

A STRONG FOUNDATION, AN EXCITING FUTURE

HIBISCUS PETROLEUM BERHAD

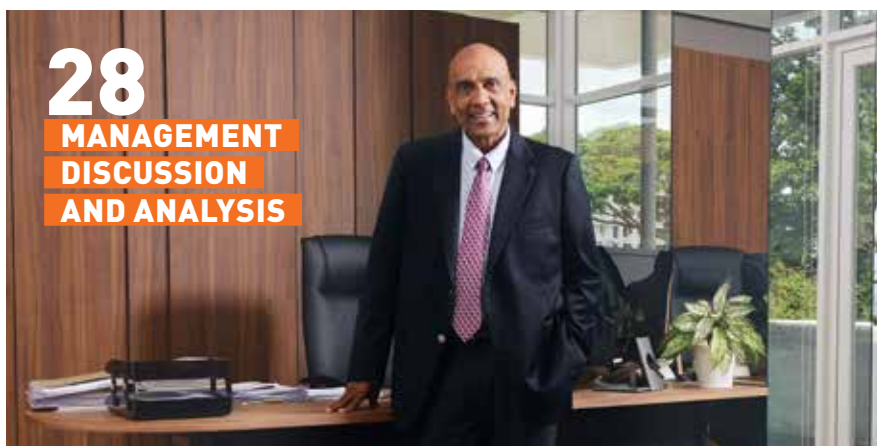
Registration Number: 200701040290 (798322-P)

ANNUAL REPORT **2020/2021**



18

**CHAIRMAN'S
STATEMENT**



28

**MANAGEMENT
DISCUSSION
AND ANALYSIS**



58

**CALENDAR
OF EVENTS**



88

**CORPORATE GOVERNANCE
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ABOUT OUR REPORT

A Strong Foundation, An Exciting Future

When we embarked on our journey a decade ago, our corporate canvas was blank. As an artist would create a painting, we started with some imagination and gradually added the colours of our industry knowledge and experience. The easel that has continually supported our work is a tripod of our shareholders, business partners and regulators. The picture that has arisen from our efforts is shared on the cover and within the pages of this Annual Report 2020/2021. And, it continues to evolve.

Cover artwork and portrait drawings by: Antonio Lopez, 2021

ABOUT US

Our key activities are focused on monetising producing oilfields and growing our portfolio of development and producing assets in areas of our geographical focus: the United Kingdom, Malaysia and Australia.

As an operator of offshore oil and gas producing fields, our efforts are focused on enhancing operational efficiencies to safely deliver high-margin production from our assets.

Our growth strategy in the current oil and gas market is to leverage on opportunities that are present within our portfolio of existing assets and make quality acquisitions on a selective basis, thus delivering sustainable returns to our shareholders.

We are committed towards upholding high standards of safety and environmental management. We also prioritise corporate governance, whilst expanding our business on strong technical and commercial foundations.

Hibiscus Petroleum is headquartered in Kuala Lumpur, and our securities are listed on the Main Market of Bursa Malaysia Securities Berhad. Hibiscus Petroleum is a constituent on the FTSE4Good Bursa Malaysia Index as well as the FTSE4Good Bursa Malaysia Shariah Index. Hibiscus Petroleum securities have been classified as being Shariah-compliant by the Shariah Advisory Council of the Securities Commission of Malaysia.

**HIBISCUS PETROLEUM BERHAD
(HIBISCUS PETROLEUM) IS
MALAYSIA'S FIRST LISTED INDEPENDENT
OIL AND GAS EXPLORATION AND
PRODUCTION COMPANY.**

FY2021 GROUP HIGHLIGHTS



MARKET CAPITALISATION¹

**RM1.37
BILLION**

FY2020: RM977 million ▲40%



EBITDA

**RM381
MILLION**

FY2020: RM213 million ▲79%



REVENUE

**RM805
MILLION**

FY2020: RM647 million ▲24%



PROFIT AFTER TAXATION

**RM104
MILLION**

FY2020: LOSS AFTER TAXATION RM49 million



NET ASSETS¹

**RM1.5
BILLION**

FY2020: RM1.2 billion ▲21%



DEBT¹

**RM5.7
MILLION**

FY2020: RM49.2 million ▼88%



CASH¹

**RM303
MILLION**

FY2020: RM177 million ▲72%



CAPITAL EXPENDITURE²

**RM133
MILLION**

FY2020: RM246 million ▼46%



NET 2P RESERVES³

**47.1
MMbbl**

FY2020: 46.1 MMbbl⁵ ▲2%



NET 2C RESOURCES³

**74.2
MMbbl**

FY2020: 63.0 MMbbl⁴ ▲18%



NET PRODUCTION RATE

**9,106
boe/day**

FY2020: 9,120 boe/day ▼0.2%



NET UNIT PRODUCTION COSTS⁵

**USD20/
boe**

FY2020: USD18/boe ▲14%

Notes:

- ¹ As at 30 June 2021 for FY2021, as at 30 June 2020 for FY2020.
- ² For the North Sabah PSC, the Anasuria Cluster and the Marigold Development Project only.
- ³ As at 1 July 2021.
- ⁴ As at 1 July 2020.
- ⁵ Weighted average production volume and operating expenditure based on net entitlement/working interest in the Anasuria Cluster and North Sabah PSC.

Key:

- FY2021 - Financial year ended 30 June 2021.
- FY2020 - Financial year ended 30 June 2020.
- EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortisation.
- 2P Reserves - Proven and probable oil reserves.
- 2C Resources - Best estimate contingent oil resources.
- MMbbl - Million barrels.
- boe - Barrels of oil equivalent.

HIBISCUS PETROLEUM HOLDS OPERATED INTERESTS IN SEVERAL CONCESSIONS IN THE UNITED KINGDOM AND AUSTRALIA AND A PRODUCTION SHARING CONTRACT IN MALAYSIA. OUR BALANCED PORTFOLIO CONSISTS OF PRODUCING, DEVELOPMENT AND EXPLORATION ASSETS.

MALAYSIA

**UNITED
KINGDOM**

AUSTRALIA



The 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract (North Sabah PSC) is our first Malaysian oil and gas asset. At this time, it is our largest source of production. SEA Hibiscus Sdn Bhd has been the operator of the North Sabah PSC since 31 March 2018. We have successfully implemented production enhancement projects, leading to an increase in gross oil production sales. We plan to execute further prospects in the future to avert natural decline and increase oil production.

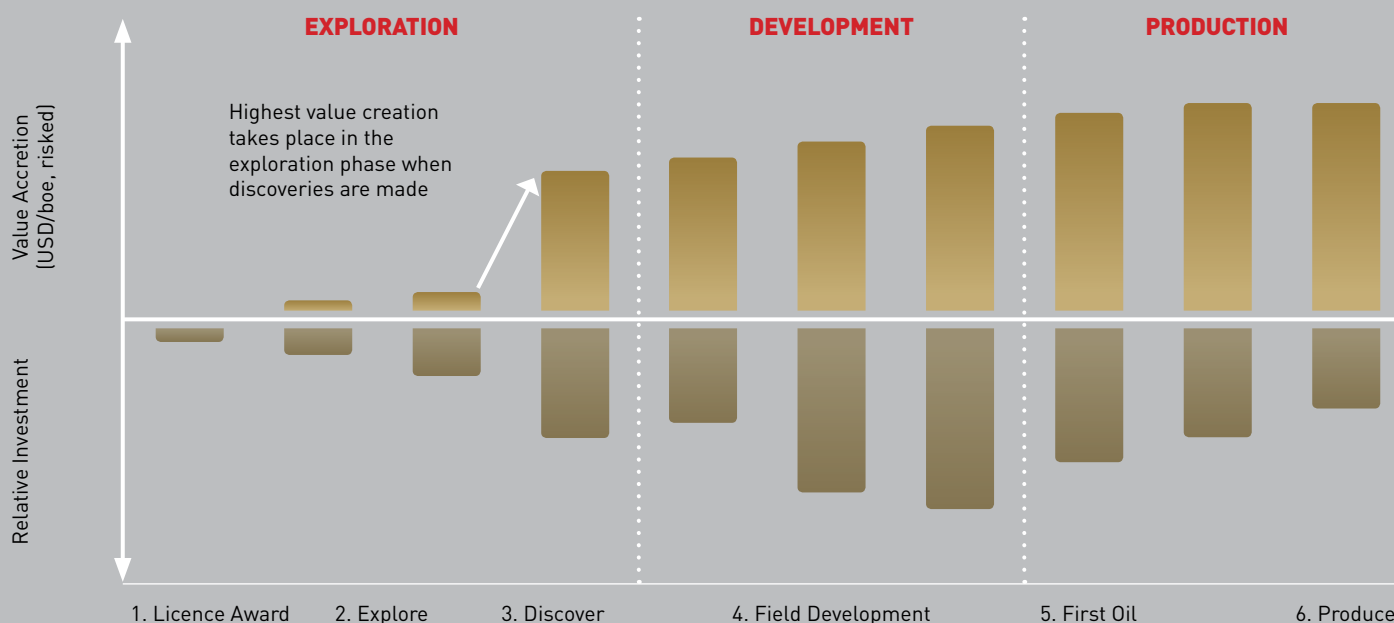


The United Kingdom (UK) continental shelf is home to Hibiscus Petroleum's first producing asset – the Anasuria Cluster, a group of producing oil and gas fields and associated infrastructure. We jointly operate this asset via our jointly-controlled entity, Anasuria Operating Company Limited. Expanding our footprint in the North Sea, we acquired the discovered oilfields called Marigold and Sunflower in 2018 and expect this development asset to deliver a step change to our production volumes in the near future. In FY2021, we were awarded two licences in the UK i.e. the Teal West and the Kildrummy discovered oilfields.



In the Bass Strait, we operate the VIC/L31 production licence and VIC/P57 exploration licence. We also have non-operated interests in the VIC/P74 exploration licence located in the same area.

INVESTMENT AND VALUE CREATION IN THE OILFIELD LIFE CYCLE



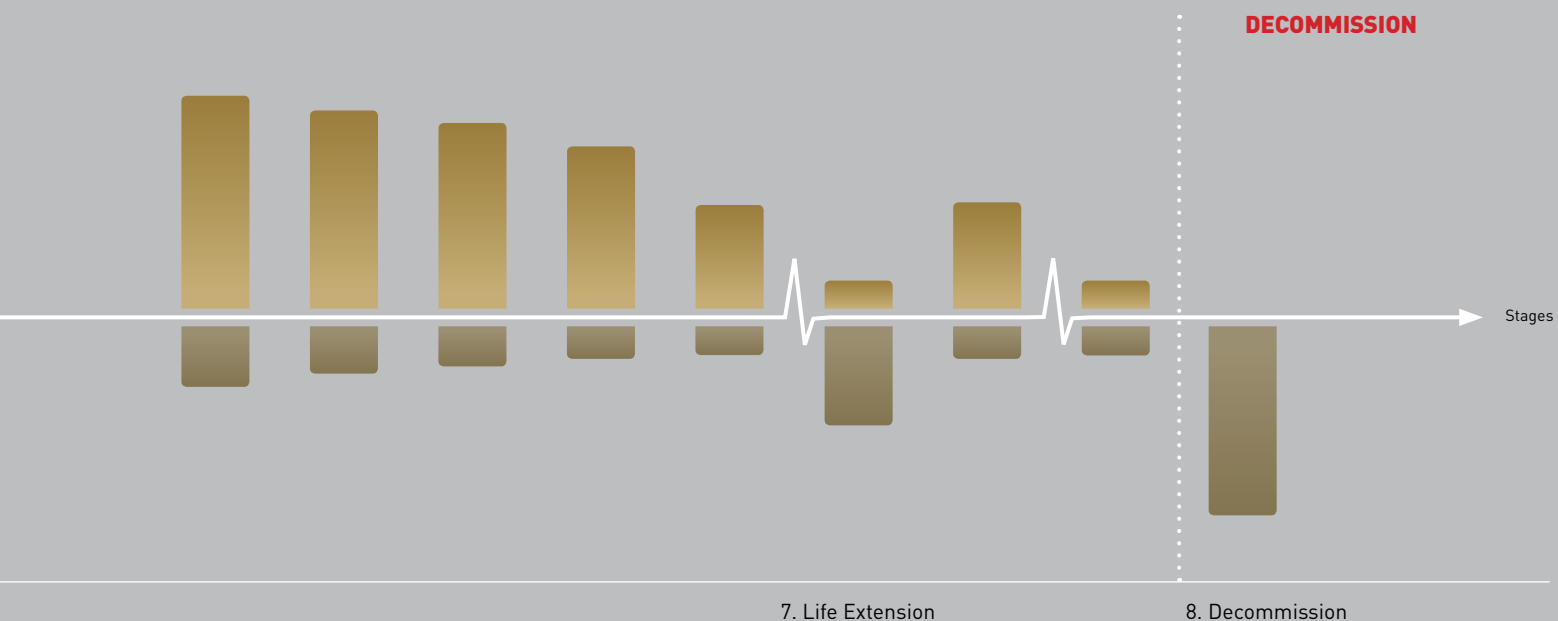
STAGE	1. LICENCE AWARD	2. EXPLORE	3. DISCOVER	
Reserves/Resources	Prospective Resources			Contingent Resources
Investment/Activity	Bidding or direct negotiation with host countries	Seismic acquisition, processing and interpretation	Drill exploration well	Drill appraisal well/ extended well test
Risks	High geological risks	Geological risks	Geological risks	Reduced geological risks
Typical GCoS range	0 - 25%			25 - 55%
Value Creation	Secure right to explore acreage via the signing of a concession agreement	Identify drillable prospects Define GCoS and prospective resources	Discovery of hydrocarbons	Commercial discovery of hydrocarbons

Notes:

- The table above does not account for unconventional concepts in field development.
- Inherent operational risks are not included.
- Information presented is reflective of the Company's portfolio of assets.

KEY:

- USD/boe - United States Dollar per barrel of oil equivalent.
- FID - Final Investment Decision.
- GCoS - Geological Chance of Success.



INCREASING SENSITIVITY TO CHANGES IN OIL PRICE

RESERVES

4. FIELD DEVELOPMENT	5. FIRST OIL	6. PRODUCE	7. LIFE EXTENSION	8. DECOMMISSION	
	Reserves			-	
<p>Pre-FID</p> <p>Prepare Field Development Plan Plan optimal subsurface development (e.g. number of wells to drill, amount of oil production achievable) Front-End Engineering and Design (FEED) for the surface facilities</p>	<p>Post-FID</p> <p>Detail design, construction and installation</p>	Start of oil production from the field	<p>Maintenance of facilities and wells</p>	<p>Drilling of additional wells or implementing secondary oil recovery (e.g. waterflooding)</p>	<p>Facilities and well abandonment</p>
<p>Low geological risks; Oil price risks</p>	<p>Design risks, Oil price risks</p>		<p>Oil price risk</p>	<p>Oil price risk</p>	-
55 - 85%			<p>85 - 100%</p>	<p>60 - 80%</p>	-
<p>Confirm the economic feasibility of the project</p>	<p>Installation of the surface facilities and drilling of oil wells</p>		<p>Ensure optimal oil production from the field</p>	<p>Increased oil production and reserves from the field</p>	<p>Abandonment of the field in an environmentally safe manner</p>

MALAYSIA

AT A GLANCE

On 31 March 2018, SEA Hibiscus Sdn Bhd (SEA Hibiscus) successfully assumed the role of operator of the North Sabah PSC from Shell. As operator, SEA Hibiscus is responsible for the day-to-day operations, maintenance and conduct of production enhancement activities carried out on the asset.

The North Sabah PSC is our second producing asset, providing us with a further revenue stream after the Anasuria Cluster. It has enabled us to strengthen our technical and operating capabilities, profitability and balance sheet.

Through execution of production enhancement projects since acquisition, we have been realising the considerable potential within the fields of the North Sabah PSC.

NORTH SABAH PSC: OFFSHORE AND ONSHORE FACILITIES



St Joseph



South Furious



Labuan Crude Oil Terminal



SF30



Barton

HIGHLIGHTS



AVERAGE UPTIME¹

92%



AVERAGE NET DAILY PRODUCTION RATE¹

6,442
bbl/day



AVERAGE UNIT PRODUCTION COST¹

14.2
USD/bbl



LTIF^{1,4}

0.00

NOTES:

- ¹ For the financial year ended 30 June 2021.
- ² As at 1 July 2021, based on SEA Hibiscus' current estimated net entitlement, based on RPS Energy Consultants Limited's report dated August 2021.
- ³ As at 30 September 2021.
- ⁴ LTIF represents the number of lost time injuries (LTI) i.e. fatality, permanent disability or time lost from work occurring in a workplace per 1 million hours worked by employees and contractors.

KEY:

- 2P Oil Reserves - Proven and probable oil reserves
- 2C Oil Resources - Best estimate contingent oil resources
- bbl - Barrels
- MMstb - Million stock tank barrels
- LTIF - Lost Time Injury Frequency
- USD - United States Dollar
- MSOSH - Malaysian Society for Occupational Safety and Health.
- OSH - Occupational Safety and Health
- CTU - Coiled Tubing Unit

NORTH SABAH PSC


Asset Name:

North Sabah PSC

Licence:

2011 North Sabah Enhanced Oil Recovery Production Sharing Contract

Hibiscus Petroleum's Interest:

50%

Operator:

SEA Hibiscus

Non-operating Partner:

PETRONAS Carigali Sdn Bhd

Asset Location:

33km from Kota Kinabalu, Malaysia

Water Depth:

18 – 60m

Field Life Cycle:

Production

Producing Fields:

St Joseph, South Furious, SF30, Barton

Development Type:

Fixed platforms with dry trees, inter-field pipelines and a trunk line to Labuan Crude Oil Terminal

Acquisition Date:

31 March 2018

Office Locations:

Kuala Lumpur, Kota Kinabalu, Labuan

Awards:
Safety

Winner of the MSOSH¹ OSH GOLD Class 1 Award for 2018 and 2017 under the category of Petroleum, Gas, Petrochemical & Allied Sectors for the St Joseph Platform by the Malaysian Society for Occupational Safety and Health.

Production

Received three awards at Petroleum Nasional Berhad (PETRONAS)' inaugural Malaysia Upstream Awards 2020:

- i. Best Emerging Petroleum Arrangement Contractor
- ii. Wells Excellence Category – GOLD Award
- iii. Drilling Excellence Category – BRONZE Award

Other Award

Recipient of PETRONAS' Focused Recognition Award in April 2021 for successfully initiating the 1st Integrated CTU Catenary Campaign, resulting in safe catenary operations with an estimated potential instantaneous production gain of 1,350 bbl per day.

NOTE:

¹ The MSOSH OSH Award is an annual award presented to organisations in Malaysia with proven outstanding Occupational Safety and Health performance. Identified companies are subjected to stringent document and site verification audits by the MSOSH panel of qualified and dedicated auditors which comprise, amongst others, representatives from the Department of Occupational Safety & Health (DOSH) and National Institute of Occupational Safety & Health (NIOOSH) prior to being considered by the MSOSH Technical Committee for the respective awards.



2P OIL RESERVES²

23.1

MMstb



2C OIL RESOURCES²

14.6

MMstb



SEA HIBISCUS PERSONNEL
WORKING ON DAY-TO-DAY
OPERATIONS³

350



STABLE AND CREDIBLE
PARTNERSHIP WITH
PETRONAS CARIGALI
SDN BHD

THE UNITED KINGDOM AT A GLANCE

On 10 March 2016, Hibiscus Petroleum acquired our very first producing asset – a package of geographically focused producing fields and associated infrastructure located in the North Sea, United Kingdom (UK), collectively known as the Anasuria Cluster (Anasuria). Anasuria delivers production that generates positive cash flow with infield future development opportunities and exploration upside. The recent addition of the Teal West discovery is a positive development and is expected to increase Anasuria’s production by 2023.

Expanding our footprint in the North Sea, Hibiscus Petroleum acquired the discovered oilfields called Marigold and Sunflower on 16 October 2018. This shallow-water development asset will deliver a step change to our production volumes and revenue generating capacity by FY2024.

Additionally, in line with our efforts to aggregate 2C oil resources at a competitive unit cost per barrel (as part of an area-wide development), we applied for (and were awarded), the Kildrummy discovery (as part of the UK 32nd Licensing Round). Kildrummy lies in close proximity to the Marigold and Sunflower fields.



HIGHLIGHTS



**ANASURIA AVERAGE
 UPTIME¹**

83%



**AVERAGE NET DAILY
 PRODUCTION RATE¹**

2,665
 boe/day



**AVERAGE UNIT
 PRODUCTION COST¹**

22.2
 USD/boe



LTIF^{1,3}

0.00



2P OIL RESERVES²

24.0
 MMbbl

NOTES:

¹ For the financial year ended 30 June 2021.

² As at 1 July 2021, based on Anasuria Hibiscus UK Limited’s participating interest. The reserves and resources estimates for Anasuria and Teal West are extracted from RPS Energy Consultants Limited’s report dated August 2021, while the contingent resources report for the Marigold and Sunflower fields are based on RPS Energy Consultants Limited’s report dated August 2020.

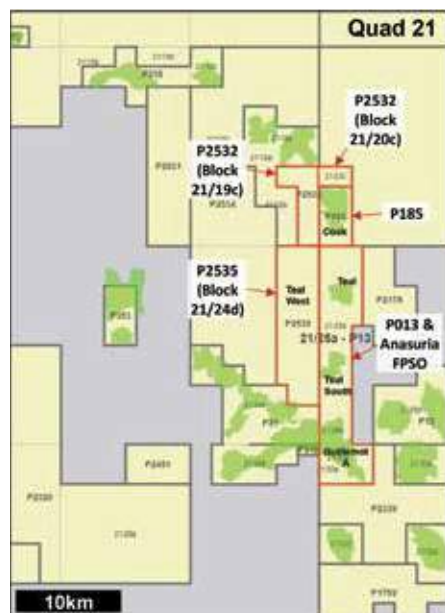
³ LTIF represents the number of lost time injuries (LTI) i.e. fatality, permanent disability or time lost from work occurring in a workplace per 200,000 hours worked by employees and contractors.

⁴ As at 30 September 2021, consists of personnel in Anasuria Operating Company Limited and personnel dedicated to Anasuria operations from Petrofac Facilities Management Limited.

KEY:

- 2P Oil/Gas Reserves - Proven and probable oil/gas reserves.
- 2C Oil/Gas Resources - Best estimate contingent oil/gas resources.
- boe - Barrels of oil equivalent.
- MMbbl - Million barrels.
- Bscf - Billions of standard cubic feet of gas.
- LTIF - Lost Time Injury Frequency.
- USD - United States Dollar.
- ROSPA - Royal Society for the Prevention of Accidents.
- FPSO - Floating, Production, Storage and Offloading Vessel.
- FDP - Field development plan.
- FID - Final investment decision.
- OGA - Oil and Gas Authority, United Kingdom (UK).

ANASURIA CLUSTER



Asset Name:
Anasuria Cluster

Licences:
P013, P185, P2535, P2532

Asset Location:
United Kingdom Central North Sea,
~175km east of Aberdeen

Water Depth:
~94m

Acquisition/Award Date:
Anasuria: 10 March 2016
P2535 and P2532: 1 December 2020

Office Locations:
Kuala Lumpur, Aberdeen

Safety Award:
The Anasuria FPSO received the Order of Distinction from ROSPA, UK for 22 consecutive annual GOLD awards.

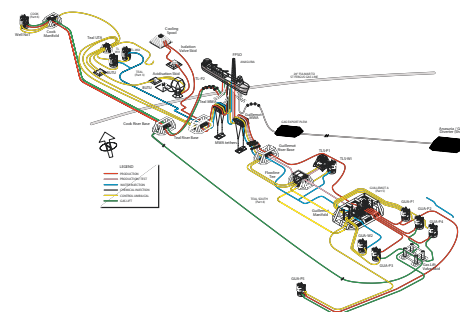
1) **P013 & Anasuria FPSO**
Hibiscus Petroleum's Interest:
50%
Operator:
Anasuria Operating Company Limited, jointly owned by Anasuria Hibiscus UK Limited (Anasuria Hibiscus) and Ping Petroleum UK Limited
Non-operating Partner:
Ping Petroleum UK Limited
Field Life Cycle:
Production
Producing Fields:
Teal, Teal South, Guillemot A
Development Type:
Subsea tieback to Anasuria FPSO

2) **P185**
Hibiscus Petroleum's Interest:
19.3%
Operator:
Ithaca Energy (UK) Limited (Ithaca Energy)
Field Life Cycle:
Production
Producing Field:
Cook
Development Type:
Subsea tieback to Anasuria FPSO

3) **P2535 (Block 21/24d)**
Hibiscus Petroleum's Interest:
70%

Operator:
Anasuria Hibiscus
Non-operating Partner:
NEO Energy (ZPL) Limited
Field Life Cycle:
Development
Discovered Field:
Teal West

4) **P2532 (Blocks 21/19c and 21/20c)**
Hibiscus Petroleum's Interest:
19.3%
Operator:
Ithaca Energy
Field Life Cycle:
Exploration
Prospects:
Cook West, Cook North as potential extensions to the existing Cook Field



Asset infrastructure (as at October 2021) is laid over a distance of approximately 25km.



2P GAS RESERVES²

9.8

Bscf



2C OIL RESOURCES²

51.6

MMbbl



2C GAS RESOURCES²

3.2

Bscf



PERSONNEL WORKING ON ANASURIA OPERATIONS⁴

130

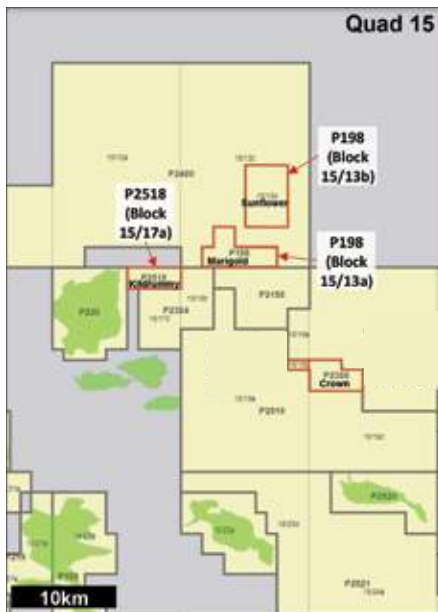


DEDICATED PROJECT TEAM FOR MARIGOLD

28

THE UNITED KINGDOM AT A GLANCE

MARIGOLD



Asset Names:
Marigold and Sunflower

Licences:
P198, Blocks 15/13a & 15/13b
P2518, Block 15/17a

Asset Location:
UK Central North Sea,
~250km northeast of Aberdeen

Water Depth:
~140m

Office Locations:
Kuala Lumpur, Aberdeen

1) P198 (Blocks 15/13a, 15/13b)
Hibiscus Petroleum's Interest:
87.5%

Operator:
Anasuria Hibiscus
Non-operating Partner:
Caldera Petroleum (UK) Ltd

Field Life Cycle:
Development

Discovered Fields:
Marigold and Sunflower

Target Development Milestones:

- 2021: FID & OGA Approval of FDP
- 2023: First Oil

2) P2518 (Block 15/17a)
Hibiscus Petroleum's Interest:
100%

Operator:
Anasuria Hibiscus

Field Life Cycle:
Development

Discovered Field:
Kildrummy





AUSTRALIA

AT A GLANCE

Hibiscus Petroleum, through our wholly-owned subsidiary Carnarvon Hibiscus Pty Ltd (Carnarvon Hibiscus) has interests in three licences located in the prolific oil and gas producing province of the Bass Strait of Australia.

We also have a 11.68% interest in 3D Oil Limited (3D Oil), a company listed on the Australian Stock Exchange. Through 3D Oil, we have indirect exposure to two additional exploration licences.



HIGHLIGHTS



NUMBER OF LICENCES¹

3



2C OIL RESOURCES²

8.0

MMbbl



POINTER PROSPECT BEST ESTIMATE PROSPECTIVE GAS RESOURCES³

177

Bscf



FELIX PROSPECT BEST ESTIMATE PROSPECTIVE OIL RESOURCES³

12

MMbbl

NOTES:

- ¹ Includes the 50% participating interest in VIC/P74.
- ² Based on Hibiscus Petroleum's direct interest in VIC/L31.
- ³ Based on Hibiscus Petroleum's direct interest in VIC/P57.
- ⁴ Based on Hibiscus Petroleum's direct interest in VIC/P74.
- ⁵ Acreage in VIC/P57 and VIC/P74.

KEY:

- 2P Oil Reserves - Proven and probable oil reserves
- 2C Oil Resources - Best estimate contingent oil resources
- MMbbl - Million barrels
- Bscf - Billions of standard cubic feet of gas
- km² - Square kilometres
- NOPTA - National Offshore Petroleum Titles Administrator, Australia

LICENCES:

- VIC/L31
- VIC/P57
- VIC/P74

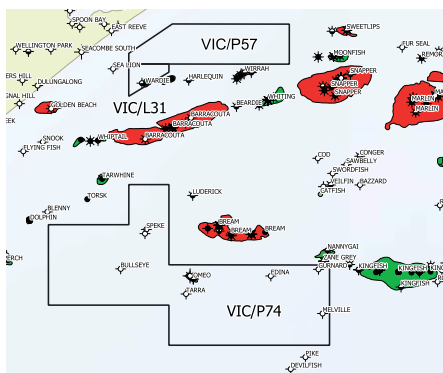
LOCATION:

Gippsland Basin, Offshore Victoria

WATER DEPTH:

50m

GIPPSLAND BASIN



1) VIC/L31

Hibiscus Petroleum’s Interest:

100%

Operator:

Carnarvon Hibiscus

Field Life Cycle:

Development

Discovered Field:

West Seahorse

Status:

Retention Lease application submitted on 4 December 2018. Discussions ongoing with NOPTA on whether to maintain the existing Production Licence or continue the Retention Lease application. Decision will be dependent on the outcome of upcoming discussions with nearby infrastructure owners on the potential to tieback the West Seahorse field.

2) VIC/P57

Hibiscus Petroleum’s Interest:

75.1%

Operator:

Carnarvon Hibiscus

Field Life Cycle:

Exploration

Exploration Acreage:

246km²

Prospects:

Felix, Pointer

Minimum Guaranteed Work Programme (compulsory):

Years 1-3 (March 2018 – March 2022)¹

- Geological and geophysical studies including petroleum systems analysis/modelling.
- Reprocessing of 230km² of the Northern Fields 3D seismic data
- Seismic interpretation and depth conversion.

Secondary Work Programme (optional):

Year 4 (April 2022 – March 2023)

- One exploration well

Year 5 (April 2023 – March 2024)

- Geological and geophysical studies

Status:

Minimum Guaranteed Work Programme completed two years ahead of schedule. Encouraging results from subsurface evaluation work. 12-month extension granted by NOPTA to the permit term, with expiry on 6 March 2024.

Note:

¹ On 17 May 2021, NOPTA granted a 12-month suspension of the VIC/P57 permit conditions with a corresponding 12-month extension to the VIC/P57 permit term.

3) VIC/P74

Hibiscus Petroleum’s Interest:

50%

Operator:

3D Oil

Field Life Cycle:

Exploration

Exploration Acreage:

1,006km²

Prospect:

BigFin

Work Programme:

Phase 1: Prospect Generation Phase

- Purchase reprocessed 3D seismic data to progress geological and geophysical studies in order to refine resource assessments and enable prospect ranking.

Phase 2: Well Drilling Phase (Optional)

- Drill exploration well(s).
- If it is required that a well or wells be drilled after the primary first three years of the prospect generation phase, Carnarvon Hibiscus shall be the operator of the permit, whereas 3D Oil shall continue to be the operator for geological & geophysical operations.
- However, if there is a farm-in for a substantial interest in the Permit that will require drilling a well or wells by the farmee, the farmee will become the operator instead for all operations.

4) Investments:

3D Oil, a company listed on the Australian Stock Exchange is an associate company of Hibiscus Petroleum. As at 1 October 2021, Hibiscus Petroleum holds 11.68% indirect interest in 3D Oil. 3D Oil holds interests in four offshore exploration licences:

A. VIC/P57

24.9%

B. VIC/P74

50%

C. T/49P

20%

Location:

Otway Basin adjacent to the Thylacine Gas Field.

D. WA-527-P

100%

Location:

Bedout sub-basin, adjacent to the recent significant oil discovery at Dorado.



BIGFIN PROSPECT BEST ESTIMATE PROSPECTIVE GAS RESOURCES⁴

251

Bscf



NUMBER OF PROSPECTS^{3,4}

3



TOTAL EXPLORATION ACREAGE⁵

1,252

km²



WELLS DRILLED²

1

Exploration well