



HIBISCUS PETROLEUM BERHAD - PRESS RELEASE

Hibiscus Petroleum's Middle East Success Spikes Interest in Exploration in Gippsland Basin, Australia

- Hibiscus Petroleum's joint venture, HIREX, to receive 20% equity in VIC/P57 Exploration Permit from 3D Oil in exchange for use of the Rex Virtual Drilling technology
 - Hibiscus Petroleum to increase its stake in VIC/P57 by a further 5%
 - Exploration well with potential of 11 million barrels of oil to be drilled in VIC/P57 in first half 2015
 - Hibiscus Petroleum to increase interest in the West Seahorse proven field with estimated 8 million barrels of oil
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Kuala Lumpur, 12 May 2014: Following Hibiscus Petroleum Berhad's (Hibiscus Petroleum) successful oil discovery in the Middle East in early February 2014, its Australian partner 3D Oil Limited (3D Oil) has agreed to transfer a 20% interest in the VIC/P57 exploration permit located in the Gippsland Basin off Victoria to HiRex Petroleum Sdn Bhd¹ (HIREX) at a nominal cost. The Gippsland Basin is known to be the most oil-prolific offshore basin in Australia.

In a Heads of Agreement signed on 12 May 2014 between 3D Oil, Carnarvon Hibiscus Pty Ltd (CHPL), Althea Corporation Limited² and HIREX, a further 5% interest in the VIC/P57 exploration permit is to be transferred to Hibiscus Petroleum as part of this transaction also at a nominal cost.

HIREX, the joint venture primarily between Hibiscus Petroleum and Singapore-listed, Rex International Holding Limited and licence holder of the proprietary Rex Virtual Drilling (RVD)³ technology, will apply the RVD to locate the best hydrocarbon prospects in the concession.

Using the RVD technology in the VIC/P57 exploration permit (which is believed to have multiple prospects) would allow the VIC/P57 partners to assess the best targets for drilling. RISC Operations Pty Ltd engaged by Hibiscus Petroleum in 2012, had estimated prospective resources of 11 million barrels of oil (mmboe) at Sea Lion, an exploration prospect in close proximity to the proven West Seahorse field. Other exploration prospects in VIC/P57, including Felix, provide further upside. An exploration well is planned to be drilled in VIC/P57 in the first half of 2015 and advanced plans are in place to confirm a rig to undertake the drilling operations.

As a second component of this agreement, CHPL has an exclusive option to increase its stake in the proven VIC/L31 West Seahorse oilfield from its current 50.1% to 100% at fair market value. The West Seahorse oilfield contains 6.5 million barrels of proven oil reserves and contingent resources of 1.5 million barrels of oil, as certified by independent expert Gaffney, Cline & Associates (GCA).

In the last quarter of 2013, the Field Development Plan for VIC/L31 was approved and a Production Licence over the West Seahorse oilfield was awarded to CHPL as Operator.

Under the final component of the agreement, CHPL will pay approximately USD7.5 million to 3D Oil for its 49.9% share in the *Britannia* rig, which is already 50.1% owned by CHPL, thus providing CHPL with 100% ownership of the rig. The proceeds from the sale of the rig shall be used by 3D Oil to cover its share of the costs of drilling one exploration well in VIC/P57, planned for the first half of 2015.

“We are very excited by this Heads of Agreement for a number of reasons,” said Steve Dechant, Chief Development Officer of Hibiscus Petroleum and Director of CHPL. “We believe there to be several exploration opportunities within VIC/P57 and in partnership with HIREX, we hope to identify several high-impact drilling prospects. In addition, the possibility of full ownership of the economically viable West Seahorse licence gives us the option to advance plans to develop this proven field.

“Finally, full ownership of the *Britannia* provides flexibility in deciding where to deploy this rig. Having just discovered oil in the Middle East, we are now carefully weighing various options as to which field to deploy the *Britannia*. Whichever field we choose, our transition from an asset owner to an oil producer will be a key milestone for the Company, further building on our success in the Middle East to create long-term sustainability.”

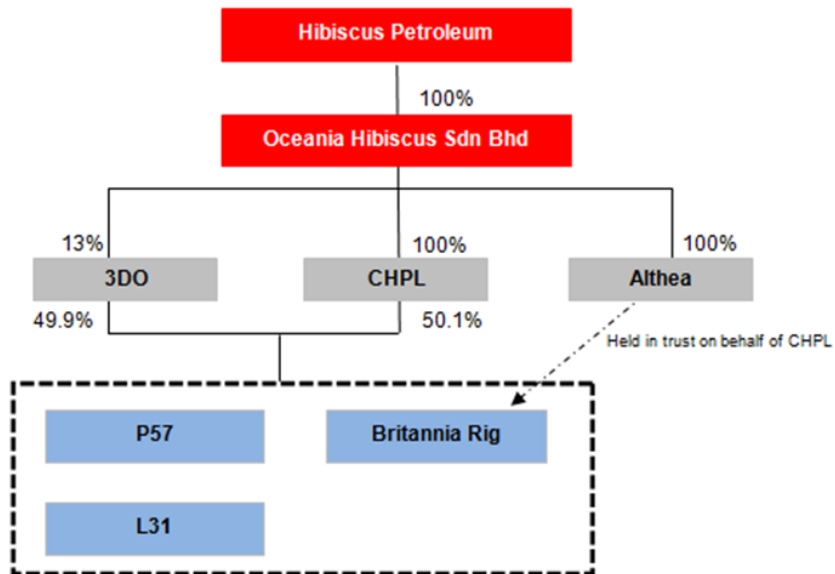
The parties are targeting to sign a set of binding agreements within 40 days of the HOA, which will then be subject to, amongst other conditions, 3D Oil’s shareholders’ approval.

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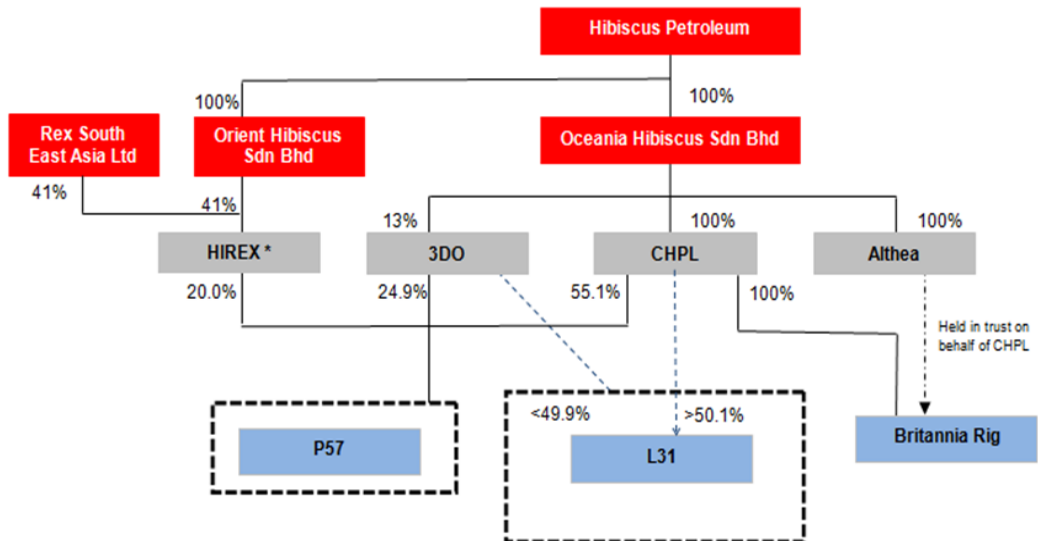
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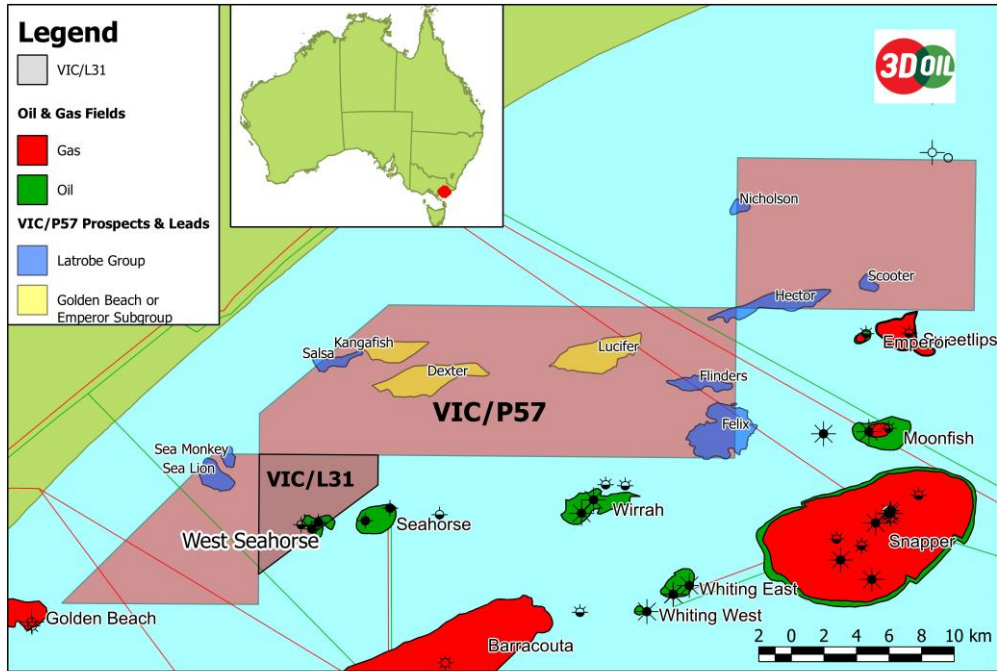
1. HIREX, which is 41% owned by each of Hibiscus Petroleum and Rex International Holding Limited, has the first right of refusal to use the RVD technology in 11 countries in the Asia-Pacific region, including Australia, in exchange for equity interests in exploration assets.
2. Althea Corporation is the bare trustee for CHPL, a 100%-owned subsidiary of Hibiscus Petroleum, which holds the interest of the *Britannia* rig.
3. *Rex Virtual Drilling is a software-based tool which relies on the phenomenon of resonance in seismic data to detect liquid hydrocarbon deposits .*

Before the Proposed Transactions



After the Proposed Transactions





Location map showing the West Seahorse Production Licence VIC/L31 and Exploration Permit VIC/P57

About Hibiscus Petroleum Berhad

Hibiscus Petroleum Berhad (HIBISCUS: 5199) is Malaysia's first listed independent exploration and production company. It was listed on the Main Market of Bursa Malaysia Securities Berhad in July 2011. Hibiscus Petroleum is focused on the exploration and development of oil and gas fields in the Middle East, Norway, South Asia, East Asia, and Oceania regions. For more information, please visit our website at <http://www.hibiscuspetroleum.com>.

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