

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\$0.245 million for the financial period ended 30 June 2017.

There was revenue from Oilfield Services In 2Q2017. This came from the sale of materials and equipment amounting to US\$189,000 from the inventories of PT. Prima Petroleum Service.

1H2017 revenue decreased by 26% as compared to that of 1H2016. This indicated a continuing decline in revenue and profitability of the oil and gas industry.

There was Other Income in 2Q2017 of around US\$4,000 from Government rebates and realized gain in foreign exchange.

Production expenses fell by US\$0.646 million or 81% for 1H2017 in comparison with 1H2016. This was due to cost reduction measures in PKM oilfield production throughout 1H2017.

Staff costs were further reduced to US\$0.700 million for 1H2017 as compared to US\$1.014 million for same period last year.

The total loss for 1H2017 was US\$0.491 million. This was a 61% improvement as compared to the results of 1H2016.

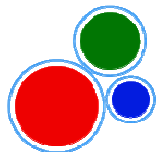
There was a profit of US\$0.560 million in 2Q2017. This was due to the continuing cost savings measures throughout the Group, as well as the cost efficiency at the KM oil field, which was a huge cost burden.

The current assets of the Group as at 30 June 2017 decreased by US\$1.933 million as compared to 31 December 2016. This was largely due to a net decrease in cash and short-term deposits by US\$2.481 million.

The non-current assets decreased by US\$2.844 million in 2Q2017 compared to end 2016. This was due to a continued write down on KM Oil field properties.

Cash used in operating activities was US\$2.485 million for 1H2017. A significant increase in Trade and Other Receivables was mainly due to a US\$1.760 million contract advance pending and due to be received from a 3rd party service provider.

For more details on the results and financial position of the Group, please refer to the Company’s results announcement for 2Q2017/1H2017 ended 30 June 2017.



3. UPDATE ON FUTURE DIRECTION

The oil and gas industry remains challenging with the low oil prices for the last one and a half years. We have seen this macroeconomic factor affecting many related services in the industry as well.

However, the Company has been able to continue with its oilfield operations due to prudent financial management in the past years with zero gearing. The Company is now actively engaged to discuss with potential partners in businesses outside of the Oil and Gas industry, to remove itself from the SGX watch-list.

KM Oil Field

Weak economic climate in the Indonesian Oil Exploration sector continued into 2Q2017.

Since the Group had decided to provide impairments for KM Oil Field's fixed assets and full impairment for the KSO concession rights in 4Q2016, costs of production was well contained. However this was done at the expense of further loss of revenue since early February 2017. The reason was two-fold, i) to limit losses, and ii) to diversify its revenue source.

The Group had thus decided to return the KM Oil Field back to Pertamina. The return of the Oilfield to Pertamina is in progress and will be completed soon in the future.

The Group will further update on new concrete business plans later.

Oil field services and trading

The Group's subsidiaries UniTEQ and Acrux had ceased operations in early 2017 and we have applied with ACRA for the said subsidiaries to be struck off in July 2017.

PT. Prima Petroleum Service (PPPS, or formerly known as PT. Kampung Minyak Energy) had sold off its inventories to another oil and gas operator as the Group moves to contain and cut off non-profitable Oil and Gas business units.

However, the Group still retains minority ownership of the GKM Oil Field in Indonesia, as the diversification strategy to embark on new business to get out of watch-list does not mean the Group is exiting the Oil and Gas/Energy industry. On the contrary, the Group is still seeking new oil services business opportunities, especially with Chinese companies in the Energy sector.

Proposed new business venture with Malaysia listed company

As previously announced, the Group is looking into diversifying into property and construction business. As such, the Group is seeking partnership with a Malaysia listed public company via a joint venture company for housing development contracts in Malaysia. The project is expected to generate sufficient revenue to assist the Group to return to profitability.

The Group will update more on this new business development as it develops and/or materializes

**By Order of the Board
Chan Shut Li, William, Chairman of the Board
11 August 2017**