual Material value;
- (cc) approval of the budget and any changes or amendments to it;
- (dd) approval of the work plan and any changes or amendments to it;
- (ee) approval, amendment and or termination of any agreements between Dahan and a shareholder or a shareholder's affiliate, or company controlled by a shareholder;
- (ff) decisions regarding the purchase, divestment, licensing or pledging of Intellectual Property Rights;
- (gg) entry into any development agreements, license or other agreements with third parties to commercialise or exploit the RAK North Concession;
- (hh) the commencement of any business not contemplated by the work plan;
- (ii) amendments to the constitutional documents of Dahan;
- (jj) the redemption, reduction or increase of the share capital, share premium account and/or capital redemption reserve of Dahan;
- (kk) winding up, liquidation or dissolution of Dahan;
- (ll) entry into any contract other than in the ordinary course of business;
- (mm) distribution of dividends;
- (nn) any change in the nature and/or scope of the business for the time being of Dahan;
- (oo) the decision to convene a general meeting of shareholders of Dahan for the purpose of acquisition of another entity or all or a substantial portion of the assets of such entity;
- (pp) establishment of any branch, representative office or subsidiary of Dahan or (ii) acquisition of any shares in any body corporate or participation in any partnership or joint venture or co-operation arrangement; and
- (qq) the establishment and terms of any employee stock option scheme or phantom employee stock option scheme.

BOARD RESERVED MATTERS – DAHAN'S SHAREHOLDERS' AGREEMENT (Cont'd)

Notwithstanding what is stated elsewhere in the Dahan shareholders' agreement, in case of Financial Distress, a board decision may be taken with simple majority provided (i) that the decision would with certainty be necessary to remedy the Financial Distress, and (ii) it is an emergency action to avert bankruptcy.

In the event that the board is not competent to take decisions as stated above due to the non-presence of the directors appointed by Schroder or Right Ally, the directors present at such board meeting may call for a new board meeting to take place not earlier than 10 business days thereafter. At such new board meeting, the board shall be competent to take decisions on matters that require Supra Majority even if one of the directors appointed by Schroder or Right Ally is not present; provided, however, that such board meeting is duly convened.

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BOARD RESERVED MATTERS – MASIRAH’S SHAREHOLDERS’ AGREEMENT

Interpretation

The definitions used in Masirah’s shareholders’ agreement shall have the following meaning:

“**Supra Majority**” shall mean the approval by more than sixty seven (67) per cent of the directors entitled to vote at a duly convened board meeting.

“**Material**” shall mean a transaction, agreement, expenditure, liability (contingent or actual) cost or similar (or a series of transactions, agreements expenditures, liabilities, costs or similar of a similar nature) with a total value in excess of USD10,000 excluding VAT.

“**Financial Distress**” shall mean a situation at any given time where Masirah is reasonably expected:

- (i) not to be able to meet its material financial liabilities and financial obligations at some point over the next six months, provided that it is not temporary;
- (ii) to become subject to insolvency proceedings; or
- (iii) to become subject to compulsory liquidation proceedings.

Board Reserved Matters

Unless otherwise stated in the Masirah shareholders’ agreement, Rex and Petroci shall procure that no action shall be taken by Masirah or resolution passed at a board meeting in respect of matters that are obviously outside the scope of the relevant work plan and the budget, including (but not limited to) the following board reserved matters, except with the prior approval by Supra Majority:

- (a) Masirah giving Material guarantees;
- (b) Masirah granting security over a Material part of its assets;
- (c) Masirah entering into Material contracts save as included in the current work plan;
- (d) Masirah initiating Material litigation unless obviously necessary to protect its interests;
- (e) implementation of or making of any change to any material accounting policy of Masirah or Masirah making any Material claim, disclaimer, surrender, election or consent for tax purposes;
- (f) the amendment or reorganisation of the share capital of Masirah save in respect of a re-organisation for bona fide exit planning purposes;
- (g) any replacement, Material variation or Material amendment of Masirah’s budget or projects chosen for development as outlined in the work plan of Masirah unless obviously necessary to protect the interests of Masirah;
- (h) entry by Masirah into any new Material borrowing facility (except intragroup) or provide security save as is included in the then current work plan;
- (i) to the extent not contained within the work plan, the transfer of a Material part of Masirah to any person;
- (j) to the extent not contained within the work plan, the acquisition, merger or disposal of any share capital, loan capital, other securities or debentures or the entry into or termination by Masirah of any partnership or joint venture arrangement or Material profit sharing arrangement;

BOARD RESERVED MATTERS – MASIRAH'S SHAREHOLDERS' AGREEMENT (Cont'd)

- (k) the entering into of any Material transaction or series of related transactions (whether at one time or over a period of time) involving the incurring of any capital expenditure or the disposal or acquisition of any Material asset or assets, in each case save as included in the then current work plan;
- (l) changes to the strategy of Masirah;
- (m) approval of changes in the management team including dismissal of or appointment of the chief executive officer and members of the board of directors;
- (n) appoint or vary the terms of appointment of any employee, consultant or technical advisor (not being an employee) whose contract has a annual Material value;
- (o) approval of the budget and any changes or amendments to it;
- (p) approval of the work plan and any changes or amendments to it;
- (q) approval, amendment and or termination of any agreements between Masirah and a party to the shareholders' agreement or the party's family member, affiliate, or company controlled by a party to the shareholders' agreement;
- (r) decisions regarding purchase, divestments, licensing or pledging of intellectual property rights;
- (s) entry into any development agreements, license or other agreements with third parties to commercialise or exploit the Block 50 Oman Concession;
- (t) the commencement of any business not contemplated by the work plan;
- (u) material amendments to the constitutional documents of Masirah;
- (v) the redemption or reduction of the share capital, share premium account and/or capital redemption reserve of Masirah;
- (w) winding up, liquidation or dissolution of Masirah;
- (x) distribution of dividends; and
- (y) taking of steps to achieve a sale of Masirah.

Notwithstanding what is stated elsewhere in the Masirah's shareholders' agreement, in case of Financial Distress, a board decision may be taken with simple majority provided (i) that the decision would with reasonable certainty be necessary to remedy the Financial Distress, and (ii) it is an emergency action to (with a reasonable certainty) avert bankruptcy.

In the event that the board is not competent to take decisions as stated above due to the non-presence of the director appointed by Petroci, the directors present at such board meeting may call for a new board meeting to take place not earlier than one week thereafter. At such new board meeting, the board shall be competent to take decisions on matters that require Supra Majority even if the director appointed by Petroci is not present (provided, however, that such board meeting is duly convened).

DIRECTORS' REPORT FOR LIME



LIME Petroleum

20 February 2012

The shareholders of Hibiscus Petroleum Berhad

Dear Sir/Madam

DIRECTORS' REPORT ON LIME PETROLEUM PLC ("LIME")

On behalf of the Board of Directors of Lime, I wish to report after due enquiry by the Board of Directors of Lime, that between:

- (a) 31 August 2011, being the date to which the last audited financial statements of Dahan Petroleum Limited ("Dahan") and Masirah Oil Limited ("Masirah") were made up to;
- (b) 5 July 2011, being the date of incorporation of Zubara Petroleum Limited ("Zubara");
- (c) 6 January 2012, being the date of incorporation of Baqal Petroleum Limited ("Baqal")
- (d) 10 June 2011, being the date of incorporation of Lime Petroleum Limited ("Lime BVI"); and
- (e) 15 August 2011, being the date of incorporation of Lime

(Collectively referred to as "Cut-Off Dates")

and 20 February 2012, being the date not earlier than 14 days before the issue of this Circular to shareholders of Hibiscus Petroleum Berhad ("Circular"), that:

- (a) the businesses of Lime and its subsidiaries (collectively the "Group") have been successfully maintained;
- (b) there have been no circumstances which have arisen subsequent to the Cut-Off Dates, which have materially and adversely affected the operations or the value of assets of the Group;
- (c) the current assets of the Group appear in the books at the values which are believed to be realisable in the ordinary course of business;
- (d) ~~{Save as disclosed in the Circular,}~~ there are no contingent liabilities by reason of any guarantees or indemnities given by the Group;
- (e) since the Cut-Off Dates, there have been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowing by the Group, in which the Board of Directors of Lime are aware of; and
- (f) since the Cut-Off Dates, there have been no material change in the published reserves or any unusual factor affecting the profits of the Group.

Yours faithfully,
For and on behalf of the Board of Directors of
LIME PETROLEUM PLC

Svein Kjellesvik

LIME Petroleum (IoM) PLC, Victoria Chambers 47, Victoria Street, Douglas, Isla of Man IM1 2LD

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This circular has been seen and approved by your Board who, individually and collectively, accepts full responsibility for the accuracy of the information given in this circular and confirms that, after making all reasonable enquiries and to the best of your Board's knowledge and belief, there are no other facts, the omission of which would make any statement herein false or misleading.

2. CONSENTS AND CONFLICT OF INTERESTS**2.1 Consents**

The respective letters of consent have been received from RHB Investment Bank, Crowe Horwath, Pareto Asia, Aker Geo and Appleby (Isle of Man) LLC confirming that they have given their respective consent to the inclusion in this circular of their names, letters and reports (where applicable) and all reference thereto, in the form and context in which they appear and have not, prior to the issue of this circular, been withdrawn. A letter of consent has been received from Lenz & Staehelin, Zurich, Switzerland, confirming that it has given its consent to the inclusion in this circular of its name. Under the terms of the limited Swiss legal opinion ("Limited Swiss Legal Opinion") rendered by Lenz & Staehelin for the exclusive benefit of our Company and Gulf Hibiscus ("Addressees") in connection with the Shareholders' Agreement, copies of the Limited Swiss Legal Opinion may be disclosed to advisors, auditors and regulatory authorities of the Addressees and other persons as required by mandatory law or regulation, in each case on a strict non-reliance basis.

2.2 Conflict of interests

RHB Investment Bank confirms that it is not aware of any circumstances which would give rise to possible conflict of interest in its capacity as the principal adviser to our Company.

RHB Investment Bank and its related companies ("RHB 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 RHB Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or its affiliates, and Lime Group in addition to the role as the principal adviser to our Company. In addition, in the ordinary course of business, any member of the RHB 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 its affiliates, and Lime Group, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or its affiliates, and Lime Group. This is a result of the businesses of the RHB Group generally acting independently of each other and accordingly there may be situations where parts of the RHB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of our Company and/or its affiliates, and Lime Group.

Crowe Horwath confirms that there is no circumstance that would give rise to a possible conflict of interest in their capacity as the reporting accountant for the Proposals.

Pareto Asia confirms that there is no situation, which has given rise to or is likely to give rise to a conflict of interest in relation to its role as the independent valuer for the Proposals.

FURTHER INFORMATION (Cont'd)

Aker Geo confirms that there is no situation, which has given rise to or is likely to give rise to a conflict of interest in relation to its role as the independent subsurface consultant for the Proposals.

Appleby (Isle of Man) LLC confirms that there is no situation, which has given rise to or is likely to give rise to a conflict of interest in relation to its role as the Isle of Man and BVI counsel for our Group in relation to the Proposals.

Lenz & Staehelin, Zurich, Switzerland, confirms that there is no conflict of interest under its Swiss professional rules of conduct and rules of conflict of interests of the Zurich Bar Association to render the Limited Swiss Legal Opinion. Lenz & Staehelin may now or in the future assist or represent parties (or affiliates of such parties) who are named in the Shareholders Agreement, provided that such assistance or representation is not related to the subject matter of the Limited Swiss Legal Opinion.

3. MATERIAL COMMITMENTS

As at LPD, your Board is not aware of any material commitments incurred or known to be incurred by us that may have an impact on the profits and NA of our Group upon becoming enforceable.

4. CONTINGENT LIABILITIES

As at LPD, your Board is not aware of any contingent liabilities incurred or known to be incurred, which upon being enforceable will have an impact on the profits and NA of our Group.

5. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours (except public holidays) at our registered office at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia from the date of this circular up to and including the date of our forthcoming EGM:

- (i) M&A of our Company and Lime;
- (ii) Our audited financial statements for the FYE 31 March 2011 and unaudited financial statements for the FPE 30 September 2011;
- (iii) Audited financial statements of Dahan (financial period from 30 April 2010 to 31 August 2011) and Masirah (financial period from 2 April 2009 to 31 August 2011);
- (iv) Accountants' Report as included in Appendix VI;
- (v) Our Proforma Statement of Financial Position as at 31 March 2011 together with the notes as included in Appendix VII;
- (vi) Expert's report on policies on foreign investments, taxation and repatriation of profits of Isle of Man and BVI as included in Appendix IV(a) and IV(b), respectively;
- (vii) Expert's report in relation to the fairness of the purchase consideration for the Proposals issued by Pareto Asia as included in Appendix VIII;

FURTHER INFORMATION *(Cont'd)*

- (viii) Legal opinions on the ownership/title to Lime Shares and the enforceability of agreements, representations and undertaking issued by Appleby (Isle of Man) LLC and Lenz and Staehelin as included in Appendix V(a), V(b) and V(c);
- (ix) Executive summary of the expert report in relation to the independent assessment of the aggregated estimated gross unrisks recoverable resources and GCoS by Aker Geo ("Independent Person Report") as included in Appendix X;
- (x) Directors' report for Lime as included in Appendix XII;
- (xi) Letters of consent referred to in Section 2.1 of this Appendix;
- (xii) Valuation certificate dated 16 February 2012 as included in Appendix IX and valuation report dated 14 November 2011 (including the Independent Person Report by Aker Geo), both prepared by Pareto Asia on Limc Group;
- (xiii) Shareholders Agreement;
- (xiv) SPA;
- (xv) SSA;
- (xvi) PMTSA;
- (xvii) Call Option Agreement;
- (xviii) Assignment agreement dated 30 August 2011 entered into between Rex and Lime BVI whereby Rex has assigned and transferred full ownership of its shares in Masirah to Lime BVI; and
- (xix) IP Licence Agreement.

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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 ("EGM") of Hibiscus Petroleum Berhad ("Hibiscus Petroleum" or the "Company") will be held at PJ Hilton Hotel, Kristal Ballroom 1, 1st floor, West Wing, Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on 21 March 2012 at 9.30am, or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

1. SPECIAL RESOLUTION 1

PROPOSED QUALIFYING ACQUISITION: SUBSCRIPTION OF NEW LIME SHARES

THAT subject to :

- (a) the passing of Special Resolution 2 and Special Resolution 3 below; and
- (b) the necessary approvals of the relevant authorities,

and for purposes of fulfilling the requirement of a "Qualifying Acquisition" pursuant to the Company's Articles of Association, approval be and is hereby given for the Company's wholly-owned subsidiary, Gulf Hibiscus Limited ("GHL"), to subscribe for 76,923,077 new ordinary shares of 0.05 USD cents each in Lime Petroleum Plc ("Lime") pursuant to and in accordance with the terms of the Subscription Agreement dated 24 October 2011 entered into between GHL and Lime ("SSA"), for a total cash subscription consideration of USD50 million, as further elaborated in the Company's circular to Shareholders dated 28 February 2012 ("Subscription of New Lime Shares");

AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things and to execute, sign and deliver on behalf of the Company all such documents and/or agreements (including, without limitation, the affixing of the Company's Common Seal) as the Directors may consider necessary or expedient or relevant to give effect to and complete the Subscription of New Lime Shares with full power to assent to all conditions, modifications, variations and/or amendments in any manner as may be imposed or permitted by the relevant authorities.

2. SPECIAL RESOLUTION 2

PROPOSED QUALIFYING ACQUISITION: PURCHASE OF EXISTING LIME SHARES

THAT subject to:

- (a) the passing of Special Resolution 1 above and Special Resolution 3 below; and
- (b) the necessary approvals of the relevant authorities,

and for purposes of fulfilling the requirement of a "Qualifying Acquisition" pursuant to the Company's Articles of Association, approval be and is hereby given for the Company's wholly-owned subsidiary, GHL, to purchase 22,153,846 existing shares in Lime from Rex Oil & Gas Limited ("Rex") pursuant to and in accordance with the terms of the Share Purchase Agreement dated 24 October 2011 entered into between GHL and Rex ("SPA"), for a total cash purchase consideration of USD5 million. Further, an additional discovery bonus payment of USD5 million, if applicable, is payable by GHL to Rex as further elaborated in the Company's circular to Shareholders dated 28 February 2012 ("Purchase of Existing Lime Shares");

AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things and to execute, sign and deliver on behalf of the Company all such documents and/or agreements (including, without limitation, the affixing of the Company's Common Seal) as the Directors may consider necessary or expedient or relevant to give effect to and complete the Purchase of Existing Lime Shares with full power to assent to all conditions, modifications, variations and/or amendments in any manner as may be imposed or permitted by the relevant authorities.

3. SPECIAL RESOLUTION 3

PROPOSED QUALIFYING ACQUISITION: RELATED AND/OR RELEVANT AGREEMENTS AND MATTERS

THAT subject to:

- (a) the passing of Special Resolution 1 and Special Resolution 2 above; and
- (b) the necessary approvals of the relevant authorities

and as part of the overall "Qualifying Acquisition" transaction comprising the Subscription of New Lime Shares and the Purchase of Existing Lime Shares, approval and/or ratification be and is hereby given for:

- (i) the Company's wholly-owned subsidiary, GHL, to enter into and act in accordance with the terms of the Shareholders' Agreement dated 24 October 2011 entered into by Rex, Schroder & Co Banque S.A., GHL and Lime ("SA"); and
- (ii) the Company's wholly-owned subsidiary, Hibiscus Oilfield Services Limited ("HOSL"), to enter into and act in accordance with the terms of the Project Management and Technical Services Agreement dated 24 October 2011 entered into by HOSL and Lime ("PMTSA");

AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things and to execute, sign and deliver on behalf of the Company all such documents and/or agreements (including, without limitation, the affixing of the Company's Common Seal) as the Directors may consider necessary or expedient or relevant to give effect to and implement the SA, PMTSA and all other related and/or relevant agreements and matters in connection with the Subscription of New Lime Shares and the Purchase of Existing Lime Shares, with full power to assent to all conditions, modifications, variations and/or amendments in any manner as may be imposed or permitted by the relevant authorities.

By Order of the Board
HIBISCUS PETROLEUM BERHAD

Lim Hooi Mooi (MAICSA 0799764)
Tan Bee Hwee (MAICSA 7021024)
Joint Company Secretaries

Kuala Lumpur
28 February 2012

Notes.

- 1. The purpose 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 14 March 2012 and only Depositors whose name appears on such Record of Depositors shall be entitled to attend the said meeting.*
- 2. A proxy may but need not be a member and/or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies.*
- 3. To be valid, the Form of Proxy duly completed must be deposited at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur 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 have been duly completed by the member(s).*
- 4. A member shall be entitled to appoint at least one (1) proxy 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.*
- 5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of our Company standing to the credit of the said securities account.*
- 6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.*
- 7. 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.*
- 8. If the Form of Proxy is signed under the hands of an officer 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.*
- 9. A reply envelope is enclosed in this circular. You are advised to use the reply envelope for lodgment of the Form of Proxy or together with the Request Form.*

HIBISCUS PETROLEUM BERHAD

(Company No.: 798322-P)

(Incorporated in Malaysia under the Companies Act, 1965)

CDS Account No. of Authorised Nominee*

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, _____ I.C. No./ Passport No. _____

of _____

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the EXTRAORDINARY GENERAL MEETING of our Company to be held at PJ Hilton Hotel, Kristal Ballroom 1, 1st floor, West Wing, Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on 21 March 2012 at 9.30am or at any adjournment thereof, on the following resolutions referred to in the Notice of Extraordinary General Meeting by indicating an "X" in the space provided below:-

	FOR	AGAINST
SPECIAL RESOLUTION 1 OF PROPOSED QUALIFYING ACQUISITION: SUBSCRIPTION OF NEW LIME SHARES		
SPECIAL RESOLUTION 2 OF PROPOSED QUALIFYING ACQUISITION: PURCHASE OF EXISTING LIME SHARES		
SPECIAL RESOLUTION 3 OF PROPOSED QUALIFYING ACQUISITION: RELATED AND/OR RELEVANT AGREEMENTS AND MATTERS		

Dated this _____ day of _____
2012

Signature/Common Seal	
Number of shares held	
Date	

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. A proxy may but need not be a member and/or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies.
2. To be valid, this Form of Proxy duly completed must be deposited at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur 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/her proxy. Provided Always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
3. A member shall be entitled to appoint at least one (1) proxy 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.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of our Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.
6. If the appointor is a corporation, this Form of Proxy must be executed under its common seal or under the hands of an officer or attorney duly authorised.
7. If this Form of Proxy is signed under the hands of an officer 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 this 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 this Form of Proxy.
8. A reply envelope is enclosed in this circular. You are advised to use the reply envelope for lodgment of this Form of Proxy or together with the Request Form.

* applicable to shares held through nominee account



REQUEST FORM

HIBISCUS PETROLEUM BERHAD (Company No.:798322-P)

Registered Office: Level 18, The Gardens North Tower

Mid Valley City

Lingkaran Syed Putra

59200 Kuala Lumpur

This Request Form is to be completed and deposited with the Registrar for the Company (as defined below) pursuant to Article 61C of the Articles of Association of the Company ("Articles") for purposes of exercising the QA Share Repurchase (as defined in the Articles) option by a shareholder who has voted against all the Special Resolutions relating to the Proposals tabled at the Extraordinary General Meeting ("EGM") held on 21 March 2012 at 9.30am (including any adjournment thereof).

To: Hibiscus Petroleum Berhad ("Hibiscus Petroleum" or "Company")

1. I/We hereby irrevocably request the Company to repurchase my/our Hibiscus Petroleum shares (as described in the table below) ("Relevant Shares") which are standing to the credit of my/our CDS account for which I/we am/are the owner of such Relevant Shares as at the Record Date.
2. I/We confirm that I/we own such Relevant Shares as at the Record Date and I/We will continue to own such shares through the date of the EGM (including any adjournment thereof) until the day such Relevant Shares are transferred to the Share Custodian's CDS account (pursuant to paragraph 3 below).
3. For purposes of the cancellation of my/our Relevant Shares pursuant to the QA Share Repurchase, I/We have irrevocably agreed and consented to the transfer of my/our Relevant Shares to the Share Custodian's CDS account nominated by the Company for this purpose. The Relevant Shares shall be held in trust pending the full and due completion of the Proposals.
4. Upon the full and due completion of the Proposals by the Company as notified by way of public announcement by the Company, the Company and/or Share Custodian is irrevocably authorised to debit my/our Relevant Shares in the Share Custodian's CDS account for the purposes of cancellation pursuant to the QA Share Repurchase.
5. Subject to the terms and conditions of this Request Form, the satisfaction of the purchase consideration – equivalent to a pro-rata portion of the amount then held in the Trust Account (net of any related taxes and expenses), as referred to in the Articles – for the repurchase of the Relevant Shares by the Company will be effected by the Company within 7 Market Days after the Proposals are fully and duly completed by way of a cheque(s), banker's draft(s) or cashier's orders(s) to be sent by post (at my/our risk) to my/our registered address stated in the Record of Depositors as at the Record Date.



Details of my Relevant Shares for the QA Share Repurchase, including details of my CDS account as per the records of Bursa Malaysia Depository Sdn Bhd, are set out below:

Name of Shareholder	
I/C No/Passport No/Company No	
Address	
CDS Account No	
Number of Hibiscus Petroleum Shares to be repurchased	

Signature of Shareholder

Contact Telephone No:

Date :

Notes:

- (a) *A body corporation completing this Request Form is required to affix its common seal in accordance with its Memorandum and Articles of Association or other regulations.*
- (b) *"CDS" is Central Depository System.*
- (c) *"Share Custodian" is SJ Securities Sdn Bhd*
- (d) *"Registrar" is Tricor Investor Services Sdn Bhd.*
- (e) *"Record Date" herein refers to the date specified for the Record of Depositors used for verifying shareholders' rights to attend and vote at the EGM held on 21 March 2012 or any adjournment thereof.*
- (f) *"Market Days" means a day when Bursa Malaysia Securities Berhad is open for the trading of securities.*
- (g) *Additional copies of this Request Form can be obtained from the Registrar's office during normal business hours from 8.30 a.m. to 5.30 p.m. on Mondays to Fridays (excluding public holidays in Malaysia). The details of the Registrar are as follows:*

*Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone : 603-2264 3883
Focsimile : 603-2282 1886*

HIBISCUS PETROLEUM BERHAD

(Company No.: 798322-P)

(Incorporated in Malaysia under the Companies Act, 1965)

CDS Account No. of Authorised Nominee*

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, _____ I.C. No./ Passport No. _____

of _____

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the EXTRAORDINARY GENERAL MEETING of our Company to be held at PJ Hilton Hotel, Kristal Ballroom 1, 1st floor, West Wing, Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on 21 March 2012 at 9.30am or at any adjournment thereof, on the following resolutions referred to in the Notice of Extraordinary General Meeting by indicating an “X” in the space provided below:-

	FOR	AGAINST
SPECIAL RESOLUTION 1 OF PROPOSED QUALIFYING ACQUISITION: SUBSCRIPTION OF NEW LIME SHARES		
SPECIAL RESOLUTION 2 OF PROPOSED QUALIFYING ACQUISITION: PURCHASE OF EXISTING LIME SHARES		
SPECIAL RESOLUTION 3 OF PROPOSED QUALIFYING ACQUISITION: RELATED AND/OR RELEVANT AGREEMENTS AND MATTERS		

Dated this _____ day of _____
2012

Signature/Common Seal	
Number of shares held	
Date	

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. A proxy may but need not be a member and/or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies.
2. To be valid, this Form of Proxy duly completed must be deposited at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur 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 have been duly completed by the member(s).
3. A member shall be entitled to appoint at least one (1) proxy 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.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of our Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.
6. If the appointor is a corporation, this Form of Proxy must be executed under its common seal or under the hands of an officer or attorney duly authorised.
7. If this Form of Proxy is signed under the hands of an officer 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 this 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 this Form of Proxy.
8. A reply envelope is enclosed in this circular. You are advised to use the reply envelope for lodgment of this Form of Proxy or together with the Request Form.

* applicable to shares held through nominee account