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

The Group achieved a lower revenue of US$0.12 million for its Q12016 quarter-end and period ended 31 March 2016 as compared to US$0.55 million during the same period last year. With the impairment of CPHL (Cambodia) Co., Limited ("CPHLC") in Q42015, no technical oilfield services fee have been recognized since the beginning of the period. In addition, the sharp drop in oil prices since early 2016 coupled by no shortfall revenue accounted (as fully repaid in April last year) for over and above the incremental oil revenue, caused the E&P revenue to trend downwards. As such, the total revenue for the period declined by 78% in comparison with Q12015.

Notwithstanding the drop in revenue, the lower expenses in general, have brought some reprieves to the Group's bottom-line for the period. Moreover, a write-back of the provision for amount due from CPHLC at US$1.35 million boosted the overall financial performance by bringing a profit before tax of US$0.39 million for Q12016 as compared to a loss of US$1.35 million during same period in the previous year. The latter was due to a loan repayment for an amount provided for at the end of last financial year.

Production expenses had been cut to realign its investment against the value of its output, amidst the low oil prices environment. Some expenses relating to firm commitments pursuant to our contractual obligations such as reopening of old wells have been delayed; whilst at the same time, regular well servicing activities are in place to maintain the minimum output in order to meet the baselines. These accounted for a lower US$0.17 million (or 30%) in the direct expenses versus same time last year.

Other operationally-related expenses such as depreciation of oil and gas properties was in part due to a reduction in production volume. These accounted for a decrease by US$0.13 million (or 29%). Staff costs also witnessed a corresponding drop by US$0.19 million (or 27%) in the light of the current MOG business landscape where costs restructuring were in place after Q12015. Furthermore, additional wages payouts were curtailed in Q12016. Lower costs incurred were also observed for the other expenses and share of loss of associates during the period.

In regards to the financial position for the Group, its net assets as at 31 March 2016 increased by US$0.06 million. Generally, the increase in current assets were offset by reduction in non-current assets as well as increase in current and non-current liabilities. Of which, the rise in cash and short-term deposits by US$0.23 million as at the reporting period – arising from the repayment of loan by CPHLC and after the outgoings, resulted in a net cash inflow position in comparison with that as at 31st December 2015.

For more details on the results and financial position of the Group, please refer to the Company's results announcement for the Q12016 ended 31 March 2016.

3. UPDATE ON FUTURE DIRECTION

As per a separate announcement dated 28th April 2016, a letter was received from Ministry of Mines & Energy ('MME"), which formally terminated the Petroleum Agreement of Block D with immediate effect. However, it has also indicated that they would hold Block D for CPHLC for a six month period and will not allow any other investor to bid on Block D. CPHLC will be given priority to apply for a new petroleum agreement for Block D under certain terms and conditions, including that of getting new investment partner(s) to bid under a joint venture.

The Management has decided to revisit this issue with MME on account of the new level playing field set with their last decision made. Any further developments will be updated in due course.

Q12016 witnessed a further aggravation of the oil glut effects that had sank the commodity prices to an "all-time" quarter low. Despite that, the strategy of the Company remains focus on cost containment and to maintain reasonable production volume alongside the market price as a determinant.

The partnership discussions initiated since Q42015 have been taken to a step further in Q12016. Meetings were held both internally and externally, to coordinate efforts through the various channels (including governmental officials), so as to tap into new markets within the region given its core business experiences and know-hows in the MOG arena.

As much as the importance of business development, cash sustenance remains a key objective of the Company. The Management adopts a vigilant stance in working with potential financiers on viable projects to create a "win-win" situation so as to enable a long-term business alliance.

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.

By Order of the Board
William Shut Li Chan, Chairman of the Board

10 May 2016