



## Corporate and Business Update

(Issued in conjunction with the Quarterly Report for the Quarter Ended 31 March 2021)

Kuala Lumpur, 24 May 2021 – 5.00pm

### EBITDA Climbs 94% Q-o-Q on Higher Oil Prices

#### Highlights

- Hibiscus Petroleum announced earnings before interest, taxes, depreciation and amortisation (“**EBITDA**”) of RM122.4 million and a profit after taxation (“**PAT**”) of RM32.0 million for the financial quarter ended 31 March 2021 (“**Current Quarter**”), a quarter-on-quarter rise of 94% and 167% respectively on the back of higher oil prices.
- The Group sold 874,944 barrels (“**bbls**”) of crude oil in the Current Quarter. Three offtakes were conducted; two from the North Sabah asset and one from Anasuria. For the final quarter of the financial year ending 30 June 2021 (“**FY2021**”), the Group expects to deliver a further three offtakes, with two from North Sabah and one from Anasuria, a total of 3.7 million bbls of oil in FY2021.
- Increase in Marigold & Sunflower stake: Completed the transfer of 37.5% interest in United Kingdom (“**UK**”) North Sea Licence P198 from Caldera Petroleum, increasing interest to 87.5%.

#### Introduction

This Corporate and Business Update covers business activities over the Current Quarter and provides commentary on the operational and financial performance of the Group.

#### Operational Updates

##### Health Safety Security & Environment (“**HSSE**”)

Our initiatives to combat the spread and impact of COVID-19 within our organisation continue, with various measures taken both on land and offshore at North Sabah and Anasuria. These include “work-from-home” rotations for office-based staff and our offshore teams being subject to strict protocols whilst conducting operations. There is also a focus on having a reasonable level of backup resources to ensure business continuity. Safety procedures while transporting personnel by helicopter and crew boats are also being practised. In the UK, vaccination programmes are driving a drop in infection rates whilst in Malaysia, an increasing number of cases are being reported daily. In both jurisdictions, we are pleased to report that to date, operations have proceeded safely without material disruption.

## Awards

With measures in place, both the North Sabah and Anasuria assets have been performing satisfactorily. We are pleased to disclose the following awards and achievements for production operations in Malaysia:

### North Sabah Operations:

- Petronas Focused Recognition Award – Awarded 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 bbls per day.

## Production

### Malaysia South China Sea

#### North Sabah PSC: Production Operations

The table below provides a summary of key operational statistics for the North Sabah asset, based on the 50% participating interest held by SEA Hibiscus Sdn Bhd (“**SEA Hibiscus**”), for the Current Quarter and for the prior three financial quarters:

	Unit	January to March 2021 <sup>2</sup>	October to December 2020	July to September 2020	April to June 2020
Average uptime	%	95	92	86	94
Average gross oil production	bbl/day	17,779	17,700	16,895	18,780
Average net oil production	bbl/day	6,578	6,549	6,251	6,949
Total oil sold	bbl	599,948	870,874	592,453	249,387
Average realised oil price <sup>1</sup>	USD/bbl	60.46	39.91	39.46	31.79
Average OPEX per bbl (unit production cost)	USD/bbl	10.92	13.29	17.08	10.27

**Figure 1: Operational performance for the North Sabah asset.**

Notes to Figure 1:

<sup>1</sup> The average realised oil price represents the weighted average price of all Labuan crude sales from SEA Hibiscus.

<sup>2</sup> Figures for the period January 2021 to March 2021 are provisional and may change subject to the PSC Statement audit and that they are pending Petroliaam Nasional Berhad (“**PETRONAS**”)’s review.

The average uptime of the North Sabah production facilities of 95%, achieved during the Current Quarter, is higher when compared to the financial quarter ended 31 December 2020 (“**Preceding Quarter**”). Consequently, average gross oil production improved marginally during the Current Quarter when compared to the Preceding Quarter. Average OPEX per bbl for North Sabah reduced to USD10.92 when compared to USD13.29 in the Preceding Quarter. The OPEX per bbl metric is expected to increase in the quarter ending 30 June 2020 (“**Next Quarter**”) as planned maintenance activities start to gain momentum.

Two crude oil offtakes were conducted in the North Sabah asset in the Current Quarter with a total of 599,948 bbls of oil, net to SEA Hibiscus, sold at an average oil price of USD60.46 per bbl.

In terms of capital expenditure, specialised studies, production maintenance and support services during the Current Quarter resulted in a capital expenditure of approximately RM3.5 million net to SEA Hibiscus. Capital expenditure is expected to increase in the Next Quarter as the post-drill activities, deferred from the 2020 work programme and budget commenced in April 2021.

## UK North Sea

### Anasuria Cluster: Production Operations

As of 31 March 2021, Anasuria Hibiscus UK Limited (“AHUK”) has been involved in the joint operations of the Anasuria asset for five years. Figure 2 shows the operational performance achieved by the asset, based on AHUK’s 50% participating interest, for the Current Quarter, as well as for the prior three financial quarters:

	Unit	January to March 2021	October to December 2020	July to September 2020	April to June 2020
Average uptime	%	91	95	94	85
Average net oil production rate	bbl/day	2,463	2,726	2,753	2,539
Average net gas export rate @	boe/day	354	383	330	322
Average net oil equivalent production rate	boe/day	2,816	3,109	3,084	2,861
Total oil sold	bbl	274,996	252,289	250,337	0
Total gas exported (sold)	mmscf	191	212	182	176
Average realised oil price	USD/bbl	54.04	40.85	41.99	-
Average gas price	USD/mmbtu	2.30 <sup>∞</sup> /5.36 <sup>#</sup>	1.48 <sup>∞</sup> /3.87 <sup>#</sup>	0.44 <sup>∞</sup> / 1.45 <sup>#</sup>	0.39 <sup>∞</sup> / 1.17 <sup>#</sup>
Average OPEX per boe	USD/boe	18.15	22.00	17.53	14.29

**Figure 2: Operational performance for the Anasuria asset.**

Notes to Figure 2:

@ Conversion rate of 6,000 standard cubic feet (“scf”) per boe.

∞ For Cook field.

# For Guillemot A, Teal and Teal South fields.

boe – bbl of oil equivalent.

mmscf – million standard cubic feet.

mmbtu – million British thermal units.

Figures are subject to rounding.

The average uptime and average daily oil equivalent production rate achieved at the Anasuria asset for the Current Quarter of 91% and 2,816 boe per day, respectively, are lower than that recorded in the Preceding Quarter. One crude oil offtake was conducted at Anasuria during the Current Quarter, in which 274,996 bbls of oil net to AHUK were sold at an average realised oil price at USD54.04 per bbl. The average OPEX per boe in Anasuria for the Current Quarter of USD18.15 is lower than the USD22.00 recorded in the Preceding Quarter. Minimal activities were conducted in the Current Quarter which contributed to the lower OPEX per boe.

The planned 29-day offshore turnaround of the Anasuria FPSO (“**2021 Turnaround**”) commenced on 15 April 2021, coinciding with the planned turnaround of the SEGAL pipeline. The 2021 Turnaround was conducted with the objective of improving the reliability and integrity of the Anasuria FPSO in addition to ensuring a safe offshore working environment. As of the date of this Update, the 2021 Offshore Turnaround has been completed and the facility is gradually being brought back online.

In the process of bringing the Anasuria FPSO back to full production, several anomalies were identified on an important component of the subsea infrastructure, which required it to be isolated from the production system. Whilst this will result in lower overall production from the Anasuria asset until this component is replaced, the targeted offtake volume for the calendar year 2021 (“**CY2021**”) is not expected to be materially impacted. Several options to replace the component are being evaluated, and further disclosures will be made as required.

No major capital expenditure was incurred in the Current Quarter nor is planned for Anasuria in CY2021.

### UK North Sea – Marigold Cluster

The Marigold Cluster comprises the following licenses and fields with discoveries:

- 87.5% interest in P198 - Block 15/13a (“**Marigold**”);
- 87.5% interest in P198 - Block 15/13b (“**Sunflower**”);
- 100% interest in P2366 - Blocks 15/18d and 15/19b (“**Crown**”); and
- 100% interest in P2518 - Block 15/17a (“**Kildrummy**”).

In January 2021, the UK Oil and Gas Authority (“**OGA**”) requested that AHUK work with Ithaca Energy Limited (“**Ithaca**”), holder of Licence P2158 (Block 15/18b) which is adjacent to the Marigold field and contains the Yeoman discovery, and propose a common development solution for the resources found in both licences. Ithaca and AHUK have agreed to jointly develop the Marigold resources in Block 15/13a and Block 15/18b which includes the resources in Yeoman (now renamed Marigold East). The parties are currently negotiating a Joint development Agreement and are revisiting the development concept to determine whether the Voyageur Spirit FPSO is the optimum production facility for the enlarged resources base being developed. The tieback of the combined resources to RepsolSinopec’s Piper B platform is also being reconsidered as a development option by Ithaca. A decision is expected to be made at the end of August 2021 as to which concept will be taken forward for execution.

Pursuant to the farm-in agreement executed on 20 January 2021 with Caldera Petroleum (UK) Limited (“**Caldera**”), on 29 March 2021, AHUK received consent from the OGA to transfer the 37.5% of the P198 licence containing the Marigold and Sunflower fields from Caldera to AHUK. The transfer of interest has since been completed.

### Acquisition of Eagle Field

In February 2021, we announced that AHUK executed a Sale and Purchase Agreement (“**SPA**”) with EnQuest Heather Limited (“**EnQuest**”) for 85% interest and operatorship in Licence P238 Block 21/19c (“**Eagle**”).

The Eagle Field is located approximately 6.4 km to 15 km from various Anasuria facilities, and due to its proximity, a potential subsea tie back to the Anasuria FPSO will extend the latter’s economic life.

Under the terms of the SPA, the consideration for AHUK’s acquisition of 85% in Eagle from EnQuest is a nominal USD1 due to EnQuest on SPA completion plus the cost representing AHUK’s carry of EnQuest’s remaining 15% from completion of the SPA through to first oil. Such costs of the carry is presently estimated to be approximately USD7.5 million.

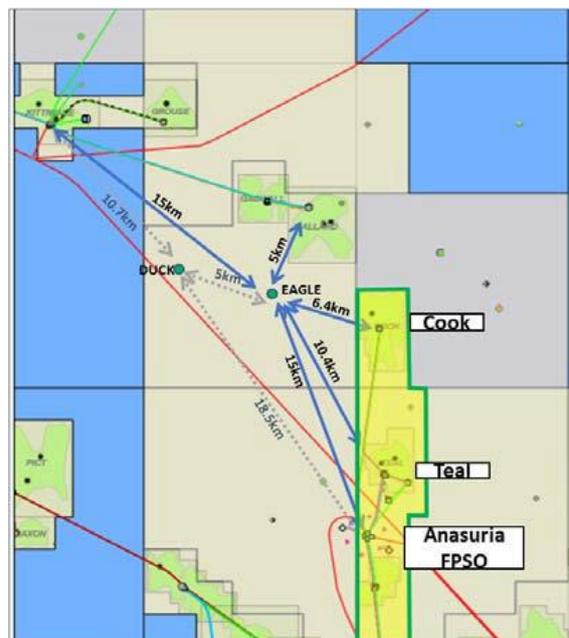


Figure 3: Location of Eagle field

Completion of the SPA remains subject to OGA approval.

## Australia – Bass Strait Cluster

The Bass Strait Cluster comprises the following:

- 100% direct interest in the VIC/L31 Production License (“VIC/L31”);
- 75.1% direct interest in the VIC/P57 Exploration Permit (“VIC/P57”); and
- 50% direct interest in the VIC/P74 Exploration Permit (“VIC/P74”).

In addition, we have a 11.68% interest in 3D Oil Limited (“3D Oil”), a company listed on the Australian Stock Exchange.

On 8 October 2020, we announced that Carnarvon Hibiscus Pty Ltd, an indirect wholly-owned subsidiary of Hibiscus Petroleum, completed its acquisition of 50% interest in VIC/P74. VIC/P74 covers an area of 1,006km<sup>2</sup>, in water depths generally less than 80m with 3D seismic coverage over most of the block. A number of sizeable leads and prospects for oil and gas have been mapped up in VIC/P74. The largest lead, Bigfin, has an estimated Prospective Resource of 502 billion cubic feet of gas and 19 million bbls of condensate and covers an area of 29km<sup>2</sup>. The Bigfin lead is about 8km west of the Kingfish Field which has produced over 1 billion bbls of oil. The main exploration focus in VIC/P74 is the deeper Golden Beach in the Lower Latrobe for gas-condensate and the traditional oil play in the shallower Upper Latrobe.

On 17 May 2021, the Australian National Offshore Petroleum Titles Administrator (“NOPTA”) granted a 12-month suspension of the VIC/P57 permit conditions with a corresponding 12-month extension to the VIC/P57 permit term. This was accorded in recognition of the significant impact of the COVID-19 pandemic on the petroleum sector and to provide additional flexibility for titleholders to manage and plan their way through the current pandemic. Pursuant to this, the VIC/P57 permit term will end on 6 March 2024, compared to the previous permit term expiry on 6 March 2023. For clarity, there is no additional work programme arising from this development.

## **Financial Performance**

The Group’s revenue base has grown stronger since we completed the acquisition of a 50% participating interests in the 2011 North Sabah EOR PSC on 31 March 2018, to add to the contribution from the Anasuria Cluster in the UK.

On 22 February 2021, the Company declared a first interim single-tier dividend of 0.50 sen per ordinary share, which was paid on 8 April 2021 to shareholders of ordinary shares whose names appeared on the Record of Depositors on 9 March 2021.

The careful management of costs to maintain low operational expenditure and the delivery of production enhancement projects have been key towards obtaining a low unit production cost structure in both the North Sabah and Anasuria assets. The Group activated various plans to mitigate the effects of low oil prices over calendar year 2020. Some of these measures involved the deferral of non-safety critical OPEX related activities. In CY2021, some of these activities may be reinstated into our work program to ensure smooth future operations.

Some key financial based performance metrics are shown in the charts below.

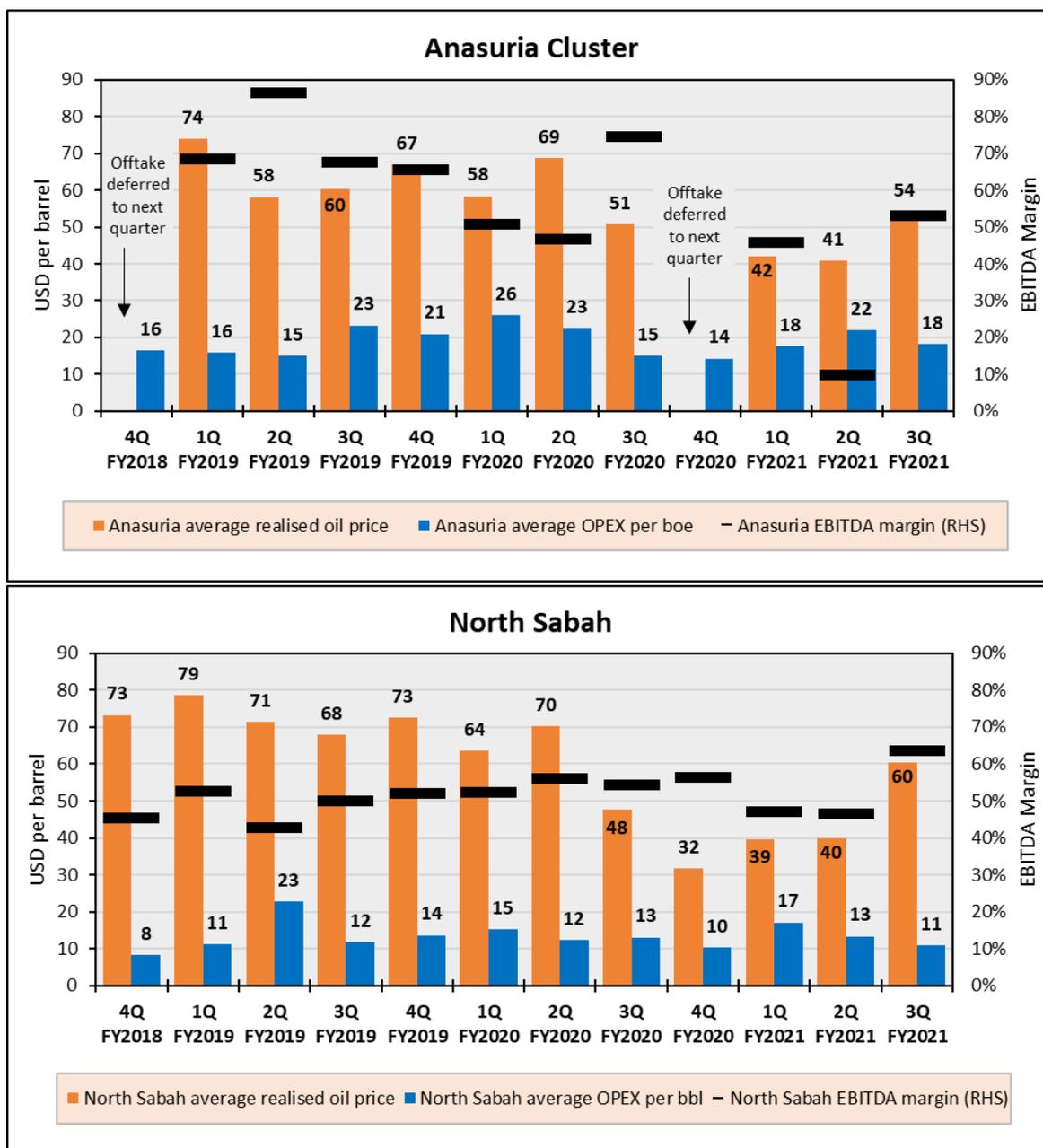


Figure 4: OPEX per bbl, average realised oil price and EBITDA margin by asset.

Notes to Figure 4:

1. Anasuria's EBITDA margin in 2Q FY2021 was affected by period-end retranslation of GBP-denominated balances which resulted in significant unrealised foreign exchange losses due to the appreciation of GBP against USD and one-off provisions recognised.
2. North Sabah's EBITDA margins in 4Q FY2018 and 4Q FY2020 exclude the impact of negative goodwill of RM93.8 million and the reversal of unrecovered recoverable costs of RM78.2 million respectively.

For the quarter ended	Unit	31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020
Revenue	RM Mil	216.0	190.3	145.5	39.5	175.9
EBITDA/(LBITDA)	RM Mil	122.4	63.2	65.3	(100.8)	94.7
PAT/(LAT)	RM Mil	32.0	12.0	10.0	(145.2)	28.5
Basic earnings/(loss) per share	sen	1.76	0.74	0.63	(9.14)	1.79

Figure 5: Highlights from the Group's Profit or Loss Statement for the last five financial quarters.

Note to Figure 5: Includes provisions for impairment of oil and gas assets of RM196.3 million in 4Q FY2020 (quarter ended 30 June 2020).

As at	Unit	31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020
Total assets	RM Mil	2,722.3	2,615.2	2,492.3	2,426.2	2,619.2
Shareholders' funds	RM Mil	1,418.4	1,241.0	1,196.8	1,221.3	1,366.0
Cash and bank balances *	RM Mil	105.5	102.7	96.3	77.3	57.1
Total debt	RM Mil	(11.0) **	(128.6) **	Nil	(49.2)	(48.7)
Net current assets/(liabilities)	RM Mil	158.4	174.8	(91.2)	(48.8)	(41.5)
Net assets per share	RM	0.71***	0.72	0.75	0.77	0.86

**Figure 6: Highlights from the Group's Balance Sheet for the last five financial quarters.**

Notes to Figure 6:

\* Excludes restricted cash and bank balances.

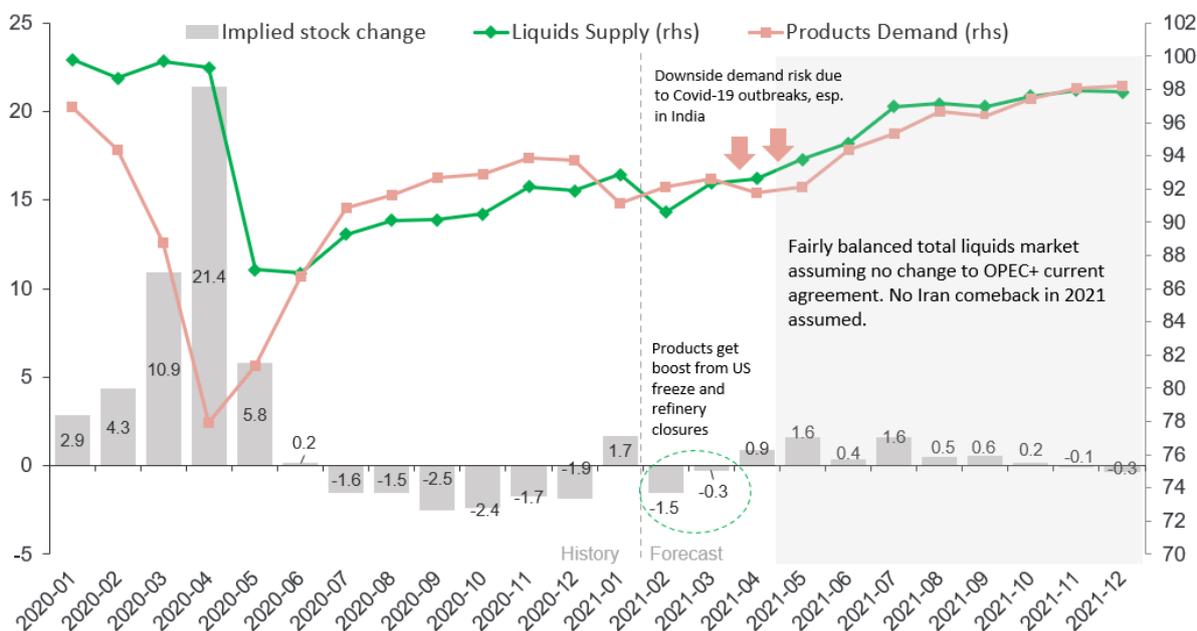
\*\* Total debt balances as of 31 March 2021 and 31 December 2020 relate to recognition of the liability component of the Islamic Convertible Redeemable Preference Shares ("CRPS") upon the issuance of the first two tranches in November 2020.

\*\*\* Total ordinary shares increased from 1,722,492,120 as at 31 December 2020 to 1,988,185,904 as at 31 March 2021 mainly as a result of the conversion of the CRPS. As at 31 March 2021, 94% of the total CRPS issued has been converted into ordinary shares.

## Oil Price Outlook

### Global liquids supply and demand balances

Million barrels per day)



**Figure 7: Rystad Energy global liquids supply and demand, as of 11 May 2021.**

In summary, as shown in Figure 7 above, increasing demand will be balanced by the expected increase in production by OPEC+, with Rystad Energy expecting demand to reach approximately 98 million bbls per day ("bpd") by December 2021, compared to an average of 92 million bpd in April 2021. According to Rystad Energy, the optimism in the crude market is driven by the recovery in demand for end-user products such as gasoline, diesel, and jet fuel.

## Brent Oil historical prices, latest futures curves and Rystad base case estimates

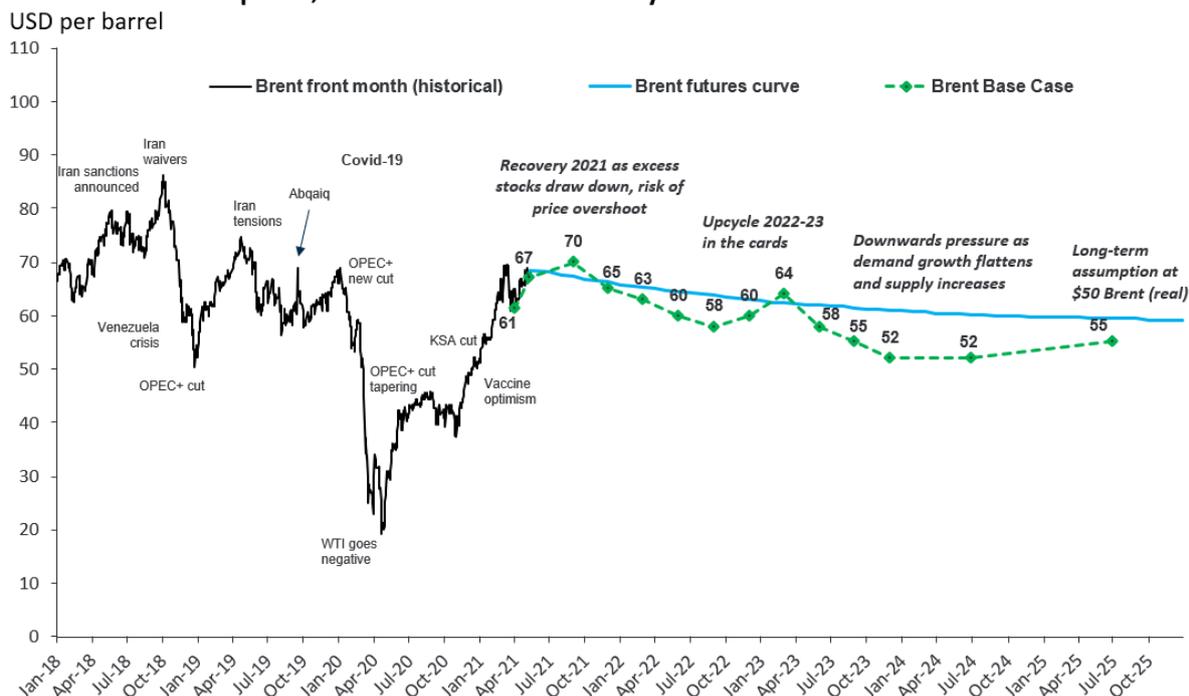


Figure 8: Rystad Energy Brent Oil forecast, as of 11 May 2021.

Based on the analysis by Rystad Energy (as shown in Figure 8), oil prices are recovering to levels not seen since January 2020 mainly driven by the COVID-19 vaccine rollout spurring demand and continuing OPEC+ production cuts. Rystad Energy predicts prices testing USD70 per bbl in the near term, with further upside if OPEC+ do not increase production targets.

### Energy Transition Strategy

Oil and gas exploration & production companies have been urged to act expeditiously as responsible stewards in the world’s efforts towards carbon management. At Hibiscus Petroleum, we strongly believe that stewardship and business sustainability go hand in hand.

The importance of Environment, Social and Governance (“ESG”) compliance and sustainability goals have been demonstrated by the increasing number of countries and large corporations setting net-zero carbon targets. In light of these developments, we are pleased to have been included as a constituent of the FTSE4Good Bursa Malaysia Index in December 2020. We are also developing a structured approach to gradually meeting net zero objectives both in the North Sea and Malaysia.

As a first step, recently, the Anasuria Operating Company (“AOC”), operator of the Anasuria Cluster, has published a net zero policy which can be accessed from the AOC website at <https://www.anasuria.co.uk/>. Additionally, the Group has included ‘Energy Transition’ as a part of its nine key Business Drivers. These declarations further demonstrate Hibiscus Petroleum’s commitment to decarbonise our operations as far as practically possible and be part of the global energy transition.

### Concluding Remarks

Oil prices are trending higher since the previous quarter, and this has impacted our financial results positively. With the COVID-19 vaccine rollout continuing and countries opening up, oil demand is

concurrently rising. Notwithstanding the positive market sentiment, we remain focused on our cost optimisation initiatives whilst ensuring safe and efficient operations.

In the first three quarters of FY2021, we conducted 10 offtakes, in which we sold a total of 2.84 million bbls. In the final quarter of FY2021, we expect to be able to deliver a further three offtakes (one from the Anasuria Cluster and a further two cargoes from North Sabah) for a total delivery of 3.7 million bbls.

In the pursuit of business growth, we are continuing to work on potential merger and acquisition opportunities, focusing on producing assets in the Southeast Asia region.

Overall, we are cognisant of various uncertainties caused by the continuing COVID-19 pandemic but we remain focused delivering optimal performance in an improving oil price environment.

**By Order of the Board of Directors  
Hibiscus Petroleum Berhad  
24 May 2021**