



HIBISCUS PETROLEUM BERHAD - PRESS RELEASE

Hibiscus Petroleum Completes Acquisition of the North Sabah PSC from Shell

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- Hibiscus Petroleum secures second revenue stream with completion of the transaction to acquire 50% participating interests in the North Sabah PSC from Shell.
 - Operatorship of the assets have been transferred from Shell to SEA Hibiscus.
 - Significant boost in Hibiscus Petroleum's oil production and 2P Reserves.
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Kuala Lumpur, 2 April 2018 – 8.00a.m.

Hibiscus Petroleum Berhad ("**Hibiscus Petroleum**" or the "**Company**" or the "**Group**") is pleased to announce that its indirect wholly owned subsidiary SEA Hibiscus Sdn Bhd ("**SEA Hibiscus**") has completed its acquisition of a 50% participating interest in the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract ("**North Sabah PSC**" or the "**PSC**") and the joint operating agreement ("**JOA**") in relation to the PSC.

To recap, SEA Hibiscus had, on 12 October 2016, entered into a conditional sale and purchase agreement ("**SPA**") with Sabah Shell Petroleum Company Limited and Shell Sabah Selatan Sdn Bhd (collectively "**Shell**") to acquire Shell's participating interests in the PSC between Petroliam Nasional Berhad ("**PETRONAS**"), Shell and PETRONAS Carigali Sdn Bhd ("**PETRONAS Carigali**"), and the JOA between Shell and PETRONAS Carigali for the total purchase consideration of US\$25 million.

The North Sabah PSC includes 20 offshore platforms across four producing fields located in the South China Sea, off the west coast of Sabah, and the Labuan Crude Oil Terminal located in the Labuan Federal Territory, in Malaysia. The fields have been producing since 1979 and the PSC provides the Group with operatorship and production rights up to 2040.

Hibiscus Petroleum Chairman, En Zainul Rahim said, "*We would like to thank all the parties involved especially PETRONAS, PETRONAS Carigali and Shell for their support which has enabled us to complete this acquisition. The North Sabah PSC constitutes our second producing asset, providing the Company with another revenue stream after the Anasuria Cluster. It is an exciting time for Hibiscus Petroleum as we expand and strengthen our technical and operating capabilities, profitability and balance sheet. This is an example of Hibiscus Petroleum's strategy to grow shareholder value by focusing our activities on assets where we believe we can offer a unique value proposition to enhance production from mature assets in regions of our geographic focus.*"

Furthermore, the North Sabah PSC will significantly boost the Group's production and proven and probable reserves (2P Reserves). On a 100% PSC basis, the total oil production averaged approximately 14.6 kbbls/day in 2017, with 2P Reserves and contingent oil resources (2C Resources) as of 1 January 2018 at approximately 40.9 mmbbls and 79 mmbbls, respectively.

Having met all the conditions precedent under the SPA, the transfer of operatorship from Shell to SEA Hibiscus concluded on 31 March 2018 and SEA Hibiscus thereby assumed the role of operator of the North Sabah PSC. As operator, SEA Hibiscus will be responsible for the day-to-day operations and management of the work activities of the assets within the North Sabah PSC.

“We are pleased to welcome the highly capable team which has transferred from Shell to SEA Hibiscus and look forward to working closely with PETRONAS and PETRONAS Carigali to maximise the economic value of this asset. Whilst we are excited to develop the opportunities that have been identified to realise the considerable potential within the North Sabah PSC fields, our focus will be to improve the performance of the asset in a safe and environmentally responsible manner,” said Dr Pascal Hos, Chief Executive Officer of SEA Hibiscus.

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About Hibiscus Petroleum Berhad

Hibiscus Petroleum Berhad (Hibiscus Petroleum) is Malaysia’s first listed independent oil and gas exploration and production company. Its key activities are focused on monetising its oil producing fields and growing its portfolio of development and production assets in areas of its geographical focus: United Kingdom, Malaysia and Australia. Hibiscus Petroleum is headquartered in Kuala Lumpur, and its shares are listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities).

For more information, please refer to <http://www.hibiscuspetroleum.com>