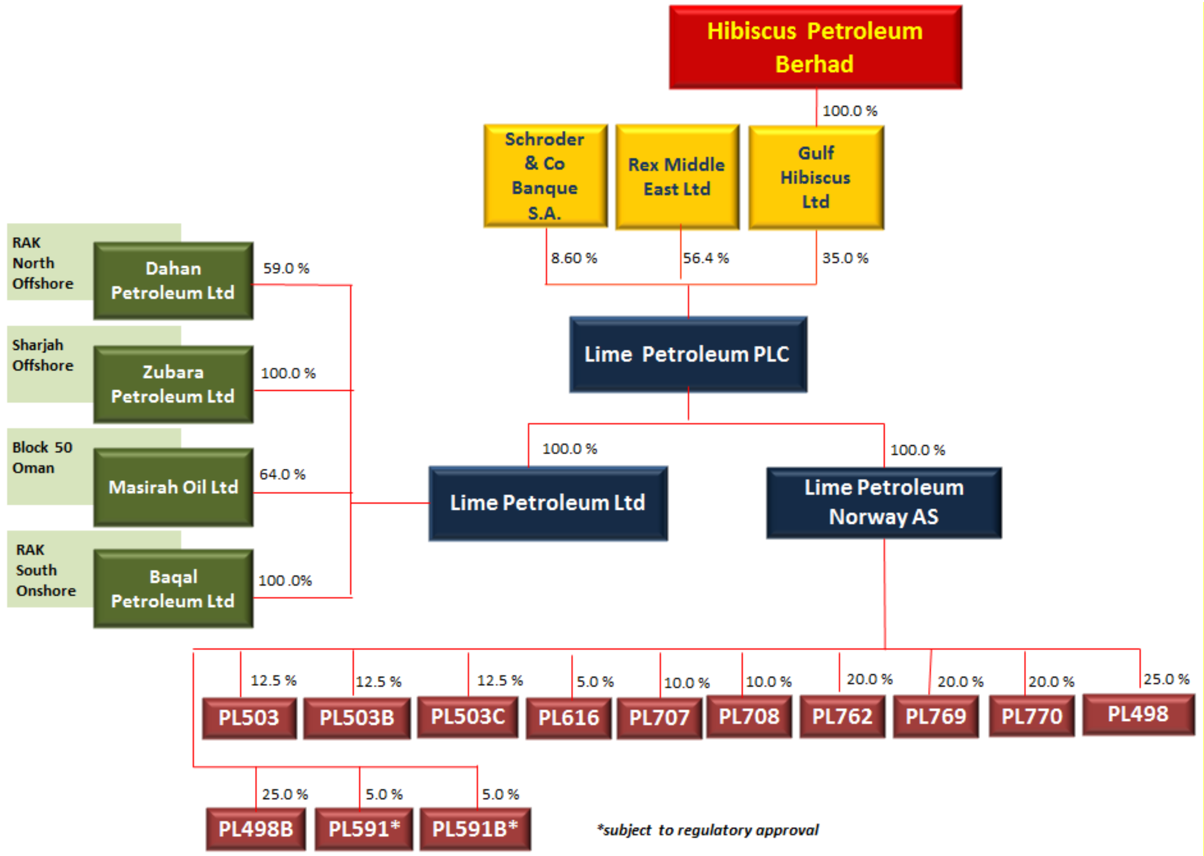
PART C – STATUS OF DEVELOPMENT AND EXPLORATION ACTIVITIES

1 EXPLORATION ACTIVITIES UNDER THE LIME GROUP

LIME GROUP STRUCTURE



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

(i) 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**")

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

LIME GROUP STRUCTURE (Cont'd)

(ii) Norway

8 licences from the acquisition of participating interests from North Energy ASA and 5 new offshore licenses issued by the Norwegian Ministry of Petroleum and Energy during the Awards in Predefined Areas ("**APA**") in January 2014.

(iii) Summary of expenditure incurred

During the financial quarter/period ended 30 June 2014, the total expenditure incurred by Lime and its concession companies is set out below:

	QUARTER ENDED 30.06.2014 RM'000	PERIOD ENDED 30.06.2014 RM'000
Intangible assets	27,403	136,964
Administrative expenses	5,686	7,289
	33,089	144,253

1.1 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 is located in Dubai in the UAE.

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 the proprietary Rex Virtual Drilling ("**RVD**") technology, 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 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 prevented Masirah from reaching its planned target depth. 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.

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

1.1 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.

1.2 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.

1.3 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 is targeted for the second half of 2014.

1.4 SHARJAH EAST COAST CONCESSION

Zubara Petroleum Ltd ("**Zubara**"), a wholly-owned subsidiary of Lime, has 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 are scheduled for completion by January 2015.

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

1.5 NORWAY

Our entry into Norway was part of a strategy to diversify the geopolitical risk of our asset portfolio. Indeed, 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 production is achieved.

Lime Norway has secured interests in 13 licences in the Norwegian Continental Shelf ("**NCS**"), 2 of which are subject to regulatory approval.

Currently, Lime Norway is expected to have sufficient funds from previous equity injections together with the NOK300 million (USD49 million) financing facility secured from Skandinaviska Enskilda Banken AB ("**SEB**"), to fulfil their work commitments, including the drilling of 2 exploration wells, into 2015. In addition to this, another well has also been secured for prospective drilling in 2015.

The forecasted drilling schedule is as follows:

- PL591 and PL591B which is targeted for drilling in the first half of 2015. The operator of these licenses, located in the Norwegian Sea, is Tullow Oil Norge AS[1].
- PL 708, located in the Barents Sea, is targeted for drilling in late 2015. The operator of this license is Lundin Norway AS[2].
- PL 616, operated by Edison International Norway Branch[3], which is targeted for drilling in the second half of 2015. This license is located in the North Sea.

At this juncture, Lime Norway has advised that decisions to drill wells or relinquish licences are expected to be made for PL 498 and PL498B in Q4 2014, while a similar determination is expected for PL503, PL503B and PL503C in the first quarter of 2015. For Lime Norway's remaining portfolio licences, drill or drop decisions are expected in 2016 and beyond.

Following the deadline for a drill or drop decision by 23 July 2014, Lime Norway had decided to surrender PL509S, PL509BS and PL509CS, all of which are located in the North Sea. The decision was taken pursuant to the assessment of results obtained from reprocessed seismic data, the application of RVD and electromagnetic surveys, which have not been able to define prospects with acceptable risk-reward benefits.

Lime Norway is continuously looking out for and assessing farm-in opportunities to achieve 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.

Furthermore, Lime Norway shall be submitting applications for new licenses in the next APA round before the submission deadline on 2 September 2014. The award of new licences is expected to be announced in the first quarter of 2015.

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[1] *Tullow is part of the Tullow Oil Plc Group which is a leading independent oil company with over 150 licences in over 20 countries.*

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

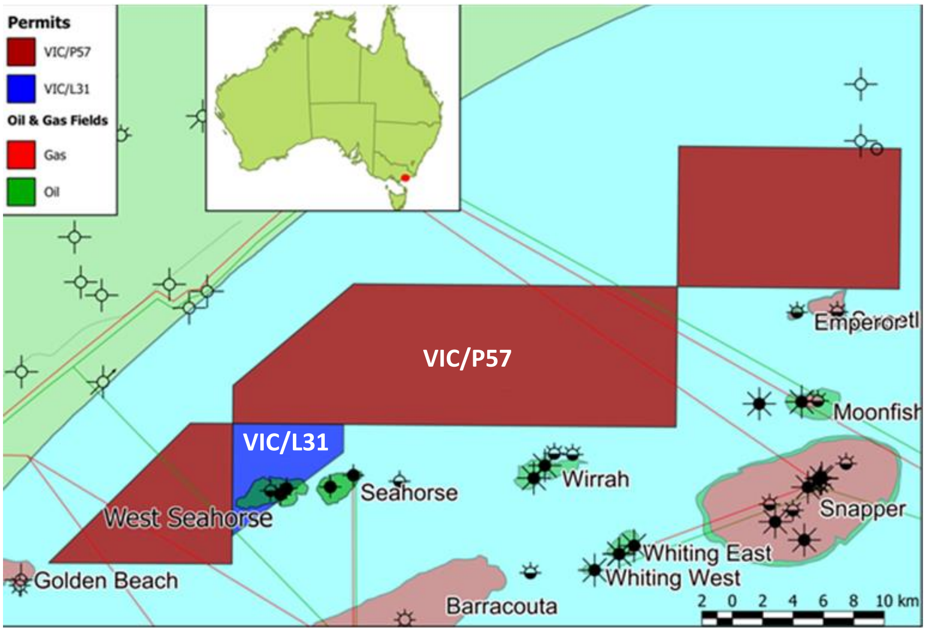
[3] *Edison International is Europe's oldest energy company. Edison provides over 21% of natural gas to Italy, and owns over 50 billion cubic meters equivalent of hydrocarbon reserves in Italy and Egypt.*

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

1.6 FARMING OUT MIDDLE EAST CONCESSIONS

Our business strategy is founded on a risk-managed approach to exploration drilling. Therefore, our preference is for the Group to participate in exploration wells where some of the risks are shared with other parties. Consistent with this strategy, efforts are underway to farm-out a portion of Lime's interests in the Sharjah and RAK South Onshore concessions. Additionally, in view of the costs associated with drilling a well in the RAK North Offshore concession, an equity farm-out on this block may also be considered.

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



Our 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.

The Group, had on 4 July 2014, entered into a series of binding agreements with its Australian partner, 3D Oil Limited ("**3DO**"), to increase its effective stake in both VIC/P57 and VIC/L31:

- VIC/P57 - CHPL to increase interest from 50.1% to 55.1%.
  - Exclusive option granted to the Group's joint venture, HiRex Petroleum Sdn Bhd for a 20% interest.

- VIC/L31 - CHPL to increase interest from 50.1% to 100%.
  - CHPL to increase ownership of Britannia from 50.1% to 100%.

These conditional agreements are pending approval from the National Offshore Petroleum Titles Administrator ("**NOPTA**").

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

A project team was 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 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 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.

The responses to competitive tenders have been received from the various MOPU contractors and final negotiations are currently ongoing with an effort to award the MOPU contract in the fourth quarter of 2014. Our contracting strategy involving the sale and lease back of the Britannia had been agreed with the West Seahorse Joint Venture and is the basis for the ongoing negotiations. However, award of this contract and all other West Seahorse Project contracts have been delayed due to a variety of commercial issues. We anticipate that Final Investment Decision ("**FID**") shall be reached in the fourth quarter of 2014 after acquiring full ownership of West Seahorse and upon securing sufficient funding, paving the way for the award of major contracts in the fourth quarter of 2014.

A summary of the current plan for award of the major contracts required for West Seahorse is as follows:

Contract	**Contract Award**
Operations & Maintenance – the Duty Holder of the field responsible for safe operation of the West Seahorse Project	Q4 2014
MOPU – purchase of the Britannia, refurbishment, reactivate class, supply of equipment, integration and installation	Q4 2014
FSO – purchase or charter of vessel that will store produced oil before selling to the market	Q4 2014
Export System – includes the supply of submarine pipeline and offloading hose	Q4 2014
Drilling – 2 options: (i) the utilisation of a rig of opportunity that will be used for the VIC/P57 exploration well in the second quarter of 2015; or (ii) the supply of a Modular Platform drilling rig to drill and complete the wells from the Britannia in the first quarter of 2016	Q3 2014 Q2 2015

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. This is now being used to secure financing for the project.

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

From a regulatory perspective, we believe the 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.

First volumes of commercial production from the VIC/L31 West Seahorse field are now expected in the first quarter of 2016, subject to the timely declaration of FID.

In the near term, the VIC/P57 joint venture has an obligation to drill an exploration well in the concession as required by the terms of the permit. Several geologically exciting targets have been identified, amongst them Sea Lion and Felix. A firm commitment that will lead us to drill an exploration well in the VIC/P57 permit in the second quarter of 2015 shall be made in the third quarter of 2014.

By Order of the Board of Directors
Hibiscus Petroleum Berhad
26 August 2014