

HIBISCUS PETROLEUM BERHAD - PRESS RELEASE

HIBISCUS PETROLEUM TO ACQUIRE SHELL'S INTERESTS AND OPERATORSHIP IN THE NORTH SABAH EOR PSC

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- Hibiscus Petroleum acquires interests in second producing asset in a Malaysian deal with Shell
 - Operatorship of four producing oil fields offshore Sabah and the Labuan Crude Oil Terminal to be transferred to SEA Hibiscus
 - Significant additional oil production and access to proven and probable oil and gas reserves to be added to Hibiscus Petroleum's portfolio
 - Transaction is subject to PETRONAS and Petronas Carigali approvals
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12 October 2016 – 5 p.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 entered into a conditional sale and purchase agreement with Sabah Shell Petroleum Company Limited and Shell Sabah Selatan Sdn Bhd (collectively "Shell") to acquire Shell's entire fifty percent participating interests in the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract ("PSC") for a purchase consideration of USD 25 million (excluding post completion adjustments and reimbursements to Shell). Shell's interest also include operatorship responsibilities which would transfer from Shell to the SEA Hibiscus through a transfer of operatorship program.

This acquisition is expected to complete in 2017 and is subject primarily to obtaining regulatory approval of Petroliaam Nasional Berhad ("PETRONAS") and consent of Petronas Carigali Sdn Bhd ("Petronas Carigali"), a fifty percent joint venture partner in the PSC.

The PSC comprises of four producing oil fields and associated infrastructure; i.e. St Joseph, South Furious, SF30, and Barton oilfields. The PSC also contains pipeline infrastructure and the Labuan Crude Oil Terminal. Total oil production (on a 100% PSC basis) averaged approximately 18 kbbls / day in 2015. The PSC provides long-term production rights until 2040 with identified future development opportunities.

Dr Kenneth Pereira, Managing Director of Hibiscus Petroleum commented, "Having built our portfolio of assets and developed our track record as an oil and gas company globally, we are pleased with this opportunity to demonstrate our capabilities and further evolve the Company into a late field life operator that will deliver long term value to Malaysia. This acquisition is in line with the growth strategy of the Group to invest in profitable development and producing business operations in our identified core geographical areas of interest. It also provides the Group with immediate access to proven and probable oil & gas reserves with future potential upside."

"We look forward to working with Petronas Carigali and PETRONAS and strengthening existing relationships there. This is a significant milestone for Hibiscus Petroleum. When we created Hibiscus Petroleum, this was our goal, to invest in Malaysia and to apply our knowledge and experience to create value in our own backyard. I firmly believe that this acquisition will result in long term value for the Company and its shareholders, PETRONAS, Sabah and the nation as a whole."

For enquiries, kindly contact:

Head Office

HIBISCUS PETROLEUM BERHAD (798322-P)

Second Floor, Tower Block

Syed Kechik Foundation Building

Jalan Kapas, Bangsar

59100 Kuala Lumpur

Tel : +6 03 2092 1300 Fax : +6 03 2092 1301

Investors and Media

Uday Jayaram (VP Corporate Planning &
Investor Relations)

uday@hibiscuspetroleum.com

Telephone: +60 12 298 2988

www.hibiscuspetroleum.com

About Hibiscus Petroleum

Hibiscus Petroleum Berhad (HIBISCS: 5199) is Malaysia's first listed independent oil and gas 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, development and production of oil and gas fields in Europe, Australia, and Southeast Asia regions.

Learn more at <http://www.hibiscuspetroleum.com>