This announcement contains inside information as defined in Article 7 of the EU Market Abuse Regulation No 596/2014 and has been announced in accordance with the Company's obligations under Article 17 of that Regulation.

5 December 2018

Polo Resources

POLO RESOURCES LIMITED

("**Polo**" or the "**Company**")

HIBISCUS PETROLEUM – INVESTMENT UPDATE

Polo Resources Limited (AIM: POL), the multi-sector investment company with interests in oil, gold, coal, copper, phosphate, lithium, iron and vanadium, notes that its 8.75% investee company Hibiscus Petroleum Berhad ("Hibiscus") has announced a corporate and business update which seeks to provide an analysis of the current operating environment and how major recent and upcoming developments may impact the company's performance against a backdrop of increased volatility in global oil prices.

Hibiscus carried out significant activities in 2018 which included: i) Completion of the acquisition of a 50% participating interest in the North Sabah Enhanced Oil Recovery Production Sharing Contract ("North Sabah PSC") in Malaysia and commencement of operations of this second producing asset effective 1 April 2018 under the operatorship of the company; ii) In the U.K. North Sea, technical work on the opportunities around the Anasuria Cluster (Hibiscus' first producing asset in which it has a 50% participating interest) increased the volume of reserves, and a well was drilled in the Central North Sea; iii) In October 2018 Hibiscus acquired a 50% participating interest in two discovered fields in Blocks 15/13a and 15/13b in the Central North Sea (together, "Marigold & Sunflower Blocks") which are currently non-producing – marking a second major asset in the U.K. North Sea.

Each of the above activities has involved the deployment of capital and technical resources of the company and from third parties with a view to value accretion. These projects have also increased the scale and profile of Hibiscus, Malaysia's first listed, pure play independent oil and gas exploration and production company. Hibiscus remains committed to achieving its Mission 2021 of achieving 100 million barrels ("mmbbls") of net proved and probable oil reserves and net production of 20,000 barrels ("bbls") per day.

Hibiscus Petroleum Today

A. Increased Value, Scale and Market Awareness
Hibiscus' market capitalisation has increased by approximately RM600 million (USD144.5 million), or by about 54%, over the past 12 months. As at close of trading on 3 December 2018, the company had a market capitalisation of approximately RM1.715 billion (USD0.413 billion). Trading liquidity has also been high. Both factors have contributed to the company's shares being added to the MSCI Global Small Cap Index effective 30 November 2018, underscoring increasing international market awareness of Hibiscus.

B. Improving Financial Performance
The financial health of the company has been improving. As of 30 September 2018, total cash balances stood at RM 302 million (USD72.7 million), total assets have increased to RM 2.2 billion (USD0.53 billion), net assets per share stood at 70 sen and we continue to operate without debt.

C. Anasuria Cluster Update
Any increase in the value of a public company share price should normally be driven by fundamental value creation at the level of the assets owned by the public company. For Hibiscus Petroleum, two activities at our North Sea Anasuria asset have recently contributed towards increasing the valuation of the company.

1) Technical work completed on the asset has enabled independent experts to increase our net proven and probable ("2P Oil Reserves") to 24.4 mmbbls (as of 1 July 2018 - LEAP Energy Partners) from 20.2 mmbbls (projected by RPS Energy as of 1 March 2016). Given production of 2.5 mmbbls during the intervening period, this upgrade signifies that 6.7 mmbbls were added to net reserves.

2) In addition to technical work in the office, Hibiscus also carried out value-accreting activities offshore. In mid-2018, the existing GUA-P2 ("GUA-P2 ST") well was sidetracked into a nearby, untapped compartment of the Forties reservoir containing a gross recoverable oil volume of approximately 1.5 mmbbls. This represented the company's first major capital project in the North Sea. Upon completion of the sidetrack, Hibiscus' net daily production from the Anasuria Cluster increased by more than 33%.

In October 2018, the Anasuria Cluster was contributing an average of 4,229 bbls/day net to Hibiscus, compared to an average of 3,197 bbls/day in FY2017.

Hibiscus will continue to drive towards its target of delivering an average net production of 5,000 bbls/day by the end of FY2020 (as announced on 9 November 2017). In this respect, a water injection well has been sanctioned on the Cook Field with the aim of re-pressurising the reservoir. In this manner, we hope to improve the Recovery Factor from this field thus extending the economic life and lowering future unit operating costs.

Hibiscus is also working towards the sanctioning of a further drilling project (within the fields at Anasuria). Apart from arresting natural decline, Hibiscus hopes that this proposed well will enhance production.

D. North Sabah PSC Update
Results disclosed in the first quarter of financial year 2019 ("Q12019") represented the second quarter of reporting by the company of the operations and contribution of the North Sabah PSC, having completed the acquisition of a 50% participating interest in March 2018. The significance of this acquisition – the first in Malaysia for the company – is that it has provided Hibiscus with oil-production footprints on two different continents.

Prior to the completion of this transaction, Hibiscus produced approximately a net of 1.0 mmbbls of crude oil per annum, solely from the Anasuria Cluster. Thus, Hibiscus was subject to business risks concentrated around the performance of a single asset. Periods of unplanned shutdown impacted revenues and profitability, sometimes, significantly. The North Sabah PSC has mitigated this risk substantially. Revenues and profits are now delivered across two geographies. In addition, the combined annual production has increased by approximately 2.0 mmbbls, or two-thirds that of total current production.

To further enhance production from the North Sabah PSC, Petroliam Nasional Berhad ("PETRONAS") had in August 2018, approved the St Joseph Infill Drilling project through the Milestone Review-4 maturation process, leading to the submission of a Field Development Plan in November 2018. This project entails the drilling of three infill producers, utilizing a triple splitter wellhead on the St Joseph Jacket-A ("SJJT-A") platform. From an estimated ultimate recovery ("EUR") of a gross of 2.8 million stock tank barrels of oil, the project is expected to add approximately gross 2,600 bbls/day of oil at peak production. This infill drilling program will require minimal modification of topside facilities at the SJJT-A platform.

The total capital commitment to this project is anticipated to be approximately RM142.5 million (USD34.31 million), which will be shared equally with Hibiscus' joint venture partner, Petronas Carigali Sdn Bhd ("Petronas Carigali"). Drilling is expected to commence in April 2019 and first oil production expected in June 2019.

Additional projects are also being matured that will increase production in the mid-term.

E. Company Wide Internal Efficiencies
Against a backdrop of volatile oil prices, Hibiscus believes that a disciplined approach to safe operations and cost management can contribute to improved overall operational performance. The company's objective is to (as safely as practically possible) minimize operating expenditure per barrel of oil equivalent ("OPEX/boe") as it is critical for the long-term sustainability of our business.

We have seen oil prices which have been higher and lower than currently being experienced. While crude oil prices may fluctuate, Hibiscus' business sustainability depends how it maintains stability in its cost structure. In addition, Hibiscus recognises that unit operating costs are a function of the volumes of oil (and gas) produced and thus, it is extremely important to keep its production uptime levels relatively high. Subject to being able to maintain current operational trends, being prudent in general and administration expenditure and efficient in the execution of projects, Hibiscus will be able to remain cashflow positive and continue to operate as a sustainable business.

F. Outlook

In summary, Hibiscus:

1. is working towards achieving net production of 5,000 bbls/day at the Anasuria Cluster by the end of FY2020.
2. barring unforeseen circumstances, intends to deliver total oil production attributable to Hibiscus in FY2019 of approximately 2.7 mmbbls to 3.0 mmbbls. Total offtakes in FY2019 are expected to rise to approximately 10 (or 11), compared to an average of four per year, previously. This increase in the number of offtakes will help smoothen the average selling price per barrel of oil over the financial year.
3. is focused on managing costs amidst volatility in global oil prices and is striving to maintain its OPEX/boe at a level below US$20/boe. This compares with an average selling price of crude oil achieved by the company of US$65.69/bbl for FY2018 and US$76.36/bbl for Q12019.
4. has, with the addition of the North Sabah PSC and a recent upgrade of reserves at the Anasuria Cluster, increased the combined 2P Oil Reserves of the company to approximately 46 mmbbls.
5. is commencing engineering and technical studies costing approximately US$5 million and working towards the submission of a field development plan (for the Marigold & Sunflower Blocks) to the relevant authorities for approval in about 18 months.

The full details of this announcement can be found at http://www.hibiscuspetroleum.com/.

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About the Company

Polo Resources Limited is a multi-sector investment company focused on investing in undervalued companies and projects with strong fundamentals and attractive growth prospects. For complete details on Polo, please refer to: www.poloresources.com.