HIBISCUS PETROLEUM BERHAD

(Company No : 798322-P)
(Incorporated in Malaysia)

Unaudited Quarterly Financial Report
30 June 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	QUARTER ENDED 30.06.2015 RM'000	PERIOD ENDED 30.06.2015 RM'000
REVENUE		831	15,586
Other income		1,000	24,514
Administrative expenses		(21,281)	(65,187)
Other expenses		(2,235)	(22,578)
Finance costs		-	(8)
Share of losses of an associate		(93)	(1,443)
Share of losses of joint ventures		(12,479)	(26,696)
LOSS BEFORE TAXATION	25	(34,257)	(75,812)
Taxation	26	(17)	1,596
LOSS AFTER TAXATION		(34,274)	(74,216)
LOSS AFTER TAXATION ATTRIBUTABLE TO:			
Owners of the Company		(34,274)	(74,216)
LOSS PER SHARE (SEN)			
Basic	24	(3.72)	(9.68)
Diluted	24	(3.72)	(9.68)

The Unaudited Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the audited financial statements for the financial period ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	QUARTER ENDED 30.06.2015 RM'000	PERIOD ENDED 30.06.2015 RM'000
LOSS AFTER TAXATION	(34,274)	(74,216)
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Foreign currency translation*	5,687	28,462
TOTAL COMPREHENSIVE EXPENSES FOR THE QUARTER/PERIOD	(28,587)	(45,754)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:		
Owners of the Company	(28,587)	(45,754)

** Arising from translation of Group entities' financial statements with different functional currencies recognised directly in reserves.*

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 30.06.2015 RM'000	AUDITED AS AT 31.12.2013 RM'000
ASSETS			
NON-CURRENT ASSETS			
Investment in an associate		5,022	13,758
Investments in joint ventures		259,310	209,156
Intangible assets		144,774	61,787
Equipment		55,451	31,124
		464,557	315,825
CURRENT ASSETS			
Other receivables, deposits and prepayments		67,477	2,239
Tax recoverable		-	1,241
Amounts owing by joint ventures		12,656	4,984
Amount owing by an associate		970	1,968
Fixed deposits with licensed banks		-	34,755
Cash and bank balances		5,930	27,650
		87,033	72,837
TOTAL ASSETS		551,590	388,662
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	9,278	5,099
Other reserves		574,403	363,187
(Accumulated losses)/Retained earnings		(71, 944)	1,849
		511,737	370,135
CURRENT LIABILITIES			
Other payables and accruals		26,970	16,242
Amount owing to an associate		11,849	1,018
Amount owing to a joint venture		240	-
Deferred revenue		554	-
Provision for taxation		21	40
Redeemable Convertible Preference Shares ("**RCPS**")		219	219
Convertible Redeemable Preference Shares ("**CRPS**")	10	-	1,008
		39,853	18,527
TOTAL LIABILITIES		39,853	18,527
TOTAL EQUITY AND LIABILITIES		551,590	388,662
NET ASSETS PER SHARE (RM)		0.55	0.73

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial period ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<--------------------- NON-DISTRIBUTABLE	-------------------->					
	SHARE CAPITAL RM'000	**SHARE PREMIUM RM'000**	**WARRANT RESERVE RM'000**	**OTHER RESERVE RM'000**	**FOREIGN EXCHANGE RESERVE RM'000**	**RETAINED EARNINGS/ (ACCUMULATED LOSSES) RM'000**	**TOTAL RM'000**
18 months to 30.06.2015							
As at 01.01.2014	5,099	265,465	87,753	-	9,969	1,849	370,135
Conversion of warrants	3,812	240,661	(87,330)	-	-	-	157,143
Conversion of CRPS	6	1,011	-	-	-	-	1,017
Issuance of shares	361	28,594	-	-	-	-	28,955
Share-based payment	-	-	-	241	-	-	241
Transfer of warrant reserve to retained earnings/ (accumulated losses)	-	-	(423)	-	-	423	-
Loss after taxation	-	-	-	-	-	(74,216)	(74,216)
Other comprehensive income, net of tax: Foreign currency translation	-	-	-	-	28,462	-	28,462
Total comprehensive income/ (expenses) for the period	-	-	-	-	28,462	(74,216)	(45,754)
As at 30.06.2015	9,278	535,731	-	241	38,431	(71, 944)	511,737

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial period ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	PERIOD ENDED 30.06.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before taxation	(75,812)
Adjustments for:	
Depreciation of equipment	8,761
Interest income	(1,081)
Unrealised gain on foreign exchange	(6,719)
Finance costs	8
Impairment of investment in an associate	6,062
Impairment of receivables	242
Share of losses of an associate	1,443
Share of losses of joint ventures	26,696
Operating loss before working capital changes	(40,400)
Increase in other receivables, deposits and prepayments	(15,500)
Increase in other payables and accruals	16,189
Increase in amounts owing by joint ventures	(7,071)
Increase in amount owing to an associate	11,635
Cash used in operating activities	(35,147)
Tax refunds	2,816
Net cash used in operating activities	(32,331)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	(33,410)
Interest received	1,081
Investment in a joint venture	(49,059)
Deposit for an investment	(44,303)
Acquisition of intangible assets	(83,953)
Net cash used in investing activities	(209,644)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of ordinary shares	186,099
Deposit refunded to a CRPS placee	(5,454)
Net cash generated from financing activities	180,645
Net decrease in cash and cash equivalents	(61, 330)
Effects of foreign exchange rate changes	4,855
Cash and cash equivalents at beginning of the financial period	62,405
	5,930
Less: Cash restricted in use	(1,821)
Cash and cash equivalents at end of the financial period	4,109

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial period ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

1 BASIS OF PREPARATION

The unaudited Quarterly Report has been prepared in accordance with the reporting requirements as set out in the Malaysian Financial Reporting Standard ("**MFRS**") 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("**MASB**") and Paragraph 9.22 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), and should be read in conjunction with the Group's audited financial statements for the financial period ended 31 December 2013 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

The explanatory notes attached to the unaudited condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 31 December 2013.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited condensed financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the financial period ended 31 December 2013, except for the adoption of Amendments to Standards and Issue Committee ("**IC**") Interpretations effective as of 1 January 2014.

2.1 Adoption of Amendments to Standards and IC Interpretations

The Group has adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2014:

Amendments to MFRS 10	*Consolidated Financial Statements: Investment Entities*
Amendments to MFRS 12	*Disclosure of Interests in Other Entities: Investment Entities*
Amendments to MFRS 119	*Defined Benefit Plans: Employee Contributions*
Amendments to MFRS 127	*Separate Financial Statements: Investment Entities*
Amendments to MFRS 132	*Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
Amendments to MFRS 139	*Novation of Derivatives and Continuation of Hedge Accounting*
IC Interpretation 21	*Levies*
Annual Improvements to MFRSs 2010 - 2012 Cycle	(Amendments to MFRS 2 *Share-based Payment*, MFRS 3 *Business Combinations*, MFRS 8 *Operating Segments,* MFRS 13 *Fair Value Measurement*, MFRS 116 *Property, Plant and Equipment*, MFRS 124 *Related Party Disclosures* and MFRS 138 *Intangible Assets*)
Annual Improvements to MFRSs 2011 - 2013 Cycle	(Amendments to MFRS 1 *First-time Adoption of Financial Reporting Standards*, MFRS 3 *Business Combinations*, MFRS 13 *Fair Value Measurement* and MFRS 140 *Investment Property*)

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Adoption of Amendments to Standards and IC Interpretations (Cont'd)

The adoption of the above amendments and interpretation did not have any impact on the financial statements of the Group.

2.2 Standards issued but not yet effective

At the date of authorisation of the Quarterly Report, the following Standards were issued but not yet effective and have not been adopted by the Group:

Description		**Effective for financial periods beginning on or after**
MFRS 9	*Financial Instruments*	1 January 2018
MFRS 15	*Revenue from Contracts with Customers*	1 January 2017
Amendment to MFRS 11	*Joint Arrangements*	1 January 2016
Amendments to MFRS 101	*Presentation of Financial Statements*	1 January 2016
Amendment to MFRS 127	*Separate Financial Statements*	1 January 2016
Amendments to MFRS 10 and MFRS 128	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to MFRS 116 and MRFS 138	*Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	*Investment Entities: Applying the Consolidation Exception*	1 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle	(Amendments to MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, MFRS 7 *Financial Instruments: Disclosures*, MFRS 119 *Employee Benefits*, MFRS 134 *Interim Financial Reporting*)	1 January 2016

The Group will adopt the above standards and amendments when they become effective in the respective financial periods. The Group is in the process of making an assessment of the impact of the adoption of these standards and amendments to existing standards.

3 SEASONAL OR CYCLICAL FACTORS

The Group's operations were not significantly affected by any seasonal or cyclical factors.

4 SIGNIFICANT/UNUSUAL ITEMS

Save as disclosed below, there were no other significant or unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial period ended 30 June 2015:

(i) Lime Petroleum Plc ("**Lime**") holds a 100% equity stake in Lime Petroleum Norway AS ("**Lime Norway**"), which has interests in 16 production licences in the Norwegian Continental Shelf ("**NCS**"). Hibiscus Petroleum Berhad ("**Hibiscus Petroleum**" or the "**Company**"), via its wholly-owned subsidiary company, Gulf Hibiscus Limited ("**Gulf Hibiscus**"), holds a 35% equity stake in Lime.

As part of Lime's growth strategy with Norway taking an increasingly important focus, Lime's shareholders had injected USD16 million (RM52.5 million) into Lime in January 2014 to facilitate the drawdown of a Norwegian Kroner ("**NOK**") 300 million (USD48.6 million / RM159.5 million) government-backed loan from Skandinaviska Enskilda Banken AB ("**SEB**"), a Nordic corporate bank. Out of the total advance of USD16 million, Gulf Hibiscus contributed USD5.6 million (RM18.4 million), to maintain its 35% indirect equity interest in Lime Norway. The loan facility agreement with SEB was executed in December 2013. In March 2015, Lime Norway secured an increase in the financing facility from SEB to NOK700 million (USD97.3 million / RM341.3 million) to fund its drilling programme in 2015.

In March 2015, Lime had injected a further NOK100 million (USD12.2 million / RM45.4 million), of which Gulf Hibiscus contributed NOK35 million (USD4.3 million / RM15.9 million), to maintain its 35% indirect equity interest in Lime Norway.

As at the date of this Quarterly Report, total funds injected by Lime into Lime Norway amounted to USD35.2 million (RM120.6 million).

Please refer to our announcements dated 9 January 2014, 23 March 2015, 1 April 2015 and 16 April 2015.

(ii) On 27 February 2014, the Company and Pacific Meadow Sdn. Bhd. ("**Pacific Meadow**") had mutually agreed to terminate the conditional subscription agreement dated 3 October 2013 for Pacific Meadow's proposed subscription of RM109.07 million existing CRPS ("**Termination**"). The Termination was made to, among others, ensure that there would be no unnecessary dilutive effect to the shareholders' equity holding in the Company, as the conversion price of the CRPS of RM1.85 (based on the 5-day volume weighted average market price of the Company's shares immediately prior to the price fixing date) was approximately 13.1% below RM2.13, based on the last transacted price of the Company's shares on the Main Market of Bursa Securities on 26 February 2014, prior to the Termination.

On 18 March 2014, following the Termination, the proposed variation to extend the maturity date of the existing CRPS from 30 April 2014 to 31 December 2014, was not proceeded with. Thus, the maturity date of the existing CRPS remained as 30 April 2014.

Please refer to our announcements dated 27 February 2014 and 18 March 2014.

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

(iii) In July 2014, Lime Norway surrendered PL509S, PL509BS and PL509CS following the deadline for a drill or drop decision by 23 July 2014. The decision was made pursuant to the assessment of results from reprocessed seismic data, the application of Rex Virtual Drilling[1] ("**RVD**") and electromagnetic surveys.

The write-off of costs relating to the relinquishment of these licences do not have a material impact on the results of the Group.

Please refer to our announcement dated 24 July 2014.

(iv) Warrants-A and Warrants-B were both issued on 21 July 2011 in registered form and were exercisable anytime during the period commencing from 18 April 2012 up to 24 July 2014. Upon expiry on 24 July 2014, 99.6% of the total Warrants-A of 334,436,522 were exercised, leaving only 1,439,325 Warrants-A unexercised. All of the 83,611,200 Warrants-B were exercised. Total warrant proceeds received during the tenure of the warrants are RM174.9 million, out of which RM157.1 million was received in 2014.

(v) Lime, through its wholly-owned subsidiary company, Lime Petroleum Ltd ("**Lime Ltd**"), has a 64% stake in Masirah Oil Limited ("**Masirah Oil**").

Masirah Oil issued three capital calls during the financial period.

The shareholders of Lime subscribed for a total of 9.8 million ordinary shares in Lime on 21 July 2014, 30 December 2014 and 14 April 2015 following the capital calls for a total amount of USD9.8 million. Out of the total capital injection of USD9.8 million, Gulf Hibiscus subscribed for 3.4 million ordinary shares in Lime for USD3.4 million (RM11.8 million) to maintain its 35% equity interest in Lime.

(vi) Lime, through Lime Ltd, has a 100% stake in Zubara Petroleum Limited ("**Zubara Petroleum**") and Baqal Petroleum Limited ("**Baqal Petroleum**").

Pursuant to the funds requirement of USD3.134 million for budgeted activities of Zubara Petroleum and to meet routine expenditure of Baqal Petroleum and Lime, the shareholders of Lime subscribed for 3.134 million ordinary shares in Lime on 16 September 2014. Out of the total capital injection of USD3.134 million, Gulf Hibiscus subscribed for 1.097 million ordinary shares in Lime for USD1.097 million (RM3.5 million) to maintain its 35% equity interest in Lime.

[1] *An algorithmic software which analyses seismic datasets to identify the location of liquid hydrocarbons in the ground.*

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

(vii) On 17 November 2014, the Company announced the completion of the following transactions between Carnarvon Hibiscus Pty Ltd ("**CHPL**"), Althea Corporation Limited ("**Althea**") (both of which are Hibiscus Petroleum's wholly-owned subsidiaries via Oceania Hibiscus Sdn. Bhd. ("**Oceania Hibiscus**")), HiRex Petroleum Sdn. Bhd. ("**HIREX**") and 3D Oil Limited ("**3D Oil**"):

- acquisition of 49.9% interest in the Britannia Rig by CHPL from 3D Oil and the trust re-alignment for Althea to act as the bare trustee on bare trust for CHPL in its own capacity (rather than in the capacity as a joint operating agreement operator) and acquisition of 5% interest in the VIC/P57 Exploration Permit ("**VIC/P57**") by CHPL from 3D Oil for USD7.5 million, paid between May 2014 and August 2014;

- acquisition of 3D Oil's 49.9% interest in the VIC/L31 Production Licence ("**VIC/L31**") by CHPL for USD16 million, fully settled in October 2014; and

- exercise of option by HiRex (Australia) Pty Ltd ("**HiRex Australia**"), a wholly-owned subsidiary of HIREX, to acquire 3D Oil's 20% interest in VIC/P57.

HIREX had on 14 August 2015 entered into a call option agreement with CHPL whereby HIREX had granted CHPL a call option to acquire 100% of the entire issued and paid-up share capital of HiRex Australia, for a call option price of USD1.00 ("**Proposed Call Option**"). CHPL had on the same day exercised the Proposed Call Option. Please refer to Part B, Item 17 (iii) of this Quarterly Report for further details.

Please refer to our announcements dated 12 May 2014, 23 June 2014, 7 July 2014, 11 August 2014, 12 August 2014, 15 August 2014, 21 October 2014, 17 November 2014 and 14 August 2015.

(viii) The proposed placement of up to 89,164,225 new ordinary shares of RM0.01 each in the Company ("**Hibiscus Petroleum Shares**"), pursuant to the approval obtained from the shareholders of the Company at its Annual General Meeting for the Board to allot and issue new Hibiscus Petroleum Shares not exceeding 10% of the Company's issued share capital for the time being, pursuant to Section 132D of the Companies Act, 1965 ("**Placement Shares**")

Please refer to Part B, Item 17 (i) of this Quarterly Report for further details.

(ix) The proposed acquisition of 25% interest in the Kitan producing oilfield

On 23 June 2014, the Company announced that its wholly-owned subsidiary, Timor Hibiscus Limited ("**Timor Hibiscus**"), had entered into a conditional share sale agreement ("**SSA**") with Talisman Oil & Gas (Australia) Pty Limited and the Company (as Timor Hibiscus' guarantor) to acquire the entire equity interest in Talisman Resources (JPDA 06-105) Pty Limited, which in turn holds a 25% interest in the Kitan producing oilfield for a purchase price of USD18 million.

As announced on 1 June 2015 and 4 June 2015, the SSA has been terminated and is now at an end.

The Company will make further announcements of any material development on this matter from time to time, if any.

Please refer to the announcements dated 23 June 2014, 21 August 2014, 1 June 2015 and 4 June 2015.

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

(x) The proposed acquisition of 50% interest in the Anasuria Cluster

Please refer to Part B, Item 17 (ii) of this Quarterly Report for further details.

5 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in the prior financial periods that have a material effect in the financial period ended 30 June 2015.

6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL QUARTER

Save as disclosed in Note 17 of this Quarterly Report, there were no other material events subsequent to the end of the financial period ended 30 June 2015 up to the date of this report.

7 CHANGES IN THE COMPOSITION OF THE GROUP

On 20 June 2014, the Company acquired Timor Hibiscus, a company incorporated in Labuan under the Labuan Companies Act, 1990, with an issued and paid-up capital of USD1.00 comprising 1 ordinary share of USD1.00. On 2 July 2014, the paid-up capital of Timor Hibiscus increased to USD1 million. Timor Hibiscus is a wholly-owned subsidiary of the Company. The principal activity of Timor Hibiscus is investment holding.

On 27 June 2014, the Company acquired Hibiscus Technical Services Sdn Bhd ("**Hibiscus Technical Services**"), a company incorporated in Malaysia under the Companies Act, 1965, with an authorised share capital of 500,000 ordinary shares of RM1.00 each and a paid-up capital of RM2.00. On 3 July 2014, the paid-up capital of Hibiscus Technical Services increased to RM500,000. Hibiscus Technical Services is a wholly-owned subsidiary of the Company. Hibiscus Technical Services is an investment holding company which also provides project management, technical and other services relating to the oil and gas industry.

On 5 August 2015, the Company acquired Atlantic Hibiscus Sdn Bhd ("**Atlantic Hibiscus**"), a company incorporated in Malaysia under the Companies Act, 1965, with an authorised share capital of 400,000 ordinary shares of RM1.00 each and a paid-up capital of RM2.00. Atlantic Hibiscus is a wholly-owned subsidiary of the Company. The principal activity of Atlantic Hibiscus is investment holding. Concurrently, Atlantic Hibiscus has, on 5 August 2015, become the sole shareholder of Anasuria Hibiscus UK Limited ("**Anasuria Hibiscus**"), a company incorporated under the laws of England and Wales, with an issued and paid-up share capital of 1 ordinary share of £1.00. The principal activity of Anasuria Hibiscus is exploration and production of oil and gas.

Save as disclosed above, there were no changes in the composition of the Group during the financial period ended 30 June 2015.

8 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Directors are not aware of any material contingent liabilities or contingent assets, which, upon becoming enforceable, may have a material impact on the profit or loss, or net assets value of the Group, other than as referred to in Part A, Item 4 (ix) of this Quarterly Report.

9 DIVIDENDS PAID/PAYABLE

There were no dividends declared or paid during the financial period ended 30 June 2015.

10 BORROWINGS, DEBT AND EQUITY SECURITIES

The movements in the issued and paid-up share capital of the Company arising from the conversion of Warrants-A, Warrants-B and CRPS into ordinary shares, and Placement Shares during the financial period ended 30 June 2015 were as follows:

		PERIOD ENDED 30.06.2015	
ORDINARY SHARES	**Par value RM**	**Number of shares**	**Share capital RM'000**
As at 01.01.2014	0.01	509,875,742	5,099
Conversion of Warrants-A	0.01	297,563,597	2,976
Conversion of Warrants-B	0.01	83,611,200	836
Conversion of CRPS	0.01	591,715	6
Placement Shares	0.01	36,136,500	361
As at 30.06.2015	0.01	927,778,754	9,278

(i) Warrants-A

The Warrants-A were issued in registered form and were constituted by the Warrants-A Deed Poll. The Warrants-A were listed on the Main Market of Bursa Securities and were exercisable anytime during the period commencing from 18 April 2012 up to 24 July 2014.

Upon expiry on 24 July 2014, 99.6% of the total Warrants-A was exercised. The unexercised Warrants-A of 1,439,325 have expired.

Total issued	:	334,436,522
Exercised during the financial period	:	297,563,597
Exercise price	:	RM0.50 per Warrant-A

(ii) Warrants-B

The Warrants-B were issued in registered form and were constituted by the Warrants-B Deed Poll. The Warrants-B were not listed and were exercisable anytime during the period commencing from 18 April 2012 up to 24 July 2014.

Total issued	:	83,611,200
Exercised during the financial period	:	83,611,200
Exercise price	:	RM0.10 per Warrant-B

Note:
*The Warrants-B were held by Hibiscus Upstream Sdn. Bhd. ("**Hibiscus Upstream**"), a company set up to hold ordinary shares of RM0.01 each and Warrants-B of the Company on behalf of the Company's Non-Independent Directors and management team.*

10 BORROWINGS, DEBT AND EQUITY SECURITIES (CONT'D)

(ii) Warrants-B (Cont'd)

The ordinary shares issued from the exercise of warrants rank pari passu in all respects with the existing issued ordinary shares of the Company. There were no dividends, distributions, rights, allotments and/or any other forms of distribution where the entitlement date preceded the relevant date of the allotment and issuance of the new shares arising from the exercise of warrants.

(iii) CRPS

During the financial quarter ended 30 June 2015, the Company did not issue any further CRPS. Following full conversion of the balance 1.00 million CRPS and the subsequent listing of the ordinary shares on 9 May 2014, there was no further outstanding CRPS as at 30 June 2015.

(iv) Placement Shares

During the financial quarters ended 31 March 2015 and 30 June 2015, the Company issued 36,136,500 new Hibiscus Petroleum Shares, raising a total of RM29,907,852. This was undertaken in three tranches; 15,024,900 shares were issued on 4 March 2015 at RM0.88 per share, 14,117,600 shares were issued on 23 March 2015 at RM0.85 per share and 6,994,000 shares were issued on 18 June 2015 at RM0.67 per share.

Please refer to Part B, Item 17 (i) of this Quarterly Report for further details.

Save for the above, there were no other issuances, cancellations, repurchases, resale and repayments of borrowings, debt and equity securities during the financial period ended 30 June 2015.

11 OPERATING SEGMENTS

Operating segments are presented in respect of the Group's business segments. The Group has activities in the following principal areas:

(i)	Investment holding	Investments in companies owning/operating oil and gas concessions, and provision of project management, technical and other services relating to the oil and gas exploration and production industry.
(ii)	Lime	Group's investments and operations in the exploration assets (including GA-South Oman discovery) of Lime and its concession companies ("**Lime Group**"), located in the Middle East and Norway.
(iii)	3D Oil, VIC/L31 & VIC/P57	Group's operations in the proven West Seahorse field within the VIC/L31 Production Licence and other exploration prospects within the VIC/P57 Exploration Permit, and investment in 3D Oil, located in Australia.
(iv)	HIREX	Planned investments in exploration assets within the Asia Pacific region. There were no exploration assets secured during the financial period.

11 OPERATING SEGMENTS (CONT'D)

	Investment holding RM'000	Lime RM'000	3D Oil, VIC/L31 & VIC/P57 RM'000	HIREX RM'000	Elimination RM'000	Group RM'000
As at 30.06.2015						
Non-current assets	1,990	253,460	203,257	5,850	-	464,557
Period ended 30.06.2015						
Revenue	15,586	-	-	-	-	15,586
Depreciation	(2,140)	-	(6,621)	-	-	(8,761)
Loss from operations	(7,072)	-	(34,531)	-	-	(41,603)
Impairment of investment in an associate	-	-	(6,062)	-	-	(6,062)
Share of results	-	(19,504)	(1,443)	(7,192)	-	(28,139)
Finance costs	(8)	-	(7,016)	-	7,016	(8)
Interest income	7,016	-	-	-	(7,016)	-
Taxation	(62)	-	1,658	-	-	1,596
Loss after taxation	(126)	(19,504)	(47,394)	(7,192)	-	(74,216)

12 SIGNIFICANT RELATED PARTY TRANSACTIONS

The recurrent related party transactions within the Group are as follows:

	QUARTER ENDED 30.06.2015 RM'000	PERIOD ENDED 30.06.2015 RM'000
Project management, technical and other services fees earned from joint ventures		
- Lime	647	13,205
- HIREX	139	1,300
Joint Operating Agreement indirect overheads recovery from an associate		
- 3D Oil	28	1,130
Technical and non-technical charges reimbursed from an associate		
- 3D Oil	23	1,616
Technical and non-technical, and overhead charges reimbursed to an associate		
- 3D Oil	(271)	(1,102)

13 MATERIAL COMMITMENTS

Save as disclosed below, the Group is not aware of any material capital commitments incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the profit or loss, or net assets value of the Group as at 30 June 2015:

	RM'000
Approved and contracted for:	
Group's material commitments	20,526
Share of an associate's material commitments	4,580
Share of a joint venture's material commitments	3,055
	28,161
Approved but not contracted for:	
Group's material commitments	314,376
Share of joint ventures' material commitments	35,071
Share of an associate's material commitments	2,302
	351,749

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MMLR OF BURSA SECURITIES

14 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no audit qualification to the auditors' report on the latest audited financial statements.

15 PERFORMANCE REVIEW

15.1 Material factors affecting financial period-to-date results

The Board of Directors of Hibiscus Petroleum has changed the financial year end of the Company from 31 December to 30 June effective 16 April 2015.

Accordingly, there is no commentary included for Item 15.1 of this Quarterly Report since no comparatives are available for the financial period-to-date due to the change in financial year end.

15.2 Material factors affecting current quarter's results

During the current quarter, the Group recorded revenue of RM0.8 million, a decrease of RM1.7 million as compared to RM2.5 million in the corresponding three-month period in the prior year ("**corresponding quarter**"). Such decrease is mainly due to lower revenue earned from project management, technical and other services fees from Lime. In the corresponding quarter, there was increased project management activity relating to the 2-well drilling programme in Block 50 Oman which commenced in November 2013.

The Group recorded an increase of RM24.5 million in loss before taxation in the current quarter as compared to a loss before taxation of RM9.8 million in the corresponding quarter. In the current quarter, the Group recognised its share of an impairment of the carrying value in the Sharjah East Coast Concession, owned 100% by Zubara Petroleum Ltd, a wholly-owned subsidiary of Lime ("**Sharjah concession**") amounting to RM10.2 million. This was due to uncertainties in determining the timing of the drilling programme in the Sharjah concession as a result of current economic conditions affecting the oil and gas industry.

In addition, in support of the potential West Seahorse development, the Group incurred RM7.6 million for a comprehensive one-off inspection of the Britannia Rig that was then used to develop detailed cost estimates and an integrated schedule for the conversion of the rig to a Mobile Offshore Production Unit ("**MOPU**") for the West Seahorse field.

Depreciation for the Britannia Rig commenced in December 2014 and impact for the current quarter was RM3.0 million. In addition, all costs incurred during the current quarter in relation to the Britannia Rig amounting to RM1.9 million were expensed off subsequent to the completion of works carried out in getting it to completion stage in December 2014.

During the current quarter, following the Group's assessment of its carrying value of investment in an associate, the Group has recognised an impairment of RM2.8 million.

These were partially offset by higher net gain on foreign exchange of RM2.2 million due to a net positive impact on the Group's available USD-denominated funds arising from the appreciation of the USD against the Ringgit.

16 MATERIAL CHANGE IN LOSS BEFORE TAXATION IN COMPARISON TO THE PRECEDING QUARTER

During the current quarter, the Group recorded a loss before taxation of RM34.3 million as compared to a loss of RM11.0 million in the quarter ended 31 March 2015 ("**preceding quarter**").

In the current quarter, due to uncertainties in determining the timing of the drilling programme in the Sharjah concession as a result of current economic conditions affecting the oil and gas industry, the Group has recognised its share of an impairment of its carrying value, amounting to RM10.2 million.

Also in the current quarter, the Group incurred RM7.6 million for a comprehensive one-off inspection of the Britannia Rig that was then used to develop detailed cost estimates and an integrated schedule for the conversion of the rig to a MOPU for the West Seahorse field. The Group also recognised an impairment of RM2.8 million following its assessment of its carrying value of investment in an associate and incurred higher consultancy and professional fees and travelling expenses mainly in relation to fund raising and business development activities by RM0.7 million.

In addition, there were lower revenue earned from project management, technical and other service fees from Lime by RM0.9 million.

17 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

(i) Placement Shares

On 17 November 2014, Bursa Securities approved the Company's proposal to undertake the Placement Shares.

On 29 April 2015, Bursa Malaysia had approved the application for an extension of time of six months until 16 November 2015 to complete the implementation of the Placement Shares.

The Placement Shares were completed on 6 August 2015 with a total of 89,164,200 new Hibiscus Petroleum Shares issued.

Please refer to our announcements dated 14 October 2014, 14 November 2014, 17 November 2014, 18 February 2015, 4 March 2015, 5 March 2015, 13 March 2015, 25 March 2015, 26 March 2015, 23 April 2015, 29 April 2015, 10 June 2015, 18 June 2015, 19 June 2015, 1 July 2015, 13 July 2015, 14 July 2015, 29 July 2015, 4 August 2015, 5 August 2015 and 6 August 2015.

(ii) Proposed Acquisition of 50% Interest in the Anasuria Cluster

On 6 August 2015, the Company announced that its indirect wholly-owned subsidiary, Anasuria Hibiscus, had entered into two conditional sale and purchase agreements to acquire 50% interest in the Anasuria Cluster for a total cash consideration of USD52.5 million ("**Proposed Acquisition**").

The Company paid a deposit of USD4 million (RM15.5 million) upon the execution of the two conditional sale and purchase agreements.

17 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED (CONT'D)

(ii) Proposed Acquisition of 50% Interest in the Anasuria Cluster (Cont'd)

The Anasuria Cluster comprises a geographically focused package of operated producing fields and associated infrastructure as follows:

- 100% interest in the Guillemot A field and the related field facilities ("**Guillemot A Field**");
- 100% interest in the Teal field and the related field facilities ("**Teal Field**");
- 100% interest in the Teal South field and the related field facilities ("**Teal South Field**");
- 38.65% interest in the Cook field and the related field facilities ("**Cook Field**"); and
- 100% ownership in the common infrastructure known as the Anasuria Floating Production Storage and Offloading unit and the related equipment ("**Anasuria FPSO**").

The Guillemot A Field, Teal Field, Teal South Field, Cook Field and Anasuria FPSO are collectively referred to as the "Anasuria Cluster".

The Proposed Acquisition is subject to approvals, consents and/or waivers being obtained from the following:

(i) shareholders of Hibiscus Petroleum at an extraordinary general meeting to be convened, for the Proposed Acquisition;

(ii) the Secretary of State for Energy and Climate Change of the UK Government for the following:

  (a) transfer of the Anasuria Cluster;

  (b) the execution of (and the transactions contained in) assignment documents including the transfer of the licenses and transfer of operatorships; and

  (c) the appointment on Completion of AOCL (or, in relation to the Cook Field, a relevant third party) as operator of the Anasuria Cluster;

(iii) relevant third parties for the transfer by the Vendors to the Purchasers of the Anasuria Cluster and the appointment on Completion of either AOCL or a relevant third party as operator of the Cook Field; and

(iv) other relevant authorities and/or parties, if required.

Please refer to our announcements dated 6 August 2015.

17 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED (CONT'D)

(iii) Proposed call option between HIREX and CHPL to grant CHPL a call option to acquire 100% of the entire issued and paid-up share capital of HiRex Australia, for a call option price of USD1.00

Following the completion of the transactions detailed in Part A, Item 4 (vii) of this Quarterly Report, HIREX had on 14 August 2015, entered into the Proposed Call Option. CHPL had on the same day exercised the Proposed Call Option.

Barring any unforeseen circumstances, it is expected that the Proposed Call Option shall be completed by 31 August 2015.

Please refer to our announcement dated 14 August 2015.

18 PROSPECTS OF THE GROUP

With the current volatility in oil prices, the Group has revisited its overall business strategy and has made the following changes:-

- Deferral of the development of the discovered West Seahorse field. Previously, our plan was to reach a Final Investment Decision by the fourth quarter of 2014 and achieve First Oil by the first quarter of 2016. As a result of the volatility in oil prices, and the ensuing difficulty in raising debt funding for the development, the Company has elected to:
    - Initially proceed with the drilling of the Sea Lion exploration well, which is expected to spud in August 2015. A commercial discovery would substantially improve the economics of the West Seahorse development as capital and operating expenses would be reduced through the utilization of common production facilities;
    - Re-tender the West Seahorse contracts in the second half of 2015 to capitalize on lower oil and gas services costs; and
    - Reach a Final Investment Decision on West Seahorse in the fourth quarter of 2015 (in the event of anticipated increases in oil prices) and achievement of First Oil by the first half of 2017.
- Capitalize on present lower oil & gas services costs by embarking on an aggressive drilling programme in 2015, which includes a minimum of 5 exploration / appraisal wells in Australia and Norway.
- Continue to assess acquisition opportunities, which become more affordable under the current low oil price environment.

The Group does not have debt at this time. The Group's activities for the next 1 year are expected to be funded through a combination of internally available funds, as well as debt and equity financing.

19 PROFIT FORECAST AND PROFIT GUARANTEE

The Group has not announced or disclosed any profit forecast or profit guarantee in any public documents.

20 SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no sale of unquoted investments and/or properties during the financial period ended 30 June 2015.

21 PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There was no purchase or disposal of quoted securities during the financial period ended 30 June 2015.

22 FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

There were no financial instruments with material off-balance sheet risk as at the date of this Quarterly Report.

23 MATERIAL LITIGATION

There was no material litigation as at the date of this Quarterly Report.

24 LOSS PER SHARE

Basic loss per share is calculated by dividing the Group's loss after taxation attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial quarter/period.

		QUARTER ENDED 30.06.2015	**PERIOD ENDED 30.06.2015**
Loss after taxation attributable to owners of the Company (RM'000)	(A)	(34,274)	(74,216)
Weighted average number of shares in issue ('000)	(B)	921,717	766,408
Basic loss per share (sen)	(A/B)	(3.72)	(9.68)
Diluted loss per share (sen)		(3.72)	(9.68)

25 LOSS BEFORE TAXATION

	QUARTER ENDED 30.06.2015 RM'000	PERIOD ENDED 30.06.2015 RM'000
Loss before taxation is arrived at after charging/(crediting):		
Depreciation of equipment	3,333	8,761
Interest income	(45)	(1,081)
Unrealised gain on foreign exchange	(1,347)	(6,719)
Realised gain on foreign exchange	(724)	(2,780)
Impairment of receivables	-	242
Impairment of investment in an associate	2,762	6,062

26 TAXATION

	QUARTER ENDED 30.06.2015 RM'000	PERIOD ENDED 30.06.2015 RM'000
Income taxation	(17)	1,596
Deferred taxation	-	-
	(17)	1,596

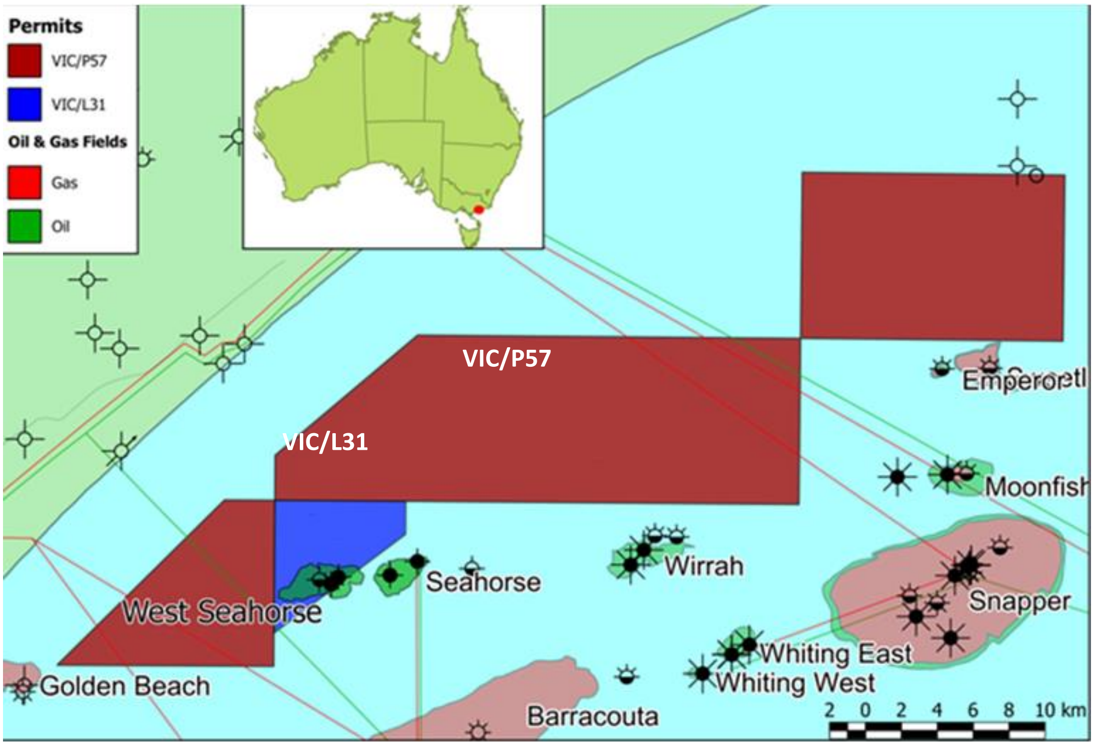
27 REALISED AND UNREALISED (ACCUMULATED LOSSES)/RETAINED EARNINGS

	UNAUDITED AS AT 30.06.2015 RM'000	AUDITED AS AT 31.12.2013 RM'000
Analysis of (accumulated losses)/retained earnings:		
Realised	(76,435)	6,549
Unrealised	6,719	(4,519)
	(69,716)	2,030
Less: Consolidation adjustments	(2,228)	(181)
	(71,944)	1,849

By Order of the Board of Directors
Hibiscus Petroleum Berhad
26 August 2015

PART C – STATUS OF DEVELOPMENT AND EXPLORATION ACTIVITIES

1 EXPLORATION AND DEVELOPMENT ACTIVITIES IN RELATION TO THE PRODUCTION LICENSE VIC/L31 AND EXPLORATION PERMIT VIC/P57, GIPPSLAND BASIN, AUSTRALIA



Hibiscus Petroleum Berhad ("**Hibiscus Petroleum**" or the "**Company**")'s wholly-owned subsidiary, Carnarvon Hibiscus Pty Ltd ("**CHPL**"), as operator, is responsible for the day-to-day management of work activities within VIC/P57 and VIC/L31, affording us a high level of financial and operational control in these concessions.

In the VIC/P57 concession, CHPL has a direct interest of 55.1%. In addition to this, Hibiscus Petroleum, through HiRex (Australia) Pty Ltd ("**HiRex (Australia)**") has a further 8.2% interest in this permit. On 14 August 2015, CHPL exercised an option to indirectly acquire the interest in VIC/P57 held by HiRex (Australia) which takes Hibiscus Petroleum Berhad Group (the "**Group**")'s interest up to 75.1%. CHPL had on 17 November 2014 acquired additional interest in VIC/L31, bringing its total interest held in VIC/L31 to 100%.

In the near term, the VIC/P57 joint venture has an obligation to drill an exploration well by August 2015 as required by the terms of the permit. However, due to delays being encountered by the rig that is planned for use on the exploration well further discussed below, a request for a 3 month extension to November 2015 has been submitted but is pending final regulatory approval.

In October 2014, CHPL signed a rig sharing agreement with Australia's Origin Energy Resources ("**Origin**") to assume the services of the Seadrill West Telesto drilling rig, an independent leg cantilever jack-up rig, to spud and drill the Sea Lion exploration well after Origin's drilling activities. The drilling of the Sea Lion exploration well is estimated to take up to 30 days.

1 EXPLORATION AND DEVELOPMENT ACTIVITIES IN RELATION TO THE PRODUCTION LICENSE VIC/L31 AND EXPLORATION PERMIT VIC/P57, GIPPSLAND BASIN, AUSTRALIA (CONT'D)

The rig sharing agreement with Origin was chosen as a means of fulfilling the drilling obligations of CHPL in the VIC/P57 permit as it provided savings in mobilization and demobilization costs by sharing related costs with other operators, and this arrangement provided certainty that the well would be drilled within timelines required in our permit. The West Telesto rig also has strong past operating performance, crew competence and good health, safety and environment records.

In January 2015, the West Telesto rig arrived at Port Philip Bay in Melbourne on a Heavy Lift Vessel ("**HLV**") in anticipation of the start of Origin's drilling activities in its Yolla field. Origin intends to drill two wells prior to handing over the rig to CHPL.

Hibiscus Petroleum further announced on 11 February 2015 that CHPL had progressed the plan to commence drilling operations of the Sea Lion exploration well in June 2015 although current delays in Origin's drilling programme will now defer the commencement of the Sea Lion drilling operations to August 2015 or September 2015.

The Sea Lion exploration prospect has been selected as a viable drilling location after in-depth technical and economic evaluation, with estimated prospective resources of between 10.6 million barrels on a P50 case to 15.3 million barrels on an upside P10 case. It is important to note that a commercial discovery at Sea Lion would improve the economics of CHPL's West Seahorse development as a tie-in of the two fields would be possible thereby materially reducing development and operating expenditure.

West Telesto being towed on a Heavy Lift Vessel into Port Phillip Bay, Melbourne

1 EXPLORATION AND DEVELOPMENT ACTIVITIES IN RELATION TO THE PRODUCTION LICENSE VIC/L31 AND EXPLORATION PERMIT VIC/P57, GIPPSLAND BASIN, AUSTRALIA (CONT'D)

To oversee CHPL's activities in Australia, a project team had been set up in Melbourne in late 2012 comprising representatives from Hibiscus Petroleum and 3D Oil Limited as well as other specialists to carry out Concept and Front-End Engineering Design studies as part of the wider West Seahorse field development programme. As part of this effort, the project team has selected an all-offshore solution consisting of a Mobile Offshore Production Unit ("**MOPU**"), a subsea pipeline and a Floating Storage and Offloading ("**FSO**") vessel for the West Seahorse development. The same project team also manages all Sea Lion exploration drilling programme activities.

The Britannia, a jack-up rig, was procured on behalf of the VIC/P57 joint venture for conversion into a MOPU in July 2013. A small site team was set up in Tuzla, Turkey (where the rig is currently located) to define the work required to (a) reactivate the rig's ABS class and (b) enable long term use of the rig as a MOPU for the West Seahorse project.

Final negotiations with the preferred MOPU contractor have been put on hold due to the recent drop in oil prices. While waiting for the Sea Lion exploration results, the project team has now completed a value engineering study on the current West Seahorse design in an effort to reduce capital and operating costs where a potential 10% cost reduction was identified. The changes will be incorporated into new scopes of work and contracts. All contracts will then be re-tendered in order to achieve the reduced pricing that should be available from the industry in 2016. The award of the MOPU contract and all other West Seahorse project contracts will likely be revised to the dates reflected in the summary below:

Contract	Contract Award
Operations & Maintenance – the Duty Holder of the field responsible for safe operation of the West Seahorse Project	Q1 2016
MOPU – purchase of the Britannia, refurbishment, reactivate class, supply of equipment, integration and installation	Q1 2016
FSO – purchase or charter of vessel that will store produced oil before selling to the market	Q1 2016
Export System – includes the supply of submarine pipeline and offloading hose	Q2 2016
Drilling – the supply of a Modular Platform drilling rig to drill and complete the wells from the Britannia in the second quarter of 2016	Q2 2016

From a sub-surface perspective, a further independent assessment was performed by a third party expert, Gaffney, Cline & Associates ("**GCA**") and delivered in early January 2014. The updated assessment will be used to secure financing for the project.

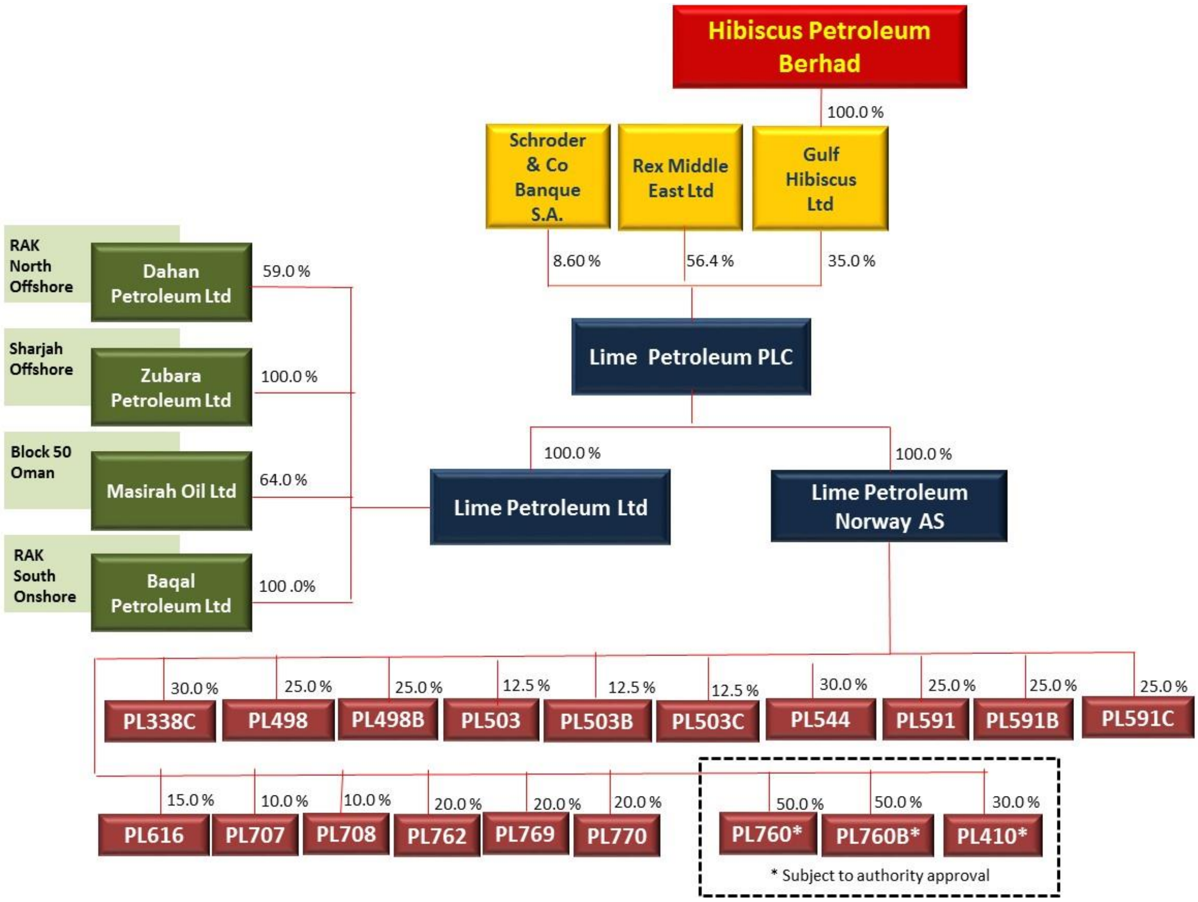
From a regulatory perspective, we believe the West Seahorse project is well-positioned. In October 2013, the Department of Sustainability, Environment, Water, Population and Communities of the Australian government approved our Environment Protection and Biodiversity Conservation Act referral as a non-controlled action (no threat to items of national significance). In November 2013, NOPTA approved the Field Development Plan for West Seahorse. In December 2013, NOPTA awarded CHPL (on behalf of the VIC/P57 Joint Venture) a production license VIC/L31 over the West Seahorse oilfield.

1 EXPLORATION AND DEVELOPMENT ACTIVITIES IN RELATION TO THE PRODUCTION LICENSE VIC/L31 AND EXPLORATION PERMIT VIC/P57, GIPPSLAND BASIN, AUSTRALIA (CONT'D)

First volumes of commercial production from the VIC/L31 West Seahorse field are now expected in the first half of 2017, subject to the declaration of FID in the fourth quarter of 2015. First production from Sea Lion, if the upcoming exploration well is successful, would be expected in first half of 2018.

2 EXPLORATION ACTIVITIES UNDER THE LIME GROUP

LIME GROUP STRUCTURE



2 EXPLORATION ACTIVITIES UNDER THE LIME GROUP (CONT'D)

LIME GROUP STRUCTURE (Cont'd)

The Group has a 35% equity stake in Lime Petroleum Plc ("**Lime**") which has access to the following oil and gas concessions:

(i) Norway

8 licenses from the acquisition of participating interests from North Energy ASA[1] ("**North Energy**"), 6 offshore licenses issued by the Norwegian Ministry of Petroleum and Energy as part of the Awards in Predefined Areas ("**APA**") process held in 2014 and 2015, 3 licenses (of which 1 license is subject to authority approval) from the acquisition of participating interest from Lundin Norway AS[2] ("**Lundin**"), and 2 licenses (subject to authority approval) from the acquisition of participating interest from EnQuest Norge AS[3] ("**EnQuest**").

(ii) Middle East

- Block 50 Oman Concession in the Sultanate of Oman ("**Block 50 Oman Concession**")
- RAK Offshore Concession in Ras Al Khaimah, United Arab Emirates ("**UAE**") ("**RAK North Offshore Concession**")
- RAK Onshore Concession in Ras Al Khaimah, UAE ("**RAK South Onshore Concession**")
- Sharjah Offshore Concession in Sharjah, UAE ("**Sharjah East Coast Concession**")

(iii) Summary of expenditure incurred

During the financial quarter/period ended 30 June 2015, the total expenditure incurred by Lime and its concession companies is set out below:

	QUARTER ENDED 30.06.2015 RM'000	PERIOD ENDED 30.06.2015 RM'000
Intangible assets	85,479	288,206
Administrative expenses	20,974	66,065
	106,453	354,271

[1] *North Energy is a qualified petroleum exploration company, listed on the Oslo Stock Exchange, which holds participating interests in 23 licenses in the Norwegian Continental Shelf.*

[2] *Lundin Petroleum has exploration and production assets mainly in Europe and South East Asia.*

[3] *EnQuest PLC is an independent oil and gas development and production company with a primary geographic focus on the United Kingdom Continental Shelf. EnQuest PLC trades on both the London Stock Exchange and the NASDAQ OMX Stockholm. It is building a presence in oil basins outside the United Kingdom North Sea, with substantial production from Malaysia.*

2 EXPLORATION ACTIVITIES UNDER THE LIME GROUP (CONT'D)

2.1 NORWAY

Our entry into Norway was part of a strategy to diversify the geopolitical risk of our asset portfolio. The fiscal terms available to qualified young explorers operating in Norway are attractive and allow for a risk-managed approach in a business sector where high risk profiles and costly operations are usually unavoidable. The attractive fiscal terms offered under the Norwegian Petroleum Tax Act give Lime Petroleum Norway AS ("**Lime Norway**") the opportunity to recover approximately 78% of eligible exploration expenditure, irrespective of whether discovery or production is achieved.

On 23 June 2015, Lime Norway informed us that the operator at PL591, Tullow Oil Norge AS was currently completing drilling of the exploration well 6507/11-11 on the Zumba prospect. The target Upper Jurassic reservoir sandstones were not encountered and therefore the anticipated hydrocarbon accumulations were not found. The well, approximately 14 kilometres south-east of the Heidrun Field in water depth of 272 metres, was drilled using the semi-submersible rig Leiv Eiriksson. Drilling was stopped at 2,875 metres below sea level in the Middle Jurassic Fangst Group. The estimated cost of Hibiscus Petroleum's net interest in this well is USD1.1 million.

On 21 July 2015, Lime Norway informed us that the drilling programme of well 2/11-11 on the Haribo prospect in PL616 was in the process of being completed by the operator, Edison Norge AS. The well was spudded on 21 June 2015 by the semi-submersible rig Transocean Searcher in water depth of 70 metres, some 10 kilometres from the Valhall platform in the southern part of the Norwegian North Sea. Drilling was stopped at 3,388 metres below sea level in the Upper Cretaceous Hidra formation. The well was plugged and abandoned, as the targeted high porosity reworked chalk reservoir was not found. However, the chalk sequence had zones with fair porosity albeit no permeability with traces of hydrocarbons. The estimated post-tax cost of Hibiscus Petroleum's net interest in the well is USD0.5 million. The license further contains two small oil/gas discoveries in the northern part. Broadband 3D seismic has been reprocessed to evaluate the discoveries and associated upside potential.

On 3 August 2015, Lime Norway informed us that it had executed an agreement with EnQuest to acquire their 50% stake in each of the PL760 and PL760B licenses. The operator at both licenses is Total E&P Norge AS[4] ("**Total**"). The parties in the licenses will be Total with 50% interest, and Lime Norway with 50%, after approval has been received from the relevant authority. The licenses are located some 25 kilometres west of the Norne oil/gas field in the Norwegian Sea in water depth of 370 metres. The adjacent Marulk gas field is producing from similar Cretaceous reservoirs as being targeted in PL760 and PL760B. Further, the deep water Aasta Hansteen gas/condensate field to the north is under development including the Polarled gas pipeline to shore passing close to PL760. Drilling could take place in 2016 or 2017, given a drill decision milestone in February 2016.

[4] *Total is involved in exploration and production of oil and gas on the Norwegian Continental Shelf. The company has a portfolio consisting of 104 licenses, and is the operator of 30 of these.*

2 EXPLORATION ACTIVITIES UNDER THE LIME GROUP (CONT'D)

2.1 NORWAY (Cont'd)

On 19 August 2015, Lime Norway informed us that it had executed an agreement with Lundin to acquire a 30% stake in license PL410 in the North Sea. Drilling is anticipated in 2016. Upon completion of the transaction (subject to the relevant authority approval), the parties to the license will be Lundin (operator) with 52.35% stake, Lime Norway with 30% and Statoil Petroleum AS[5] ("**Statoil**") with 17.65%. The license is located south of the Edvard Grieg field on the Utsira High in the North Sea in water depth of about 100 meters. The license contains a number of interesting exploration targets that are being evaluated. Drilling could take place in late 2016, given that a drill decision milestone is taken at the license in the first quarter of 2016.

The 2015 drilling plans of Lime Norway are as follows:

License	Rig	Estimated Spud Date	Operator
PL338C	Bredford Dolphin	October 2015	Lundin
PL708	Transocean Arctic	November 2015	Lundin
PL544	To be decided	December 2015	Lundin

Lime Norway is a wholly-owned subsidiary of Lime. Lime is jointly-controlled by Hibiscus Petroleum which owns a 35% stake.

At this juncture, Lime Norway has advised that decisions to drill wells or relinquish licenses are expected to be made for PL498 and PL498B in the fourth quarter of 2015, similar to the timeline for the same determination for PL503, PL503B and PL503C.

Lime Norway is continuously on the look-out for viable farm-in opportunities with the objective of achieving a meaningful participation in more firm wells in the short term, should positive results from RVD and conventional analysis be attained, in addition to acceptable commercial terms being offered.

2.2 BLOCK 50 OMAN CONCESSION

The key operations of Masirah Oil Ltd ("**Masirah**") are being managed mainly by Hibiscus Petroleum. The Hibiscus Petroleum well-engineering team was located in Dubai in the UAE during the 2-well drilling programme illustrated below.

Masirah's agreements with the regulatory authorities in the Sultanate of Oman require all public disclosures to be approved by the Omani government. Hence the information that is disclosed herewith is only information that has been previously approved for release by the authorities. Below are extracts from approved press releases issued regarding our drilling campaign.

[5] *Statoil is an international energy company, listed on both the Oslo Stock Exchange and the New York Stock Exchange. It has a worldwide presence in more than 30 countries around the* world, *with its largest activities located in Norway.*

2 EXPLORATION ACTIVITIES UNDER THE LIME GROUP (CONT'D)

2.2 BLOCK 50 OMAN CONCESSION (Cont'd)

Masirah began drilling its 1st exploration well in Masirah North North #1 ("**MNN #1**") on 25 November 2013 as part of its 2-well drilling programme in the Block 50 Oman concession. The prospect MNN #1 was selected for drilling after in-depth technical evaluation and verification using RVD, in addition to confirmations provided via conventional methodologies. The prospect is located in the northern area of the Block 50 Oman concession which is about 17,000 square kilometres in size.

On 19 December 2013, Masirah suspended operations on its 1st exploration well, MNN #1 for safety reasons, for further evaluation. The MNN #1 well was drilled to a total depth of approximately 1,000 metres below mean sea level. Mud losses in two carbonate sections of the well required early suspension of the operations although all key objectives of the well were met before suspension of the operations. A comprehensive data acquisition, coring and logging programme of the formations that were drilled was completed on 21 December 2013. Data analysis indicated presence of non-commercial hydrocarbons. Datasets acquired from the coring and logging programmes are being utilised to refine the geological understanding of the area.

On 30 December 2013, Masirah began drilling its second exploration well in GA–South #1 ("**GAS #1**"), located in the Block 50 Oman concession. On 3 February 2014, Masirah announced the successful reach of the well target depth in its 2nd exploration well to its final depth of more than 3,000 metres into the Cambrian formation. Hydrocarbons were discovered in several formations with good oil sample extracted.

On 6 March 2014, Masirah announced that during a 48-hour test, hydrocarbons were flowed to the surface and the well achieved light oil flow rate of up to 3,000 stock tank barrels per day (stb/d) with no water production. This is the first offshore oil discovery in the east of Oman after more than 30 years of exploration activities in that area.

On 2 December 2014, Masirah announced that it had commissioned a new 3D seismic survey in Block 50 Oman. The seismic survey commenced data acquisition activities in November 2014 and this is now completed. Data processing of the seismic data, including analysis with RVD is underway.

On 9 December 2014, Masirah and Hibiscus Petroleum delivered several presentations at the Offshore Development Oman 2014 Conference. Over 200 international and regional offshore oil and gas sector experts participated in this conference. Hibiscus Petroleum delivered a presentation regarding the execution of the Block 50 Oman offshore exploration project.

Since completion of the seismic acquisition, fast track seismic interpretation and full processing has been done. Masirah is currently conducting full seismic interpretation to identify and rank drillable prospects, and will carry out further technical studies on selected prospects.

2 EXPLORATION ACTIVITIES UNDER THE LIME GROUP (CONT'D)

2.3 RAK NORTH OFFSHORE CONCESSION

The team had received (from the previous operator of the field) access to 3D seismic data acquired in 1984 covering the Saleh field (which has producing wells and lies within, but is excluded from Lime's concession), as well as some acreage within the concession boundaries. Whilst a preliminary prospect was identified last year in RAK North Offshore based on conventional evaluation, sequence stratigraphy and the application of RVD on 3D seismic, there is currently a need to review the results of the analysis as there are certain similarities between the sequence stratigraphy of our recently drilled MNN #1 well in Oman and the geology observed in the RAK North Offshore Concession area. Hence, as part of a risk mitigation plan, the drilling schedule in RAK North Offshore has been postponed temporarily pending careful study of all available data. The preliminary results of various studies are mixed in their conclusions and given current uncertainties relating to oil price, the possibility of relinquishing this license is being discussed between partners and the host government.

2.4 RAK SOUTH ONSHORE CONCESSION

The available seismic, gravity and magnetic survey datasets have been integrated and certain areas have been identified for future 3D seismic acquisition activities. Tenders for the seismic acquisition, interpretation and processing contract have been completed and submissions have been evaluated. Award of the contract for this work was deferred pending results of a potential farm-out of a portion of Lime's interests in the RAK South Onshore concession. However, given the recent downturn in global oil prices, it has been difficult to secure a farm-in partner. It should also be noted that the terms of the license agreement with the host government required that the seismic work programme commenced before the expiry of the existing license agreement (April 2015). Given the current economic conditions affecting the oil and gas industry, we are conducting discussions with the host government to seek an extension of the license agreement and to examine potential reductions in the seismic work programme.

2.5 SHARJAH EAST COAST CONCESSION

Zubara Petroleum Ltd ("**Zubara**"), a wholly-owned subsidiary of Lime, received the necessary extension to its Concession Agreement from the government of Sharjah to commence engineering and procurement activities leading to the drilling of an exploration well by the third quarter of 2015.

Zubara, which owns 100% of the Sharjah East Coast Concession, finalized the award of a well management services contract on 31 July 2014. Additionally, an Environmental Impact Assessment ("**EIA**") as well as a site survey were scheduled for completion in the first quarter of 2015. However, given the economic conditions affecting the oil and gas industry, all work on the exploration well was placed on hold in the first quarter of 2015. Discussions with the host government are ongoing to seek an extension of the license agreement and a rescheduling of the drilling of the exploration well.

As it has always been the intention of Lime to share risks associated with the drilling of this concession, we continue efforts to farm-out interests in this concession. Provided the host government grants an extension to the license agreement, we hope to secure a farm-in partner by the fourth quarter of 2015 which should then allow drilling of the exploration well by the second half of 2016. It should be noted the well to be drilled in Sharjah is due for drilling by the end of 2015 and there is no certainty that the Government of the Emirate of Sharjah would consider an extension to our concession favorably.

3 ANASURIA CLUSTER

On 6 August 2015, Hibiscus Petroleum, via its indirectly wholly-owned subsidiary, Anasuria Hibiscus UK Ltd with Ping Petroleum UK Ltd, entered into sale and purchase agreements to each acquire 50% of the entire interests of Shell UK Ltd, Shell EP Offshore Ventures Limited and Esso Exploration and Production UK Limited in the Anasuria Cluster of oil and gas fields effective 1 January 2015 for a consideration of USD52.5 million. The acquisition of the Anasuria Cluster is subject to, amongst others, regulatory approvals, and third party consents, including the United Kingdom Government's approval and Hibiscus Petroleum's shareholder approval.

The Anasuria Cluster is located approximately 175 kilometres east of Aberdeen in the UK Central North Sea and consists of:

- 100% interest in the Guillemot A field and the related field facilities;
- 100% interest in the Teal field and the related field facilities;
- 100% interest in the Teal South field and the related field facilities;
- 38.65% interest in the Cook field and the related field facilities; and
- 100% ownership in the common infrastructure known as the Anasuria Floating Production Storage and Offloading unit and the related equipment ("**Anasuria FPSO**").

The cluster represents an attractive, geographically focused package of operated interests in producing fields and associated infrastructure. The assets have a proven and producing resource base which provides a platform for further development. A number of incremental development and exploration opportunities exist within the licence areas which are expected to generate significant incremental value in the medium term.

Anasuria FPSO in the Central North Sea during a crude oil offtake

4 AWARD OF THE SOUTH EAST RAS EL USH CONCESSION IN EGYPT

Gulf Hibiscus Limited ("**Gulf Hibiscus**"), the Company's wholly-owned subsidiary, has been awarded the South East Ras El Ush concession ("**Block 2**") in Egypt by the Ganoub ElWadi Petroleum Holding Company ("**Ganope**"), an entity of the Ministry of Petroleum, Arab Republic of Egypt ("Award of the Concession").

The award was made pursuant to the successful submission of a bid by Gulf Hibiscus, together with its partner, Pacific Oil Limited[6] ("**Pacific Oil**"), for a joint equal ownership of the concession.

Pacific Oil will be the operator of the concession, to leverage on its management team's experience in Egypt. Block 2 is an offshore exploration block located in the southern Gulf of Suez, the most prolific petroleum province in Egypt. The block covers an area of 68 square kilometres with water depth of up to 75 metres, and is surrounded by development leases. Block 2 also contains the discovered West Ashrafi field, which is included in the above Award of the Concession, and may be developed with a production tie-in to the nearby existing onshore infrastructures. Two wells previously drilled in the West Ashrafi field had tested commercial oil and gas.

The award is subject to the execution of a definitive agreement. Gulf Hibiscus' financial exposure to undertake the minimum work commitment is estimated to be approximately USD8 million over the first 4 years (first exploration phase).

By Order of the Board of Directors
Hibiscus Petroleum Berhad
26 August 2015

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[6] *Pacific Oil was incorporated as a special purpose vehicle, registered in Seychelles, to pursue oil and gas, exploration and production opportunities predominantly in Africa. In July 2013, Pacific Oil was awarded a Petroleum Exploration License in the Republic of Malawi.*