

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

**ANNOUNCEMENT –MINERAL RESOURCES AND ORE RESERVES REPORT ON THE
ON-GOING PHASE 2 OF BUKIT IBAM GOLD PROSPECT**

Borneo Oil Berhad is pleased to announce that the Drill Result of the on-going phase 2 carried out by its wholly owned subsidiary, Borneo Oil & Gas Corporation Sdn. Bhd, had identified additional gold mineralization at depth at Bukit Ibam – intercepted 8.3 metres with weighted average gold grade of 2.68g/t, including high grade zone of one meter with 19.2g/t gold and 14 meters averaging 1.39g/t gold.

This announcement is made as a follow-up to the previous one made on 19th July 2016.

The on-going 3,500-meter Phase 2 preliminary diamond drilling results at Bukit Ibam has proven the down-dip continuation of surface gold mineralization intercepted by shallow trenches as mentioned in the July 2016 announcement. The surface mineralization seems to continue at depths of around 70 meters as proven by some of the current Phase 2 diamond holes. Most notable of the holes drilled are BMD28 and BMD29, located around 30 meters apart north-south, that have both intercepted significant and continuous gold mineralization along strike and dip as shown in section view of Figure 1. BMD28 intercepted 8.3meters with weighted average gold grade of 2.68g/t, including high grade zone of one meter with 19.2g/t gold. Hole BMD29 intercepted 14 meters averaging 1.39g/t gold with enriched 3.7-meter zone having 3.16g/t gold average. Both intercepts confirmed the 30-meter strike continuity and 70-meter down-dip continuity from the surface by trench 8E.

These mineralized intercepts are hosted by sericite altered fine-grained volcanic and bounded by the altered/sheared meta-sediments (shale) at hanging wall & footwall. Quartz vein mineralization with randomly oriented dilatational form is associated with quartz-stock workings in the volcanic, suggesting hydraulic fracturing by an intrusive somewhere at depth. Other holes drilled earlier with similar intercepts are aligned in a north-south trend, listed in table below.

Another hole BMD06 which intercepted 5 meters of 1.86g/t gold from depths of 26 to 31 meters is located 300 meters south of holes BMD028 & BMD029. It is located at the middle of the north-south trend with shallow intercept, Figure 1, and was also collared within the zones where previous trenches have proven low-grade gold mineralization or shallow oxide ore which is often amenable to free-digging mining method. Other holes with low gold intercepts of less than half a gram gold are mostly shallow, suggesting possible higher gold grade at depth for further follow-up drilling.

Hole ID	From	To	Length (m)	Au (g/t)	Area
BMD06	26.00	31.00	5.00	1.86	Pit 2 E
BMD06	40.00	43.00	3.00	0.18	Pit 2 E
BMD09	56.81	59.11	2.30	0.90	Pit 2 E
BMD09	60.91	73.14	12.23	0.13	Pit 2 E
BMD14	34.98	38.41	3.43	0.66	Pit 2E

Hole ID	From	To	Length (m)	Au (g/t)	Area
BMD16	44.60	45.20	0.60	1.21	Pit 6
BMD17	40.70	44.00	3.30	0.20	Pit 6
BMD20	0.00	6.50	6.50	0.34	Pit 1
BMD23	37.10	39.60	2.50	0.19	Pit 1
BMD24	0.50	5.50	5.00	0.57	Pit 1
BMD24	35.40	36.90	1.50	0.24	Pit 1
BMD25	1.00	3.00	2.00	0.27	Pit 1
BMD26	3.00	4.00	1.00	0.33	Pit 2 W
BMD26	9.40	14.00	4.66	0.26	Pit 2 W
BMD28	63.50	71.80	8.30	2.68	Pit 7
BMD29	58.70	72.90	14.20	1.39	Pit 7
BMD30	60.64	71.10	10.46	0.66	Pit 7

The trenches around the north-south trend have also consistently defined a roughly 600-meter long by 300-meter wide zone. Bordering around this main zone are smaller satellite zones that has overall estimated total shallow ore resource potential of up to 25,000 ounces gold. Below this shallow ore zone is a hard-rock ore proven by the two notable holes that may also extend even deeper as numerous tabular (fissure) ore bodies, shown in Figure 1 as the Bukit Ibam's schematic geological setting, that could at least double the estimated shallow oxide ore resource potential.

Phase 2 drilling meterage to date is 2,188.7meters with last hole BMD31 pending assay result. Further drilling to prove the hard-rock resource continuities at depth and along strike is on-going, and hopes to delineate additional resource which can be presented under the accepted industry standards. Another announcement on the completion and results of the on-going exploration works will follow.

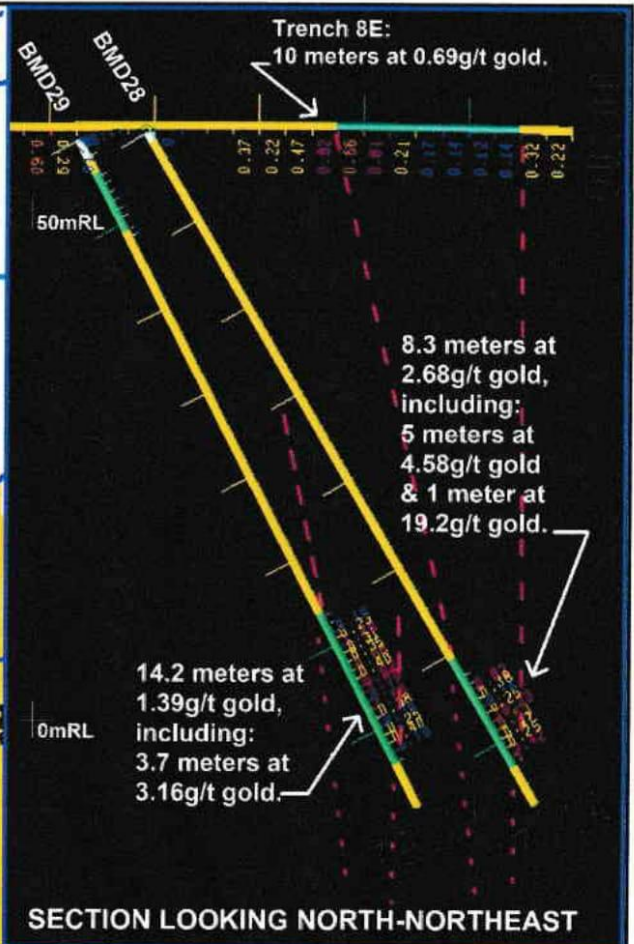
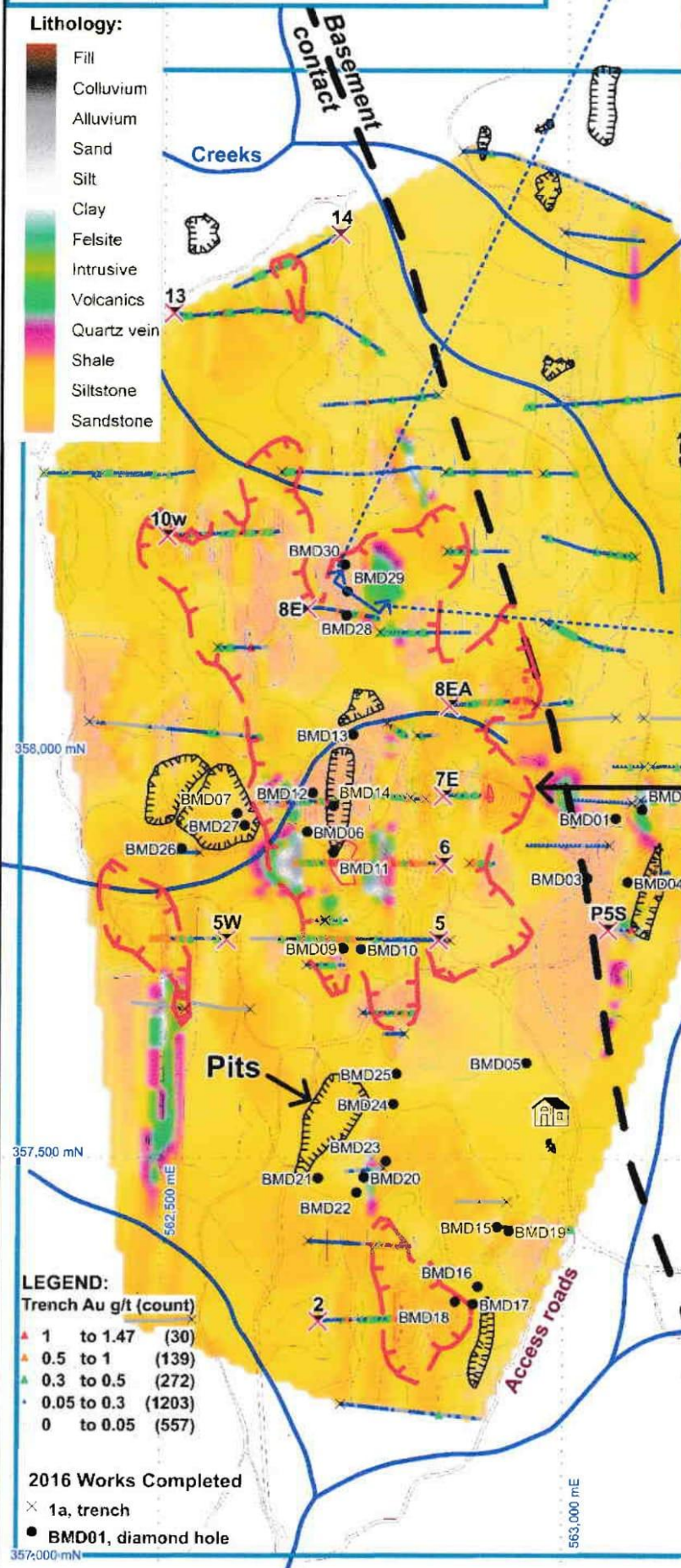
The above report was approved by the Company's Chief Geologist Dr. Zakaria Endut who is a qualified geologist holding a Doctorate from University Malaya and with a Bachelor Degree in Geology from University Kebangsaan Malaysia, with the assistance of external consultants under stringent industry practice standards. Presently he is the Chairman of the Economic Geology Working Group, Geological Society of Malaysia.

**BUKIT IBAM PROJECT (M.L. 17/2009)
2016 WORK REPORT**

Scale 1: 7,500 Figure 1 February 27, 2017

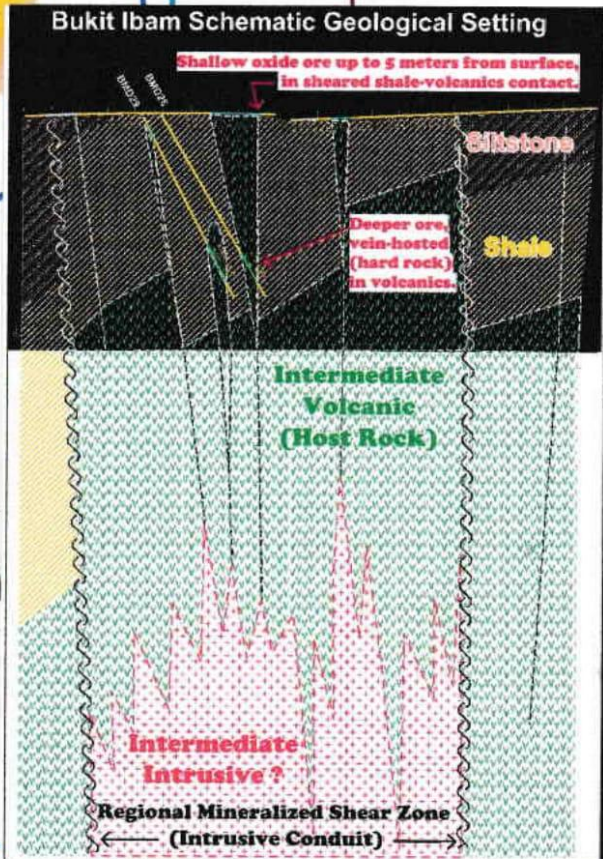
Lithology:

- Fill
- Colluvium
- Alluvium
- Sand
- Silt
- Clay
- Felsite
- Intrusive
- Volcanics
- Quartz vein
- Shale
- Siltstone
- Sandstone



SECTION LOOKING NORTH-NORTHEAST

**Shallow oxide ore:
2.17Mt @ 0.35g/t Au,
or approximately
25,000 ounces gold.**



LEGEND:

Trench Au g/t	(count)
▲ 1 to 1.47	(30)
▲ 0.5 to 1	(139)
▲ 0.3 to 0.5	(272)
• 0.05 to 0.3	(1203)
• 0 to 0.05	(557)

2016 Works Completed

- × 1a, trench
- BMD01, diamond hole