PART C – STATUS OF PRODUCTION, DEVELOPMENT AND EXPLORATION ACTIVITIES

1 ANASURIA CLUSTER

Background

On 10 March 2016, Hibiscus Petroleum Berhad (“**Hibiscus Petroleum**” or the “**Company**”), via its indirectly wholly-owned subsidiary, Anasuria Hibiscus UK Ltd (“**Anasuria Hibiscus**”) with Ping Petroleum UK Limited (“**Ping Petroleum UK**”), completed the transaction to each acquire 50% of the entire interests of Shell U.K. 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 (“**Completed Acquisition**”).

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 ("**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 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.

The Company, together with Ping Petroleum Limited (“**Ping Petroleum**”) has established the joint operating company, Anasuria Operating Company Limited (“**AOCL**”) in Aberdeen and this company has been approved as the License Operator for the assets by the Secretary of State for Energy and Climate Change of the United Kingdom Government.

On 10 March 2016, AOCL successfully assumed the role of operator for the assets from Shell UK. The day-to-day operations and maintenance of the assets are currently being managed by Petrofac Facilities Management (“**Petrofac**”) under the supervision of AOCL. Petrofac is a substantial Contract Operator of North Sea assets. The AOCL office is co-located within Petrofac’s Aberdeen office to enable an efficient and seamless workplace.

Crude oil produced from the Anasuria fields is stored in the Anasuria FPSO’s tanks and the oil is subsequently marketed in large parcels typically comprising one to two months of oil production. The process of offloading crude oil to a shuttle oil tanker, thereby completing its sale, is called an ‘offtake’. Anasuria Hibiscus records the revenue based on the offtakes which occur during each quarterly accounting period. Gas produced from the Anasuria fields is sold via gas export pipelines connected to the Anasuria FPSO. Gas is sold on a daily basis and revenue is received from the pipeline operator each month.

1 ANASURIA CLUSTER (CONT'D)

Update on operations in March 2016

Table 1

	Units	March 2016
Oil production rate	barrel ("**bbl**")/day	6,033
Gas export rate	bbl of oil equivalent ("**boe**")/day	462
Oil equivalent production rate *	boe/day	6,495
Average oil price	USD/bbl	38.2
Average gas price	USD/one million British Thermal Units ("**mmbtu**")	1.6/3.5
Capital expenditure ("**CAPEX**")	USD'm	-
Operating expenditure ("**OPEX**") per calender month	USD'm	3.7
OPEX per bbl	USD/boe	18.3

Source: AOCL.
All figures are gross to AOCL.
* Conversion rate of 6,000scf/boe.

The table above provides a summary of key operational statistics for the Anasuria Cluster for the calendar month of March 2016. Production was in line with the annual target although the operations team expects that average daily volumes will be higher in the next quarter from April 2016 to June 2016. Since taking over operations, AOCL has managed operating costs efficiently and reigned in non-essential costs to put the Anasuria Cluster firmly in a cash flow positive position. In March 2016, there was one offtake of oil with gross volumes to AOCL and net volumes to Anasuria Hibiscus as shown below.

Table 2

Oil Offtake Date	Oil Offtake Volume (barrels to AOCL)	Oil Offtake Volume (barrels to Anasuria Hibiscus)
March 2016	370,000	185,000

In our circular to shareholders dated 20 January 2016 ("**Circular**"), the Company included a copy of a report from RPS Energy Consultants Limited ("**RPS**") dated 15 September 2015 which addressed the valuation of the Anasuria Cluster. The core data utilized by RPS was sourced from Shell UK, Shell EP and Petrofac. Information from the RPS report is tabulated in Table 3 and Table 4 and specific details relating to the figures that have been provided can be found in the Circular. Two cases were presented, the Proved Developed Producing ("**PDP**") case with CAPEX focused on maintaining field facilities and a Proven and Probable Reserves ("**2P**") case, which took into account the CAPEX necessary to increase the hydrocarbon reserves which would be producible.

PDP Case

Table 3 below shows forecasted production rates for the Anasuria fields over a five-year period starting in 2016 in the PDP case. The major activities undertaken in this case would include souring projects at the Guillemot A Field and Teal South Field as well as refurbishment and upgrade works on the Anasuria FPSO to extend its production life. In particular, the Anasuria FPSO refurbishment work would include minor replacements on the Anasuria FPSO's risers and mooring system.

1 ANASURIA CLUSTER (CONT'D)

Table 3

PDP Case	**Units**	**2016**	**2017**	**2018**	**2019**	**2020**
Oil production rate #	bbl/day	5,400	4,200	5,000	4,700	3,900
Gas export rate #	boe/day	700	500	600	600	500
Oil equivalent production rate # *	boe/day	6,100	4,700	5,600	5,300	4,400
CAPEX per annum	USD'm	39.5	141.3	24.3	6.2	7.6
OPEX per annum	USD'm	85.1	89.9	87.5	87.4	91.6
OPEX per bbl @	USD/boe	38.2	52.4	42.8	45.2	57.0

Source: RPS report dated 15 September 2015, data sourced from Shell UK and Shell EP.
Production in 2018 increases as CAPEX is spent in 2017 to increase facility availability.
All figures are gross to AOCL.
Figures are rounded to the nearest hundred.
* Conversion rate of 6,000scf/boe.
@ Calculated by Hibiscus Petroleum based on the RPS report.

<u>2P Case</u>

A development program consisting of field workovers and infill drilling was also considered by RPS for implementation over the 2017–2018 period consisting of:

- Gas lift and recompletion of producer wells at Guillemot A Field and Teal South Field; and

- Infill drilling of two wells at the Guillemot A Field.

This investment would boost oil and gas production rates from end-2017 as shown in Table 4 below. The additional production from these projects is expected to last well beyond 2020 over the remaining useful economic life of the asset.

Table 4

2P Development Case	**Units**	**2016**	**2017**	**2018**	**2019**	**2020**
Oil production rate #	bbl/day	6,500	6,600	11,000	10,400	8,700
Gas export rate #	boe/day	800	800	1,200	1,100	1,000
Oil equivalent production rate # *	boe/day	7,300	7,400	12,200	11,500	9,700
CAPEX per annum	USD'm	39.5	164.6	249.4	6.2	7.6
OPEX per annum	USD'm	85.4	93.6	99.6	100.6	105.3
OPEX per bbl @	USD/boe*	32.1	34.7	22.4	24.0	29.7

Source: RPS report dated 15 September 2015, data sourced from Shell UK, Shell EP and RPS' internal assessment.
All figures are gross to AOCL.
Figures are rounded to the nearest hundred.
* Conversion rate of 6,000scf/boe.
@ Calculated by Hibiscus Petroleum based on the RPS report.

1 ANASURIA CLUSTER (CONT'D)

OPEX

The components of the OPEX on the Anasuria assets consist primarily of:

- Associated completion and transition costs post the Anasuria Cluster acquisition;
- Operations and maintenance of the Anasuria FPSO (contracted to Petrofac);
- Field related maintenance projects;
- Gas transport tariff charges; and
- AOCL and Petrofac overhead costs.

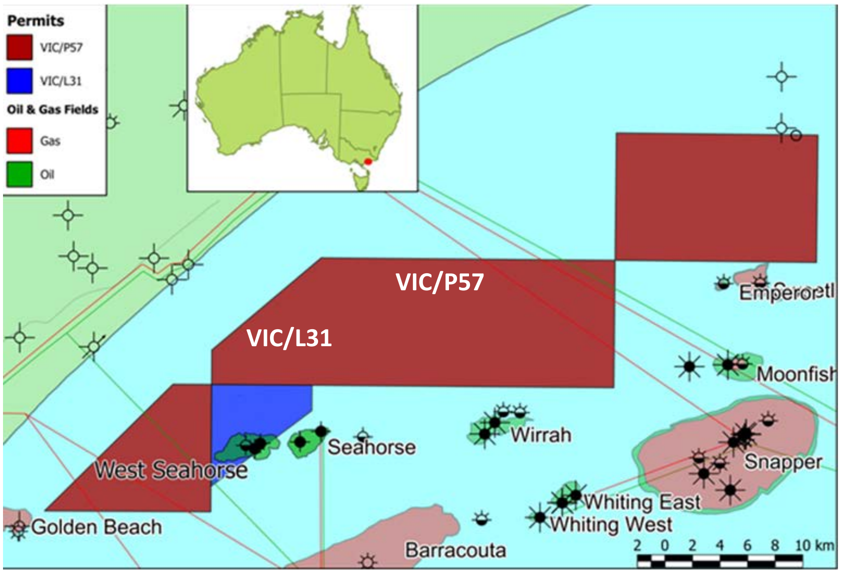
Following the successful completion of the development work/projects in both the PDP and 2P cases, total OPEX is expected to consequently increase as production rates increase. However, OPEX per bbl in the 2P case is expected to decrease significantly in 2018 to approximately USD22.4/boe as shown in Table 4 (as compared to approximately USD38.2/boe in the PDP case in 2016 as shown in Table 3).

Ongoing review

Since taking over the operatorship of the Anasuria Cluster on 10 March 2016, the Company has been able to monitor actual production and field performance statistics and compare these against projections previously provided by RPS. Our most recent analysis indicates that it is likely that field performance can be maintained with OPEX numbers which are significantly reduced. In addition, it is likely that CAPEX related to both the PDP case and 2P case will also be significantly reduced.

As disclosed in the Circular, the total 2P reserves as at 1 January 2015 was estimated to be 40.4 million stock tank bbls ("**MMstb**") of oil and 27.9 billion of standard cubic feet ("**Bscf**") of gas attributable to Anasuria Hibiscus and Ping Petroleum UK as certified by RPS. With the benefit of actual well performance and data post completion, the AOCL team is actively reviewing key estimates and assumptions covering all aspects of the Anasuria Cluster including reserves, production rates, budgeted CAPEX and OPEX as well as the timing of the overall work program for the cluster of assets. Additionally, with the backdrop of rising oil prices, it is anticipated that the underlying value of the Anasuria Cluster could be enhanced in the coming months. Management would seek third party review and verification to attest to the robustness of assumptions and any potential change to asset valuation prior to it being released.

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



Hibiscus Petroleum'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, 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%.

The VIC/P57 Exploration Permit contains an obligation to drill two exploration wells, the first by end 2015 and the second by early 2018. As previously reported on 11 November 2015, CHPL announced that no zones of commercial hydrocarbons were encountered in the first well and the well was plugged and abandoned. While unsuccessful, the 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 Q2 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.

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, the Australian National Offshore Petroleum Titles Administrator ("**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.

With volatile oil prices dominating the oil and gas environment, CHPL will continue to seek to identify and aggregate suitable stranded assets (that utilize similar infrastructure as envisaged for the West Seahorse field) which will allow a viable development of the West Seahorse field.

3 LIME PETROLEUM PLC AND ITS CONCESSION COMPANIES

Please refer to Part A, Items 4 (vi), 4 (vii) and 4 (viii) of this Quarterly Report.

By Order of the Board of Directors
Hibiscus Petroleum Berhad
31 May 2016