HIBISCUS PETROLEUM BERHAD

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

Unaudited Quarterly Financial Report
30 September 2015

HIBISCUS PETROLEUM BERHAD
(Company No : 798322-P)
(Incorporated in Malaysia)
QUARTERLY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30.09.2015 RM'000	QUARTER ENDED 30.09.2014 RM'000	PERIOD ENDED 30.09.2015 RM'000	PERIOD ENDED 30.09.2014 RM'000
REVENUE		245	2,171	245	2,171
Other income		23,998	694	23,998	694
Administrative expenses		(13,364)	(6,627)	(13,364)	(6,627)
Other expenses		(3,453)	(3,513)	(3,453)	(3,513)
Finance costs		(25)	-	(25)	-
Share of results of an associate		(102)	(63)	(102)	(63)
Share of losses of joint ventures		(2,540)	(2,628)	(2,540)	(2,628)
PROFIT/(LOSS) BEFORE TAXATION	25	4,759	(9,966)	4,759	(9,966)
Taxation	26	(10)	689	(10)	689
PROFIT/(LOSS) AFTER TAXATION		4,749	(9,277)	4,749	(9,277)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:					
Owners of the Company		4,749	(9,277)	4,749	(9,277)
EARNINGS/(LOSS) PER SHARE (SEN)					
Basic	24	0.49	(1.14)	0.49	(1.14)
Diluted	24	0.49	(1.14)	0.49	(1.14)

The Unaudited Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the audited financial statements for the financial period ended 30 June 2015 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.09.2015 RM'000	**QUARTER ENDED 30.09.2014 RM'000**	**PERIOD ENDED 30.09.2015 RM'000**	**PERIOD ENDED 30.09.2014 RM'000**
PROFIT/(LOSS) AFTER TAXATION	4,749	(9,277)	4,749	(9,277)
Other comprehensive income:				
Items that may be subsequently reclassified to profit and loss:				
- Foreign currency translation*	47,333	1,522	47,333	1,522
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE QUARTER/PERIOD	52,082	(7,755)	52,082	(7,755)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:				
Owners of the Company	52,082	(7,755)	52,082	(7,755)

** 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 30 June 2015 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	UNAUDITED AS AT 30.09.2015 RM'000	AUDITED AS AT 30.06.2015 RM'000
ASSETS			
NON-CURRENT ASSETS			
Investment in an associate		4,926	5,022
Investments in joint ventures		301,496	259,310
Intangible assets		192,176	144,774
Equipment		55,978	55,451
		554,576	464,557
CURRENT ASSETS			
Other receivables, deposits and prepayments		96,809	67,477
Amounts owing by joint ventures		2,125	12,102
Amount owing by an associate		766	970
Cash and bank balances		668	5,930
		100,368	86,479
TOTAL ASSETS		654,944	551,036
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	9,808	9,278
Other reserves		661,344	574,403
Accumulated losses		(67,195)	(71, 944)
		603,957	511,737
CURRENT LIABILITIES			
Other payables and accruals		42,731	26,970
Amount owing to an associate		7,764	11,849
Amount owing to a joint venture		243	240
Provision for taxation		30	21
Redeemable Convertible Preference Shares ("**RCPS**")		219	219
		50,987	39,299
TOTAL LIABILITIES		50,987	39,299
TOTAL EQUITY AND LIABILITIES		654,944	551,036
NET ASSETS PER SHARE (RM)		0.62	0.55

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial period ended 30 June 2015 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**	**ACCUMULATED LOSSES RM'000**	**TOTAL RM'000**
3 months to 30.09.2015							
As at 01.07.2015	9,278	535,731	-	241	38,431	(71,944)	511,737
Issuance of shares	530	37,145	-	-	-	-	37,675
Share-based payment	-	-	-	37	-	-	37
Change in composition of a a joint venture	-	-	-	2,426	-	-	2,426
Profit after taxation	-	-	-	-	-	4,749	4,749
Other comprehensive income, net of tax: - Foreign currency Translation	-	-	-	-	47,333	-	47,333
Total comprehensive income for the period	-	-	-	-	47,333	4,749	52,082
As at 30.09.2015	9,808	572,876	-	2,704	85,764	(67,195)	603,957
3 months to 30.09.2014							
As at 01.07.2014	5,892	328,141	64,654	110	5,322	(7,117)	397,002
Conversion of warrants	3,024	178,996	(64,654)	-	-	-	117,366
Share-based payment	-	-	-	31	-	-	31
Unexercised warrant reserve	-	-	-	-	-	423	423
Loss after taxation	-	-	-	-	-	(9,277)	(9,277)
Other comprehensive income, net of tax: - Foreign currency Translation	-	-	-	-	1,522	-	1,522
Total comprehensive income/(expenses) for the period	-	-	-	-	1,522	(9,277)	(7,755)
As at 30.09.2014	8,916	507,137	-	141	6,844	(15,971)	507,067

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial period ended 30 June 2015 and the accompanying explanatory notes attached to the financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	QUARTER ENDED 30.09.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	4,759
Adjustments for:	
Depreciation of equipment	3,453
Interest income	(70)
Unrealised gain on foreign exchange	(23,786)
Finance costs	25
Impairment of investment in an associate	824
Share of losses of an associate	102
Share of losses of joint ventures	2,540
Operating loss before working capital changes	(12,153)
Other receivables, deposits and prepayments	(7)
Other payables and accruals	8,089
Amounts owing by joint ventures	11,459
Amount owing to a joint venture	1
Amount owing by an associate	266
Amount owing to an associate	(4,760)
Cash generated from operating activities	2,895
Tax paid	(1)
Net cash generated from operating activities	2,894
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	(22)
Interest received	70
Deposit for an investment	(19,142)
Acquisition of intangible assets	(34,548)
Net cash used in investing activities	(53,642)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of ordinary shares	37,675
Cash advances	4,838
Net cash generated from financing activities	42,513
Net decrease in cash and cash equivalents	(8,235)
Effects of foreign exchange rate changes	2,973
Cash and cash equivalents at beginning of the financial quarter	5,930
Cash and cash equivalents at end of the financial quarter	668

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial period ended 30 June 2015 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 30 June 2015 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 30 June 2015.

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 30 June 2015. There were no new standards, amendments to published standards and Issue Committee ("**IC**") Interpretations that came into effect on 1 July 2015.

2.1 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**
Amendment to MFRS 11	*Joint Arrangements*	1 January 2016
Amendments to MFRS 116 and MFRS 138	*Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 127	*Separate Financial Statements*	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 134 *Interim Financial Reporting*)	1 January 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Standards issued but not yet effective (cont'd)

Description		Effective for financial periods beginning on or after
Amendments to MFRS 10, MFRS 12 and MFRS 128	*Investment entities – Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 101	*Presentation of Financial Statements*	1 January 2016
MFRS 15	*Revenue from Contracts with Customers*	1 January 2018
MFRS 9	*Financial Instruments*	1 January 2018

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 September 2015:

(i) Proposed call option between HiRex Petroleum Sdn. Bhd. ("**HIREX**") and Carnarvon Hibiscus Pty Ltd ("**CHPL**") to grant CHPL a call option to acquire 100% of the entire issued and paid-up share capital of HiRex (Australia) Pty Ltd ("**HIREX Australia**"), for a call option price of USD1.00

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. Therefore, the Group has 78.35% effective interest in the VIC/P57 Exploration Permit ("**VIC/P57**") as at 4 September 2015, upon completion of the transaction contemplated in the Proposed Call Option.

On 7 October 2015, HIREX Australia's name was changed to Gippsland Hibiscus Pty Ltd.

Please refer to our announcements dated 14 August 2015 and 4 September 2015.

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

(ii) Dilution of effective interest in Lime Petroleum Norway AS ("**Lime Norway**")

Lime Petroleum Plc ("**Lime**") is a shareholder in Lime Norway. 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.

Rex International Investments Pte. Ltd. ("**RII**"), a wholly-owned subsidiary of Rex International Holding Limited, had on 28 September 2015, entered into a subscription agreement with Lime Norway to subscribe for 1,000,000 new Lime Norway shares at a nominal value of NOK100 per share for a total transfer price of NOK100 million as capital injection into Lime Norway. Upon completion of the capital injection, RII will hold 1,000,000 Lime Norway shares, representing approximately 26.18% direct interest in the enlarged issued and paid-up share capital of Lime Norway, with Lime holding the remaining 73.82% direct interest in the enlarged issued and paid-up share capital of Lime Norway. Accordingly, the Group's effective interest in Lime Norway decreased from approximately 35.00% to 25.84% upon completion of the capital injection.

(iii) 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**")

Subsequent to the financial period ended 30 June 2015, the Company issued 53,027,700 Placement Shares, raising a total of RM38,314,775.

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

Please refer to our announcements dated 1 July 2015, 13 July 2015, 14 July 2015, 29 July 2015, 4 August 2015, 5 August 2015 and 6 August 2015.

(iv) On 11 September 2015, the Company announced that it proposes to undertake the placement of up to 326,935,484 new ordinary shares in the Company ("**New Placement Shares**"), representing up to 25% of the enlarged issued and paid-up ordinary share capital of the Company ("**Proposed Placement**").

Bursa Securities gave its approval for the listing of and quotation of the New Placement Shares on 23 September 2015 whilst the approval of the shareholders of Hibiscus Petroleum was obtained for the Proposed Placement at an Extraordinary General Meeting ("**EGM**") held on 13 October 2015.

Please refer to our announcements dated 11 September 2015, 14 September 2015, 23 September 2015, 28 September 2015 and 13 October 2015.

4 SIGNIFICANT/UNUSUAL ITEMS (CONT'D)

(v) Proposed acquisition of the entire equity interest in Talisman Resources (JPDA 06-105) Pty Limited ("**Talisman Resources JPDA**")

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 ("**Talisman Oil & Gas**") and the Company (as Timor Hibiscus' guarantor) to acquire the entire equity interest in Talisman Resources JPDA, which in turn holds a 25% interest in the Kitan producing oilfield for a purchase price of USD18 million.

A sum of USD13 million had been remitted into a joint escrow account in accordance with the terms of the SSA.

The Company subsequently terminated the agreement on 1 June 2015, as conditions precedent were not fully satisfied by the cut-off date of 31 May 2015, as stipulated within the SSA. Talisman Oil & Gas had disputed the termination of the SSA by the Company. At the date of this report, all matters relating to the dispute have been resolved.

(vi) Debt facility

As at the date of this report, the Group had entered into a binding arrangement for a debt facility amounting to USD20 million for a tenure of between 18 and 36 months. We expect the drawdown to commence in December 2015.

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

Please refer to Part B, Item 17 (i) 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 September 2015.

6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL QUARTER

Save as disclosed below, there were no other material events subsequent to the end of the financial quarter ended 30 September 2015 up to the date of this report:

(i) On 9 November 2015, the Company announced that it had executed a binding equity transaction term sheet in relation to the proposed acquisition of 100% equity interest in Hydra Energy Holdings Pty Ltd ("**Hydra Energy**") to be satisfied through the issuance of new ordinary shares of RM0.01 each in Hibiscus Petroleum.

Please refer to our announcements dated 9 November 2015, 11 November 2015 and 13 November 2015 and Part C, Item 1 of this Quarterly Report for further details.

6 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL QUARTER (CONT'D)

(ii) On 11 November 2015, the Company announced that its wholly-owned subsidiary, CHPL advised that wireline evaluation and sampling of formation fluids over the 6 zones of interest identified on preliminary Sea Lion-1 data have been completed. This work has confirmed that no zones of commercial hydrocarbons were encountered in the Sea Lion-1 well. The well was plugged and abandoned and that operations at the drilling location are complete.

Please refer to our announcements dated 11 November 2015 and 16 November 2015 and to Part C, Item 1 of this Quarterly Report for further details.

Although there were no zones of commercial hydrocarbons encountered in the Sea Lion-1 well, as the Group plans to continuously explore other potential prospects within the permit, at this stage, we believe that it is too premature to conclude on potential impairment, if any. The impact of the Sea Lion-1 well results on the impairment assessment will be fully evaluated by the Group and the results will be disclosed in our Quarterly Report the financial period ending 31 December 2015.

7 CHANGES IN THE COMPOSITION OF THE GROUP

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 September 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.

9 DIVIDENDS PAID/PAYABLE

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

10 BORROWINGS, DEBT AND EQUITY SECURITIES

The movements in the issued and paid-up share capital of the Company arising from Placement Shares during the financial period ended 30 September 2015 were as follows:

			PERIOD ENDED 30.09.2015
ORDINARY SHARES	**Par value RM**	**Number of shares**	**Share capital RM'000**
As at 01.07.2015	0.01	927,778,754	9,278
Placement Shares	0.01	53,027,700	530
As at 30.09.2015	0.01	980,806,454	9,808

Placement Shares

During the financial quarter 30 September 2015, the Company issued 53,027,700 new Hibiscus Petroleum Shares, raising a total of RM38,314,775. This was undertaken in two tranches; 18,200,000 shares were issued on 13 July 2015 at RM0.67 per share and 34,827,700 shares were issued on 4 August 2015 at RM0.75 per share.

Please refer to Part A, Item 4 (iii) 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 September 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 and group activities	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. The investment holding and group activities are located in Malaysia and the United Kingdom.
(ii)	Lime	Group's investments and operations in the exploration assets 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 VIC/L31 Production Licence ("**VIC/L31**") for the West Seahorse field and other exploration prospects in Australia within VIC/P57, and investment in 3D Oil Limited ("**3D Oil**").
(iv)	HIREX	Planned investments in exploration assets within the Asia Pacific region. Activities are located in Malaysia.

11 OPERATING SEGMENTS (CONT'D)

	Investment holding and group activities RM'000	Lime RM'000	3D Oil, VIC/L31 & VIC/P57 RM'000	HIREX RM'000	Elimination RM'000	Group RM'000
As at 30.09.2015						
Non-current assets	1,667	295,370	251,413	6,126	-	554,576
Included in the segments assets are:						
Investment in an associate	-	-	4,926	-	-	4,926
Investments in joint ventures	-	295,370	-	6,126	-	301,496
Additions to non-current assets	22	-	22,156	-	-	22,178
Period ended 30.09.2015						
Revenue	184	-	61	-	-	245
Depreciation	(345)	-	(3,108)	-	-	(3,453)
Profit/(loss) from operations	22,089	-	(13,839)	-	-	8,250
Impairment of associate	-	-	(824)	-	-	(824)
Share of results	-	(1,808)	(102)	(732)	-	(2,642)
Finance costs	(25)	-	(1,414)	-	1,414	(25)
Interest income	1,414	-	-	-	(1,414)	-
Taxation	(10)	-	-	-	-	(10)
Profit/(loss) after taxation	23,468	(1,808)	(16,179)	(732)	-	4,749

Revenue arises from the provision of project management services which originated from Malaysia.

11 OPERATING SEGMENTS (CONT'D)

	Investment holding and group activities RM'000	Lime RM'000	3D Oil, VIC/L31 & VIC/P57 RM'000	HIREX RM'000	Elimination RM'000	Group RM'000
As at 30.09.2014						
Non-current assets	2,998	217,930	134,023	8,106	-	363,057
Include in the segments assets are:						
Investment in an associate	-	-	12,014	-	-	12,014
Investment in joint ventures	-	217,930	-	8,106	-	226,036
Additions to non-current assets	81	-	27,138	-	-	27,219
Period ended 30.09.2014						
Revenue	2,117	-	54	-	-	2,171
Depreciation	(363)	-	-	-	-	(363)
Loss from operations	(4,404)	-	(2,871)	-	-	(7,275)
Share of results	-	(1,306)	(63)	(1,322)	-	(2,691)
Finance costs	-	-	(1,027)	-	1,027	-
Interest income	1,027	-	-	-	(1,027)	-
Taxation	(10)	-	699	-	-	689
Loss after taxation	(3,387)	(1,306)	(3,262)	(1,322)	-	(9,277)

Revenue arises from the provision of project management services which originated from Malaysia.

12 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions within the Group are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.09.2015 RM'000	QUARTER ENDED 30.09.2014 RM'000	PERIOD ENDED 30.09.2015 RM'000	PERIOD ENDED 30.09.2014 RM'000
Project management, technical and other services fees earned from joint ventures				
- Lime	91	1,378	91	1,378
- HIREX	84	465	84	465
Joint Operating Agreement indirect overheads recovery from an associate				
- 3D Oil	189	88	189	88
Technical and non-technical charges reimbursed from an associate				
- 3D Oil	124	350	124	350
Technical and non-technical, and overhead charges reimbursed to an associate				
- 3D Oil	(237)	(127)	(237)	(127)
Cash advances from a director	(1,000)	-	(1,000)	-

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 September 2015:

	RM'000
Approved and contracted for:	
Group's material commitments	129,372
Share of an associate's material commitments	7,272
	136,644
Approved but not contracted for:	
Group's material commitments	935
Share of a joint venture's material commitments	50,969
Share of an associate's material commitments	40
	51,944

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

The Group recorded a profit before taxation for the current financial quarter ("**current quarter**") of RM4.8 million as compared to a loss before taxation of RM10.0 million in the corresponding financial quarter ("**corresponding quarter**").

The profit before taxation in the current quarter is primarily due to net gain on foreign exchange of RM26.4 million arising from the appreciation of the USD against the Ringgit, which positively impacted the Group's available USD-denominated balances and funds.

This is partially offset by expenses incurred for the Britannia Rig during the quarter amounting to RM6.4 million. Depreciation for the Britannia Rig commenced in December 2014 following its completion of works in ensuring its readiness for its intended use. A depreciation charge amounting to RM3.1 million was recognised during the current quarter. Any costs subsequent to this completion are maintenance in nature which would not enhance the value of the asset, and thus expenses off. Such costs amounted to RM3.3 million.

During the current quarter, the Group recorded revenue of RM0.2 million, a decrease of RM2.0 million as compared to RM2.2 million in the corresponding quarter. Such decrease is mainly due to lower revenue earned from project management, technical and other services from Lime and HIREX.

In addition, the Group incurred transition costs relating to the proposed acquisition of 50% interest in the Anasuria Cluster amounting to RM2.4 million in the current quarter. Also, following the Group's assessment of its carrying value of investment in an associate, the Group has recognised an impairment of RM0.8 million.

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

During the current quarter, the Group recorded a profit before taxation of RM4.8 million as compared to a loss before taxation of RM34.3 million in the financial quarter ended 30 June 2015 ("**preceding quarter**").

In the current quarter, the Group recorded higher net gain on foreign exchange by RM21.7 million mainly due to a net positive impact on the Group's available USD-denominated balances and funds arising from the appreciation of the USD against the Ringgit. In addition, following the Group's assessment of its carrying value of investment in an associate, an impairment of RM2.8 million was recognised in the preceding quarter as compared to RM0.8m in the current quarter. These are partially offset by transition costs relating to the proposed acquisition of 50% interest in the Anasuria Cluster amounting to RM2.4 million.

The loss before taxation in the preceding quarter was mainly due to the Group's 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, amounting to RM10.2 million. Also in the preceding 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.

17 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

(i) 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 USD4.0 million (RM15.5 million) upon the execution of the two conditional sale and purchase agreements.

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 EGM to be convened, for the Proposed Acquisition;

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

- transfer of the Anasuria Cluster;
- the execution of (and the transactions contained in) assignment documents including the transfer of the licenses and transfer of operatorships; and
- the appointment on Completion of Anasuria Operating Company Limited (“**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.

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

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

The Proposed Acquisition will be financed through borrowings, sale of call options and internally generated funds from the Anasuria Cluster.

Please refer to our announcements dated 6 August 2015.

18 PROSPECTS OF THE GROUP

The Group had recently announced that the drilling results of the Sea Lion exploration well were not favorable. Whilst this was a disappointing outcome, the disclosure of the proposed acquisition of Hydra Energy and more significantly, the underlying assets of Hydra Energy, still allows development of our West Seahorse asset in a combined project that could potentially be of thirteen years duration. Identified synergies with Hydra Energy should also significantly reduce development cost per barrel for the combined Hibiscus – Hydra combined asset portfolio.

The transformation of the Group from a non-revenue generating entity to an income generating position in the near term is dependent on the completion of the transaction in respect of the Anasuria Cluster, a group of producing oil and gas fields, located off the coast of Aberdeen, Scotland. This transaction was announced on 6 August 2015.

Various approvals in respect of this transaction, which are required from regulatory bodies in Malaysia and the United Kingdom, are in advanced stages. Once the majority of these approvals have been obtained, we shall seek an approval from our shareholders for the Proposed Acquisition.

As we move forward, we will increasingly focus on projects with near term visibility of cash flow and profits. Post completion of the Hydra Energy and Anasuria Cluster transactions, the Company expects to be in possession of a 2P/2C petroleum resource base of approximately 47 million barrels of oil equivalent ("**mmboe**") located in geopolitically stable areas. In addition, daily production estimates for 2015 and 2016 from Anasuria Cluster appear encouraging.

At this point in time, the Group does not have any debt. However, the Group is finalizing a USD20 million debt facility obtained from a reputable industry participant. Given that, 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 September 2015.

21 PURCHASE OR DISPOSAL OF QUOTED SECURITIES

There was no purchase or disposal of quoted securities during the financial period ended 30 September 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 EARNINGS/(LOSS) PER SHARE

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

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30.09.2015 RM'000	QUARTER ENDED 30.09.2014 RM'000	PERIOD ENDED 30.09.2015 RM'000	PERIOD ENDED 30.09.2014 RM'000
Profit/(Loss) after taxation attributable to owners of the Company (RM'000)	(A)	4,749	(9,277)	4,749	(9,277)
Weighted average number of shares in issue ('000)	(B)	964,228	812,196	964,228	812,196
Basic earnings/(loss) per share (sen)	(A/B)	0.49	(1.14)	0.49	(1.14)
Diluted earnings/(loss) per share (sen)		0.49	(1.14)	0.49	(1.14)

The diluted loss per share for the Group in the previous corresponding financial quarter is the basic loss per share as the assumed conversion from the exercise of Warrants-A, Warrants-B and CRPS would be anti-dilutive.

25 PROFIT/(LOSS) BEFORE TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.09.2015 RM'000	QUARTER ENDED 30.09.2014 RM'000	PERIOD ENDED 30.09.2015 RM'000	PERIOD ENDED 30.09.2014 RM'000
Profit/(Loss) before taxation is arrived at after charging/ (crediting):				
Depreciation of equipment	3,453	363	3,453	363
Interest income	(70)	(328)	(70)	(328)
Unrealised (gain)/loss on foreign exchange	(23,786)	2,392	(23,786)	2,392
Realised (gain)/loss on foreign exchange	(23)	153	(23)	153
Finance costs	25	-	25	-
Share of losses of an associate	102	63	102	63
Share of losses of joint ventures	2,540	2,628	2,540	2,628

Other than as presented in the Condensed Consolidated Statements of Profit or Loss, and as disclosed above, there were no other income, interest expense, provision for and write off of receivables or inventories, gain/loss on disposal of quoted or unquoted investments or properties, impairment of assets, gain/loss on derivatives, and other exceptional items for the financial period ended 30 September 2015.

26 TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30.09.2015 RM'000	QUARTER ENDED 30.09.2014 RM'000	PERIOD ENDED 30.09.2015 RM'000	PERIOD ENDED 30.09.2014 RM'000
Income taxation	(10)	(20)	(10)	(20)
Deferred taxation	-	709	-	709
	(10)	689	(10)	689

27 REALISED AND UNREALISED ACCUMULATED LOSSES

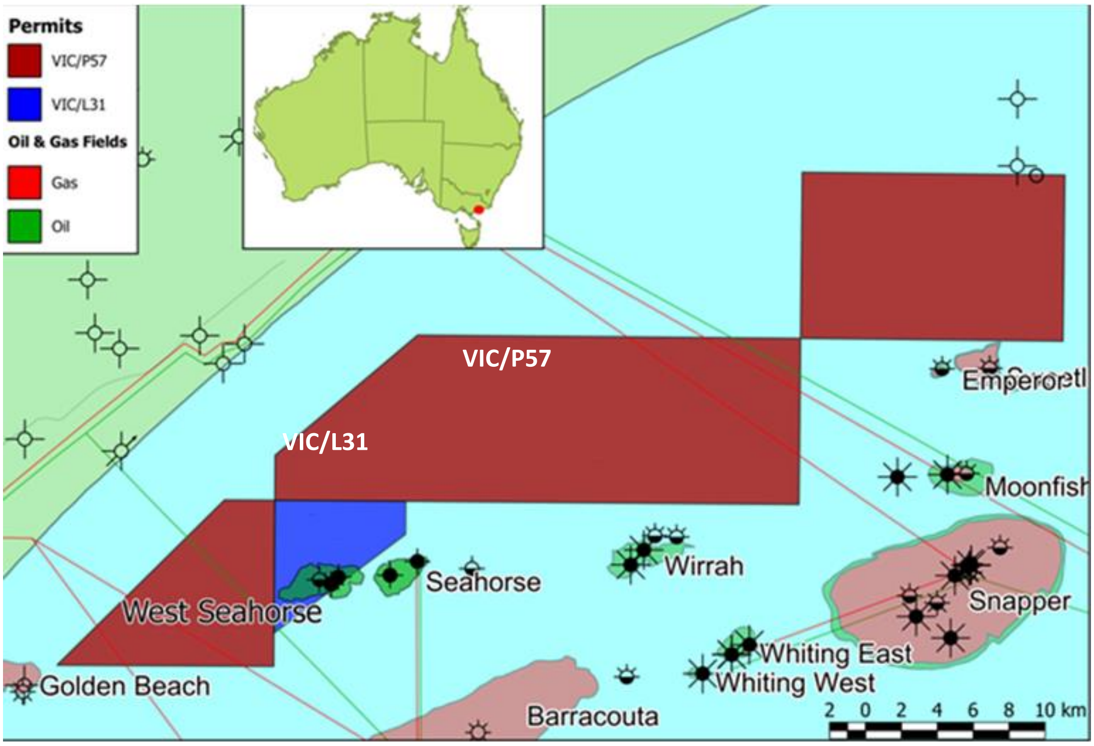
	UNAUDITED AS AT 30.09.2015 RM'000	AUDITED AS AT 30.06.2015 RM'000
Analysis of accumulated losses:		
Realised	(88,140)	(77,722)
Unrealised	23,786	6,719
	(64,354)	(71,003)
Less: Consolidation adjustments	(2,841)	(941)
	(67,195)	(71,944)

By Order of the Board of Directors
Hibiscus Petroleum Berhad
30 November 2015

HIBISCUS PETROLEUM BERHAD
(Company No : 798322-P)
(Incorporated in Malaysia)

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 the VIC/P57 Exploration Permit ("**VIC/P57**") and the VIC/L31 Production Licence ("**VIC/L31**"), affording us a high level of financial and operational control in these concessions.

In the VIC/P57 concession, following exercising an option to acquire the interest in VIC/P57 held by HiRex (Australia) Pty Ltd ("**HiRex (Australia)**"), Hibiscus Petroleum Group (the "**Group**")'s interest is 78.3%. CHPL had on 17 November 2014 acquired additional interest in VIC/L31, bringing its total interest held in VIC/L31 to 100%.

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 was estimated to take up to 30 days.

In October 2015, CHPL announced that the West Telesto drilling rig was demobilized from its previous assignment and was handed over to CHPL on 20 October 2015. Following a 196 mile tow from its original location and an incident-free onsite preparation, CHPL announced that it commenced drilling operations at the Sea Lion-1 exploration well on 26 October 2015.

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

West Telesto drilling rig in tow to the Sea Lion site

In November 2015, CHPL announced that the drilling program was progressing safely and had reached total planned depth of the well on 9 November 2015. Formation evaluation testing was then performed by open-hole wireline logs to further define quality of the reservoir(s) and the productivity of each of the 6 zones of interest that indicated potential hydrocarbon bearing reservoirs.

On 11 November 2015, CHPL announced that the wireline evaluation and sampling of formation fluids over the 6 zones of interest had been completed. The wireline work confirmed that no zones of commercial hydrocarbons were encountered in the Sea Lion-1 well. The well was plugged and abandoned and the rig was then reassigned to Origin on 16 November 2015, 3 days in advance of the planned 30 day drilling program. While unsuccessful, the Sea Lion well was performed without any recordable safety or environmental incidents and ahead of schedule.

One additional obligation well in VIC/P57 is required by January 2018 to retain the lease. Discussions with the regulatory authorities will be held in early 2016 to request an extension of the license by 1 year to January 2019 in order to provide CHPL additional time to assess the results of the Sea Lion well before making a commitment to drill another exploration well in the license.

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

On 9 November 2015, Hibiscus Petroleum announced that it had executed a binding term sheet on 9 November 2015 to acquire 100% of the outstanding shares of Hydra Energy Holdings Pty Ltd ("**Hydra Energy**"). Subject to shareholder and regulatory approvals, and the satisfaction of conditions precedent to the binding term sheet, Hydra Energy will become a wholly-owned subsidiary of Hibiscus Petroleum. The addition of Hydra Energy and their portfolio of discovered oil fields offshore Australia will increase Hibiscus Petroleum's 2P/2C resources by 15 – 17 million barrels ("**mmbbl**") and also provides exploration upside. The acquisition will provide Hibiscus Petroleum with a significantly increased reserve base in Australia and allow shareholders to capitalise on the synergies that exist between the organisations and the asset bases.

The purchase price for the acquisition will be the fair market value of Hydra Energy as determined by an independent and competent valuer. The transaction will be satisfied through the issue of new Hibiscus Petroleum shares at an issue price to be determined on the date that the fair market value of Hydra Energy is determined. Both the Hibiscus Petroleum and Hydra Energy Board of Directors are working together to complete the transaction by first half of 2016. The management of Hibiscus Petroleum has provided an irrevocable undertaking on behalf of 17% of Hibiscus Petroleum shares on issue to vote in favour of the transaction. The management of Hibiscus Petroleum and Hydra Energy shareholders have agreed to a lock up period post consummation of the transaction and the transaction is structured such that it is not expected to trigger a mandatory general offer.

Hydra Energy is incorporated in Australia and has equity interests in 7 operated Petroleum Titles located in the Carnarvon Basin, offshore North West Australia as summarized below:

Petroleum Title	Field/Discovery, Prospect	Oil/Gas	Hydra Energy Interest
WA-41-R	Corowa, Corowa Extension	Oil	66.67%
WA-8-L*	Amulet	Oil	37.3684%
TL/2 & TP/7**	Taunton	Oil	90.00% / 87.526%
WA-47-R	Sage, Sage Deep	Oil	100.00%
WA-46-R	Tusk	Oil	80.00%
WA-52-R	Okapi	Oil	100.00%

* *Binding Sale & Purchase Agreement executed. Completion including transfer of Operatorship is subject to the terms of the joint operating agreementand regulatory approvals.*

** *Binding Sale & Purchase Agreements executed, to acquire an addtional 66.834% participating interest in TL/2 and an addtional 83.369% participating interest in TP/7. Completion including transfer of Operatorship subject to the terms of the joint operating agreements and regulatory approvals.*

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

The 7 Titles held by Hydra Energy are estimated to have 15 – 17 mmbbl net to Hydra Energy. On completion of this transaction, Hibiscus Petroleum's net 2P/2C Australian oil resource base would increase from 8 mmbbl (West Seahorse alone) to 23 – 25 mmbbl. Combined with the 2P/2C resources that are in the midst of being secured as part of the recent Anasuria Cluster transaction (UK sector of the North Sea), Hibiscus Petroleum's global net 2P/2C resource base would be approximately 47 million barrels of oil equivalent ("**mmboe**") following the completion of this acquisition.

In addition to the equity transaction, Hydra Energy's management, Global Natural Resources Investments ("**GNRI**") and Hibiscus Petroleum's management are finalizing a non-equity based USD20 million debt facility to underpin the combined companies' capital requirements. This facility will be utilized to fund existing operational commitments and also allows Hibiscus Petroleum to explore new business opportunities.

CHPL had previously 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 Hydra Energy assets have the technical and commercial advantages of utilizing the same concept of the relocatable production infrastructure that is being considered for the West Seahorse development although design of the facilities will need to be reevaluated with the addition of the Hydra Energy assets. The inclusion of the Hydra Energy assets into Hibiscus Petroleum's portfolio provides a basis for optimisations and synergies that should significantly reduce Hibiscus Petroleum's development costs per barrel in a low oil price environment.

Hibiscus Petroleum together with CHPL plan to assess the opportunity for an accelerated development of the combined Hibiscus Petroleum and Hydra Energy assets. Plans for the development of the Australian assets should be finalized during the first half of 2016. Contracts previously tendered will be re-tendered once the development concept is finalized in order to achieve the reduced pricing that should be available from the industry in 2016.

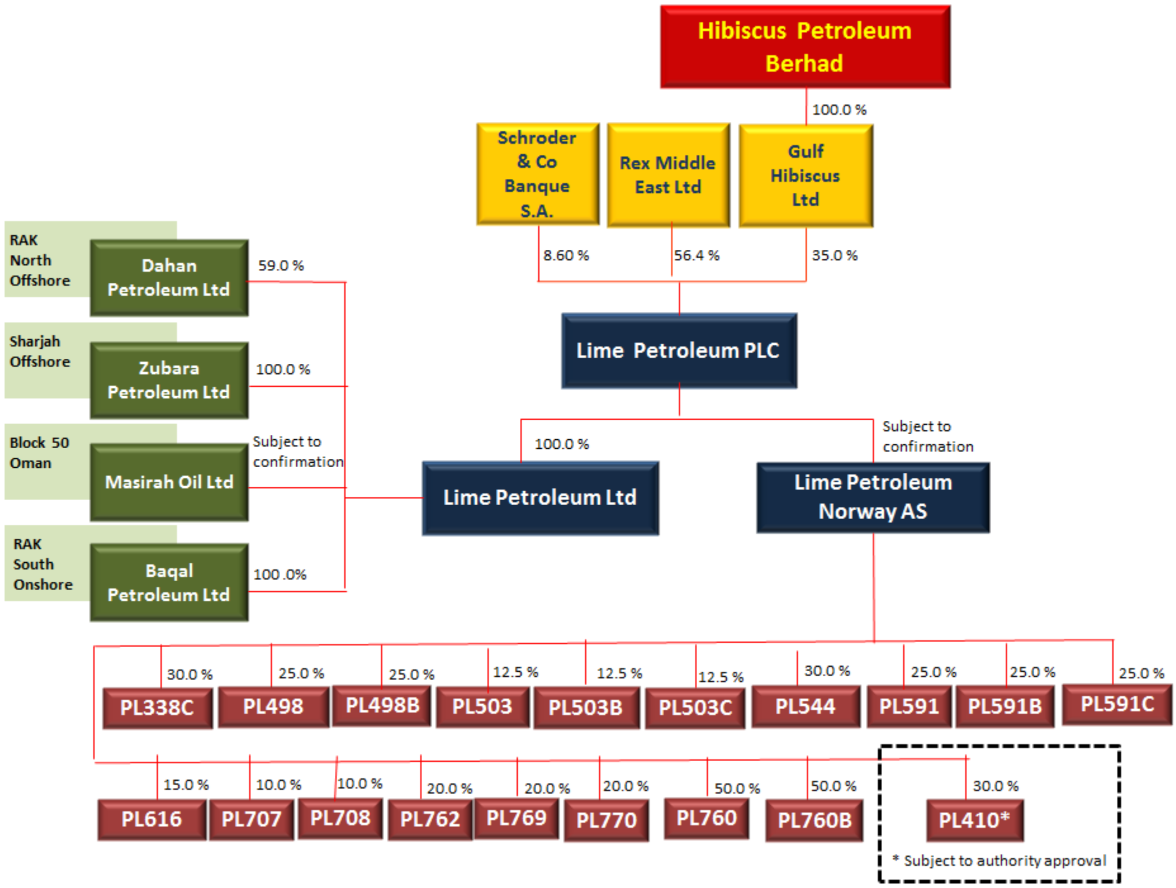
From a sub-surface perspective, a further independent assessment was performed by a third party expert, Gaffney, Cline & Associates ("**GCA**") and delivered in early January 2014. The updated assessment will be used to secure financing for the project.

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) the VIC/L31 Production Licence over the West Seahorse oilfield.

First volumes of commercial production from the VIC/L31 West Seahorse field are still expected in 2017, subject to a reassessment of the development concept for the combined Hibiscus Petroleum and Hydra Energy assets and subject also to the declaration of FID in the first half of 2016.

2 EXPLORATION ACTIVITIES UNDER THE LIME GROUP

LIME GROUP STRUCTURE



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 from the acquisition of participating interest from EnQuest Norge AS[3] (“**EnQuest**”).

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[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)

LIME GROUP STRUCTURE (Cont'd)

(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 September 2015, the total expenditure incurred by Lime and its concession companies is set out below:

	QUARTER ENDED 30.09.2015 RM'000	PERIOD ENDED 30.09.2015 RM'000
Intangible assets	14,319	14,319
Administrative expenses	18,545	18,545
	32,864	32,864

(iv) Lime Group position

Given the extended period of low oil prices, the Company intends to continue its review of investments in licenses that are primarily exploration weighted. As a majority of the assets within the Lime Group fall into this category, a review of the Lime Group investment will constitute part of this process.

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 16 October 2015, Lime Norway, a company in which its jointly-controlled entity, Lime Petroleum Plc ("Lime") is a shareholder, had informed the Company that it had participated in the drilling of exploration well 16/1-25S which commenced on 15 October 2015, to clarify the extent and size of the Rolvsnes discovery in North Sea licence PL338C.

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

LIME GROUP STRUCTURE (Cont'd)

2.1 NORWAY (Cont'd)

On 24 November 2015, Lime Norway informed the Company that it will be participating in the drilling of exploration well 7130/4-1 on the Ørnen prospect in PL708 in the Barents Sea, and that drilling of the well commenced on 22 November 2015 using the semi-submersible rig Transocean Arctic. The planned total depth is approximately 2,630 metres below mean sea level and the drilling operation is expected to take approximately 60 days.

The 2015 drilling plans of Lime Norway are as follows:

License	Rig	Estimated Spud Date	Operator
PL544	To be decided	December 2015 / January 2016	Lundin

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.

2.2 BLOCK 50 OMAN CONCESSION

The key operations of Block 50 Oman are carried out under Masirah Oil Ltd ("**Masirah**").

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.

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 Rex Virtual Drilling ("**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.

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

2.2 BLOCK 50 OMAN CONCESSION (Cont'd)

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 has been completed and several prospects were identified by Masirah for further exploration drilling. Based on independent, conventional analysis, the sub-surface team of Hibiscus Petroleum does not believe that these are the best prospects to be considered for further exploration capital investment and unless mutually acceptable drilling locations can be agreed, Hibiscus Petroleum may not participate in the proposed drilling programme. In such circumstances, it is possible that our interests in Masirah may change. However, the Company will safeguard its rights and interests accordingly in this regard.

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.

2.3 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. Based on results of various studies done subsequently and given current uncertainties relating to oil price, discussions are on-going with the relevant authorities on the options that are available to the Company.

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

2.4 RAK SOUTH ONSHORE CONCESSION

Given the recent downturn in global oil prices, the fact that the tenure of the license has formally expired (without a request for an extension being submitted) and given that it has been difficult to secure a farm-in partner to take up some equity in this project, it is likely that as part of a portfolio rationalisation exercise, the Company shall formally relinquish this license back to the host government in the very near future.

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 was 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 Sharjah would consider an extension to our concession favorably. In the interim, we have taken the prudent step to write down the investment we have made in this concession.

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 UK**"), Shell EP Offshore Ventures Limited ("**Shell EP**") and Esso Exploration and Production UK Limited ("**Esso E&P**") 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 approvals from the UK government and Hibiscus Petroleum shareholders.

3 ANASURIA CLUSTER (CONT'D)

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

3 ANASURIA CLUSTER (CONT'D)

During the current quarter, the Company has been working with Ping Petroleum Limited ("**Ping Petroleum**") to establish the joint operating company, Anasuria Operating Company Limited ("**AOC**") in Aberdeen. The onshore organisation required to take over operatorship of the assets from Shell UK has been established in a newly opened office in Aberdeen. It intends to outsource the day-to-day operations and maintenance of the assets to Petrofac Facilities Management ("**Petrofac**"), a substantial Contract Operator of North Sea assets. The AOC office has hence been co-located in Petrofac's office.

The activities currently underway include:

- Submission of documentation to the UK regulatory bodies to obtain approval of AOC as Operator of the Anasuria Cluster and for transfer of the production licenses from Shell UK, Shell EP and Esso E&P to Anasuria Hibiscus UK Limited and Ping Petroleum UK Limited (a wholly-owned subsidiary of Ping Petroleum);
- Submission of the facility safety case and oil pollution emergency plan by Petrofac;
- Recruitment of personnel required to take over operatorship of the assets from Shell UK;
- Migration of the operating documentation and systems of work from Shell UK to Petrofac; and
- Establishment of a long term facilities management agreement with Petrofac.

It is currently estimated that the transition of operations from Shell UK to AOC will occur on 31 January 2016 subject to obtaining approvals for the transaction from the UK government and Hibiscus Petroleum shareholders. Completion of the transaction occurs on the date of transfer of operatorship with financial close shortly thereafter.

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 [4] ("**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.

[4] *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.*

4 AWARD OF THE SOUTH EAST RAS EL USH CONCESSION IN EGYPT (CONT'D)

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).

Gulf Hibiscus is currently preparing the documentation required to participate in this concession.

By Order of the Board of Directors
Hibiscus Petroleum Berhad
30 November 2015