



HIBISCUS PETROLEUM BERHAD - PRESS RELEASE

Hibiscus Petroleum one step closer towards realising production in Australia

- Hibiscus Petroleum Group signs binding agreements to increase the group's stake in both VIC/L31 Production Licence (West Seahorse discovery) and VIC/P57 Exploration Permit
 - Hibiscus Petroleum's joint venture, HIREX, receives an option to acquire 20% equity in VIC/P57 Exploration Permit from 3D Oil in exchange for use of Rex Virtual Drilling technology
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Kuala Lumpur, 7 July 2014: The Hibiscus Petroleum Berhad (Hibiscus Petroleum) group, had on 4 July 2014, signed a series of binding agreements with its Australian partner, 3D Oil Limited (3D Oil), to increase its effective stake in both the VIC/L31 Production Licence which contains the West Seahorse discovered field, and the VIC/P57 Exploration Permit which is believed to contain several exploration opportunities.

Hibiscus Petroleum through its subsidiary, Carnarvon Hibiscus Pty Ltd (Carnarvon Hibiscus) currently holds a 50.1% stake in both licences located in the Gippsland Basin, known to be the most oil-prolific offshore basin in Australia.

The arrangements as envisaged through the agreements will provide the Hibiscus Petroleum group with:

- An increase in Carnarvon Hibiscus' interest in the VIC/L31 Production Licence (West Seahorse discovery) from 50.1% to 56.17%, for a sum of USD1.945 million under a debt conversion exercise.
- An exclusive option to further increase its stake in the VIC/L31 Production Licence (VIC/L31 Option) from 56.17% to 100% for USD14.05 million, based on a fair market value of 3DO's 49.9% stake in the West Seahorse field determined by Deloitte Touche Tohmatsu.
- An increase in Carnarvon Hibiscus' interest in the VIC/P57 Exploration Permit from 50.1% to 55.1%.
- A purchase of 3D Oil's 49.9% share of the Britannia rig which is already 50.1% owned by Carnarvon Hibiscus, thus providing Carnarvon Hibiscus with 100% ownership of the Britannia rig. The total consideration for the Britannia rig and the 5% interest in VIC/P57 Exploration Permit is USD7.5 million.

- An exclusive option for Hibiscus Petroleum’s joint venture, HiRex Petroleum Sdn Bhd (HIREX) to obtain a 20% equity in VIC/P57 Exploration Permit (VIC/P57 Option) from 3D Oil in exchange for use of the Rex Virtual Drilling¹ technology.

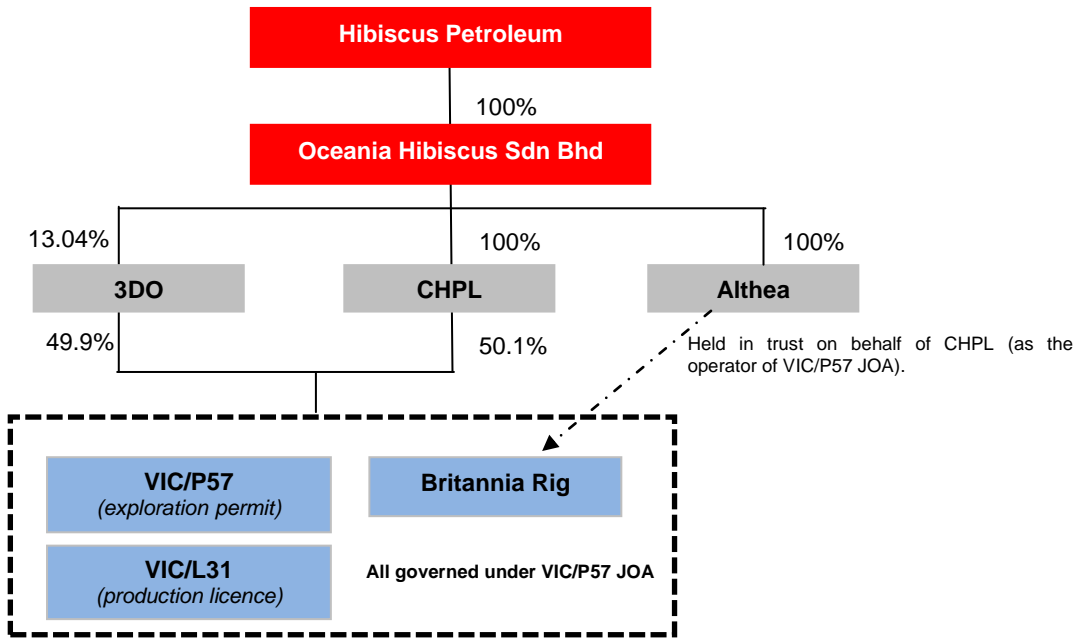
The option of full ownership of the West Seahorse production licence gives Hibiscus Petroleum more latitude to advance development plans of West Seahorse which contains 6.5 million barrels of proven oil reserves and contingent resources of 1.5 million barrels of oil, as certified by independent expert Gaffney, Cline & Associates. Having full ownership of the Britannia rig will also allow Hibiscus Petroleum to solely decide the most beneficial location to deploy this facility.

With respect to the VIC/P57 Exploration Permit, HIREX’s entry would allow the joint venture parties to pursue low risk, high impact exploration in VIC/P57 Exploration Permit using Rex Virtual Drilling technology provided by HIREX.

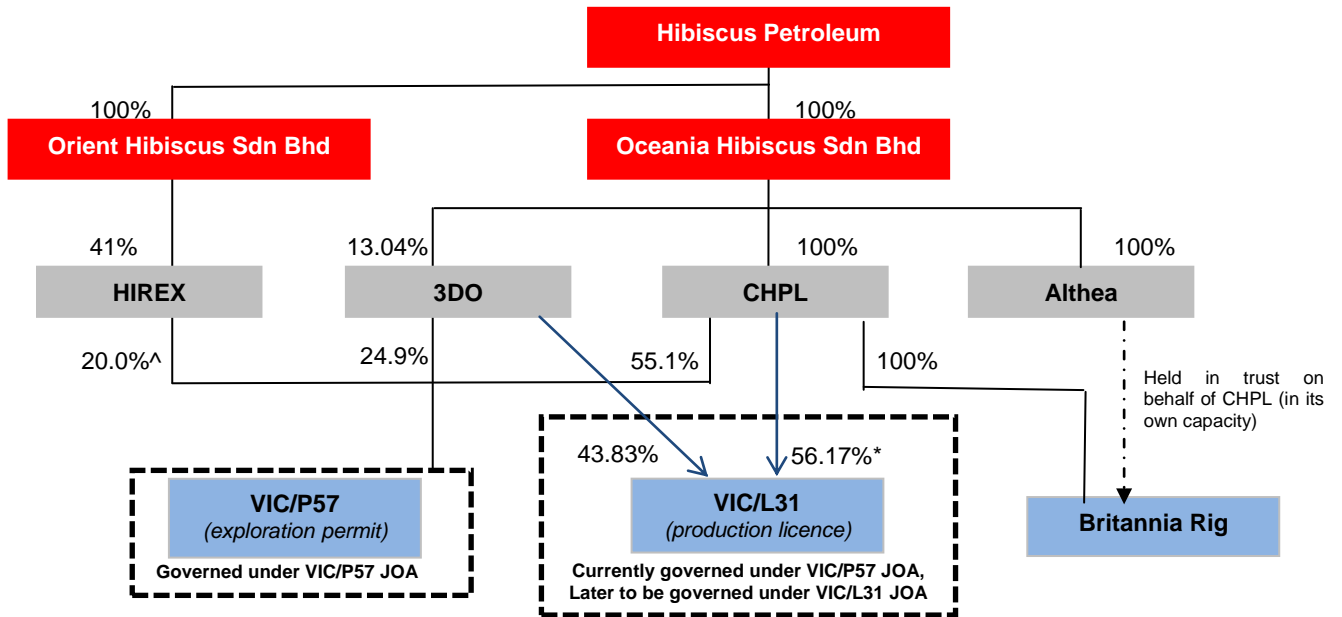
These agreements are in relation to Hibiscus Petroleum’s announcement on 12 May 2014 regarding the signing of a Heads of Agreement with 3D Oil, a preliminary move towards allowing both parties to exploit the full potential of the VIC/P57 Exploration Permit and VIC/L31 Production Licence within their respective financial capacities. These binding agreements are subject to approvals from 3D Oil’s shareholders, the Australian Foreign Investment Review Board and NOPTA (National Offshore Petroleum Titles Administrator).

1. 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



Notes:

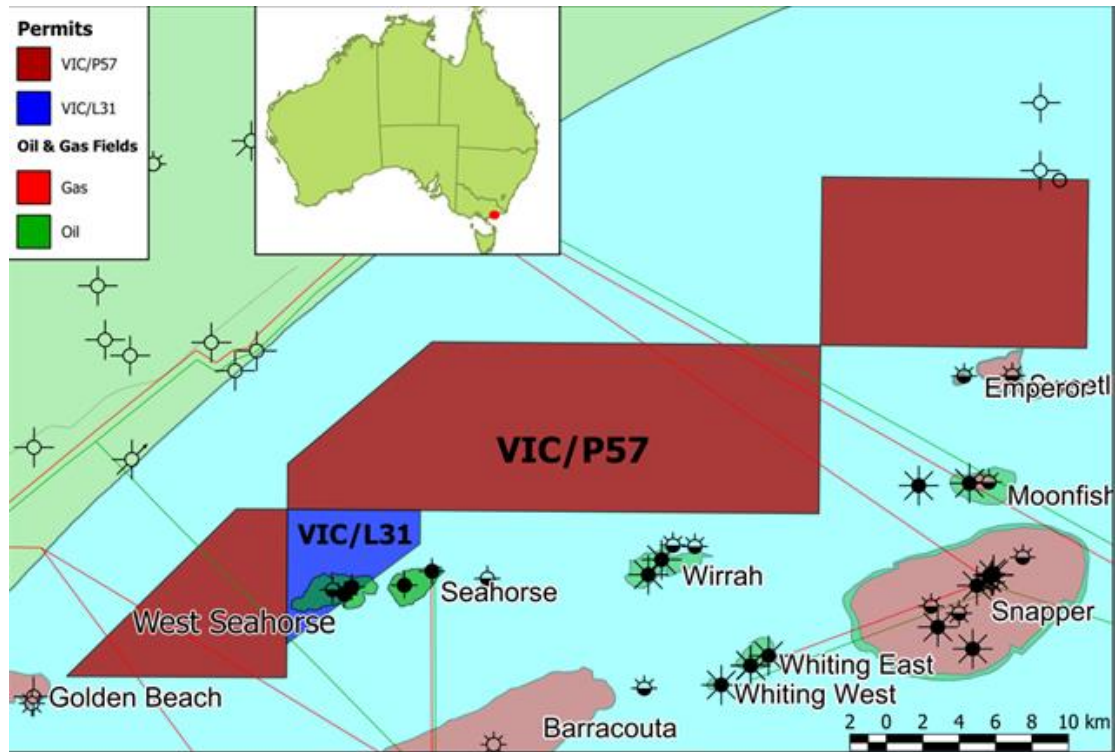
^ Upon exercise of the VIC/P57 Option.

* Upon exercise of the VIC/L31 Option, CHPL's interest in VIC/L31 will increase to 100%.

Althea Althea Corporation Limited

CHPL Carnarvon Hibiscus Pty Ltd

JOA Joint Operating Agreement



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

About Hibiscus Petroleum Berhad

Hibiscus Petroleum Berhad (HIBISCS: 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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