

MIRACH ENERGY LIMITED
(Company Registration No. 200305397E)

In respond to questions from SGX with regards to the second quarter results announcement dated 10 August 2012, the Company hereby provides the questions and corresponding answers as follows:

- (a) On page 1 of the results announcement, to explain the change in 'Cost of Sales' for the 3 months ended 30 June 2012 as compared to the 3 months ended 30 June 2011 and the reasons for the change.**

Revenue for 3 months ended 30 June 2012 was attributed wholly to technical service provision in Cambodia, and this did not give rise to Cost of Sale, whereas revenue for 3 months ended 30 June 2011 comprised US\$224,000 of technical service provision in Cambodia and US\$180,000 of Enhanced Oil Recovery Services provision in Oman. Cost of sale of US\$89,000 for 3 months ended 30 June 2011 was attributed wholly to Enhanced Oil Recovery Services.

- (b) On page 2 of the results announcement, to elaborate on 'Amortisation of intangible assets' and 'Exploration and production costs' for the 3 months ended 30 June 2012 and explain the change as compared to the 3 months ended 30 June 2011.**

In July 2011, the Group acquired the concession rights to Kampung Minyak Oil Field at the cost of US\$10.4 million for a contract period of 15 years. The amount was capitalized as intangible assets to be amortised on a straight-line basis over their contracted periods, giving rise to 'Amortisation of intangible assets' and 'Exploration and production costs', which did not arise for the 3 months ended 30 June 2011.

- (c) On page 10 of the financial results, we note that the Group recorded revenue from continuing operations of US\$0.23 million in 2Q2012, as compared with that of US\$0.40 million in 2Q2011, representing a decrease of 42% from the corresponding period in 2011 and the decrease was due to no revenue recorded from Enhanced Oil Recovery ("EOR") services during the period. In respect of this, please provide the following information:-**

- (i) Breakdown in key revenue items from continuing operations in 2Q2012 as compared with 2Q2011**

Revenue of US\$0.23 million in 2Q2012 comprised wholly of Technical Service provision in Cambodia while revenue of US\$0.40 million in 2Q2011 comprised of US\$0.22 million of Technical Service provision in Cambodia and US\$0.18 million of Enhanced Oil Recovery Service provision in Oman.

(ii) Elaborate on the nature of the EOR services and explain why no revenue was recorded from EOR services during the period

No revenue of Enhanced Oil Recovery Service revenue in 2Q2012 was recorded as the contract signed in Oman was completed and no new EOR service contract was awarded for that period. Enhanced oil recovery service was awarded to the company on contract value basis and is to be completed in a specified period.

- (d) On page 10 of the financial results, we note that 'Administrative expenses' almost doubled from US\$0.48 million in 2Q2011 to US\$0.93 million in 2Q2012 and the increase was mainly attributed by the additional cost of operations incurred on the KM oilfield in Indonesia during the period of 2Q2012. In respect of this, please provide the following information:-**

(i) Elaborate on the "additional cost of operations incurred on the KM oilfield".

The Company took over the operations of Kampung Minyak Oil Field from PERTAMINA since July 2011. Higher 'administrative expenses' was due to additional operation costs at KM oilfield including staff costs and various office expenses.

(ii) Breakdown on key administrative expenses in 2Q2012 as compared with 2Q2011.

The breakdown of additional key administrative expenses in 2Q2012 was staff cost of US\$0.19 million from Kampung Minyak Oil field and proposed London AIM listing expense of US\$0.23 million billed by related vendors in 2Q2012.

Submitted by Lui Che Kin, Executive Director and Chief Financial officer

**On behalf of the:
The Board of Directors
Mirach Energy Limited
16 August 2012**