

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE SGX-ST LISTING MANUAL

1. BACKGROUND

Mirach Energy Limited (the “Company”, and together with its subsidiaries, the “Group”) was placed on the Watch-List pursuant to Rule 1311 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 3 December 2015.

In accordance to Rule 1313(2) of the SGX-ST Listing Manual, the Board of Directors of the Company would like to provide the following updates on the financial situation, its future direction as well as other material developments that may impact the Group’s position.

2. UPDATE ON FINANCIAL SITUATION

Total revenue for the Group reported was US\$0.60 million for the financial year ended 31 December 2016.

Other Income also decreased 19% as compared to FY2015. This was due to a decrease in bank fixed deposits.

Production expenses fell by US\$2.62 million or 66% for FY2016 in comparison with FY2015.

The total loss for FY2016 was US\$14.96 million.

The loss was largely due to the impairment of Kampung Minyak Oil Field (US\$3.996 million) and its KSO concession rights (US\$6.617 million).

The current assets of the Group as at 31 December 2016 increased by US\$2.08 million as compared to 31 December 2015. This was largely due to a net increase in cash and short-term deposits by US\$1.17 million.

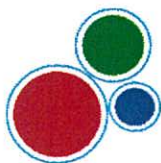
The Group had impaired non-current assets and the intangible assets (KSO Concession rights) of the Kampung Minyak Oil Field. This resulted in a sharp drop in non-current assets value from US\$20.25 million in FY2015 to US\$6.12 million in FY2016.

As for the liabilities of the Group as at 31 December 2016, the key difference with FY2015 was the inclusion of the Contract Deposit (US\$3.00 million).

As at 31 December 2016, the Group still has outstanding Firm Commitment to Pertamina over the Kampung Minyak Oil Fields amounting to US\$3.21 million.

Cash and cash equivalent position (inclusive of exchange effects) saw an increase of US\$1.174 million for FY2016 as compared with FY2015.

For more details on the results and financial position of the Group, please refer to the Company’s results announcement for the FY2016 ended 31 December 2016.



3. UPDATE ON FUTURE DIRECTION

KM Oil Field

4Q2016 saw the Indonesian Crude Price (ICP) went above US\$40 per barrel. It reached a high of US\$48.33 per barrel in December 2016. However the sluggish economic climate in the Indonesian Oil Exploration sector led to more KSOs being returned to Pertamina due to huge losses incurred by most KSO operators. These losses were caused by the high costs for majority of these aged fields.

The Group had always been actively engaging in consolidation of the KM Field operations to contain its operational costs and to enhance its production. Production level hit a low in 4Q2016 due to a production lapse concerning equipment repairs and maintenance. As such, the Group had decided to provide impairments for KM Oil Field's fixed assets and full impairment for the KSO concession rights in 4Q2016.

Oil field services and trading

PT. Prima Petroleum Service (PPPS, or formerly known as PT. Kampung Minyak Energy) is commencing to engage servicing other 3rd party oil and gas developers/main contractors to build up external clientele and increase the visibility of the Group as an active Oil and Gas service provider among key players in Indonesia. PPPS is currently seeking opportunities among existing KSOs/PSCs to provide services and materials, as well as providing support on Oil field E&P operations.

Cambodia Block D

As there is little positive development in reviving Block D, the associate company (CPHLC) will remain dormant. However the Management is still monitoring and looking out for opportunities in Cambodia.

New Businesses for 2017

In 2016, the management consolidated, streamlined as well as synergized its existing businesses with the purpose of setting up strong business fundamentals essential for new business to grow. The Management will release news and plans pertaining to these new business developments in early 2017.

The Company is well aware of the deadline given by SGX-ST for its removal from the Watch-List and will endeavor to meet the requirements of Listing Rule 1314 as soon as possible to reinstate its healthy position through profitability and improved operations, albeit a weaker Minerals, Oil & Gas industry climate as a whole.