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## **MIE HOLDINGS CORPORATION**

### **MI 能源 控 股 有 限 公 司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1555)**

## **ANNOUNCEMENT**

### **INTRODUCTION**

This announcement is a voluntary announcement made by the Company.

The Company is pleased to announce that the Company has acquired a 25% working interest in 7,450 net acres of oil and gas leases in the Niobrara formation within the DJ basin located at Weld County, Colorado, United States (“Niobrara Asset”).

### **THE TARGET ASSET**

The Niobrara shale play is now emerging as a significant unconventional resource play in US. The use of new horizontal drilling and multi-stage hydraulic fracturing completion techniques developed for Bakken and Eagle Ford has greatly expanded the ability of producers to produce natural gas and oil from such shale formation, including the liquids-rich Niobrara shale play in DJ Basin.

### **THE TRANSACTION**

The acquisition was carried out through a strategic partnership with Pacific Energy Development Corp. (“PEDCO”), a privately held oil and gas company based in California, U.S. Under the partnership, PEDCO acquired a 50% working interest in the Niobrara Asset and assigned 31.25% at nil consideration to a joint venture formed with MIE, Condor Energy Technology LLC (“Condor”), which MIE and PEDCO own 80% and 20% respectively.

In connection therewith, MIE subscribed 4,000,000 shares of restricted Series A convertible preferred stock in PEDCO on 31 October 2011 for an aggregate consideration of US\$3,000,000, representing approximately 17.8% of the issued share capital of PEDCO.

## THE OPERATION

Condor will serve as the operator of the Niobrara Asset with a drilling program led by Houston-based South Texas Reservoir Alliance (“STXRA”). STXRA is managed by a team of professionals who possess experience in operations, drilling, petrophysics and energy finance. In 2010, this team was involved in drilling and completing over 30 horizontal wells with multi-stage hydraulic fracture completions in Texas (Eagle Ford shale oil trend) and Oklahoma. The Company will be able to work side by side with STXRA on the acreage.

Condor currently plans to commence drilling of the first horizontal well with multi-stage fracture on the Niobrara Asset in Q2 2012. Well control data has been collected and 3D seismic analysis has been conducted on the acreage.

## BENEFITS TO THE COMPANY

The acquisition of the 25% working interest in the Niobrara Asset and Company’s alliance with a U.S. strategic partner marks the latest achievement in the Company’s efforts to expand its asset portfolio overseas and enter into the emerging shale play in the U.S. The acquisition will also allow the Company to access the technologies used in developing shale oil and gas including those for horizontal drilling and completions. The Company already has some experience and expertise in hydraulic fracturing of low permeability reservoirs in China.

Horizontal drilling technology is the key technology to exploit shale gas which is an energy resource seen as having great potential in China. As reported by the US Energy Information Administration, China has an estimate of 1,275 trillion cubic feet of technically recoverable shale gas reserves, being the largest out of all countries with technically recoverable shale gas reserves. The resource is largely untapped and Chinese central government is taking initiatives to increase its shale oil and gas production capacity.

The board of directors of the Company considers that the acquisition and the related transactions are in line with the Company’s growth strategy and believes that the acquisition will open up a gate for the Company to enter into the US market and to gain the key technology for exploring and developing shale oil and gas fields that is needed in the China market. The board of directors is of the view that the acquisition is in the interests of the Company and the shareholders of the Company as a whole.

By order of the Board  
**Zhang Ruilin**  
Chairman

Hong Kong, 28 November, 2011

*As at the date of this announcement, the Board comprises (1) the executive directors namely Mr Zhang Ruilin, Mr Zhao Jiangwei, Mr Forrest Lee Dietrich and Mr Allen Mak; (2) the non-executive director namely Mr Wang Sing (Mr Law Cheuk Kin, Stephen is alternate to Mr Wang Sing) and; (3) the independent non-executive directors namely Mr Mei Jianping, Mr Jeffrey W. Miller and Mr Cai Rucheng.*