

BORNEO OIL BERHAD(Co. No. 121919-H)

**ANNOUNCEMENT – MINERAL RESOURCES AND ORE RESERVES REPORT OF
PHASE 1 OF BUKIT IBAM GOLD PROSPECT**

The Board of Directors of Borneo Oil Berhad wishes to announce that its wholly owned subsidiary, Borneo Oil and Gas Corporation Sdn Bhd (“Company”) has recently completed the first phase of exploration of the Bukit Ibam gold prospect (1st Phase). The exploration works which was completed in 6 months consisted of two (2) metre depth trenching program covering a total of 1.32 square km (132 hectares) to intercept the ore zone outside existing pits.

The Company’s independent resources and reserves estimation consultant, Agus Dwi Susanto, a member of Ikatan Ahli Geologi Indonesia and Persatuan Ahli Pertambangan Indonesia, has prepared a gold prospect resource estimation report on Bukit Ibam dated 19th July 2016.

The inferred gold resources for Bukit Ibam for the 1st Phase is 60,814 troy oz (1,891.5 kg) embedded in 6,266,663 tonnes of oxide and fresh ore with an average grade of 0.3 g/t. This also comprises of 874,228 tonnes of ore with an average grade of 1.0 g/t or 28,107 troy oz (874.2 kg) up to a depth of 25 metre.

The above is based on 15 trench lines with a total length of 5.4 km, with 2,209 samples taken and a total drilling of eight (8) diamond drilled holes, of which four (4) are at depths of 50 metres and another four (4) are at depths of 85 metres , totaling 537 metres and obtaining 336 samples from the same.

The 2nd Phase of exploration works on Bukit Ibam is ongoing and further announcement(s) will be made upon its completion.

The Bukit Ibam gold prospect is a vein related gold deposit with many characteristics of orogenic gold deposits where mineralization is hosted in quartz veins. It lies within the Peninsula Malaysia Eastern gold belt that extends from the north of Kelantan to Johor. The Eastern Belt comprises of Carboniferous to Permian metasedimentary rocks and also of pluton-volcanic rocks related to acid igneous rocks. In Bukit Ibam, the volcanic rock contains significant quartz veins stock work that are related to structural deformation and also other veins within the shear zone in other rock types.

Based on the metallurgy tests conducted by the Company, the oxide ore is suitable for a process known as “heap leaching”. In this regard, the Company is in the process of setting up a pilot heap leaching plant using “Earth Gold”. Earth Gold

is a non-cyanide gold extraction agent which is environmental friendly and designed to replace sodium cyanide in gold leaching process. Approval has been granted by Jabatan Mineral dan Geosains Malaysia for the pilot heap leach project. The initial capital investment cost of the heap leach plant including infrastructure works is estimated to cost RM2.5 million with an initial capacity of 7,000 tonnes per cycle. The plant is targeted to be completed by end of August and commercial operations will begin in September 2016.

Information on Bukit Ibam

Bukit Ibam, also known as Mukim Keratong Mining Area covers an area of approximately 1,200 acres (of which 462 acres (187 hectares) has been issued with a mining lease) is located at Mukim Keratong, District of Rompin, Pahang Darul Makmur. On 11 March 2015, BOG entered into an exclusive production sharing agreement with HDL Global Sdn Bhd for a period of 20 years. Further information on Bukit Ibam is set out in the Circular to Shareholders dated 29th July 2015.