



MIE Investor Presentation

August 2014



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1. MIE Group update and highlights

- MIE group assets overview
- Significant reserves base
- Large resources inventory
- Production growth potential
- Company strategy
- 1H2014 results highlights
- 2014 operational guidance

2. Group assets update

- China oilfields (Jilin assets and Kongnan Block)
- SGE (Linxing and Sanjiaobei)
- Emir-Oil (Aksaz, Dolinnoe, Emir, Kariman, and prospects)
- US asset (Condor Energy)

3. Financial update

- 1H2014 financial performance summary
- Financial analysis

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MIE Group update and highlights

 *MIE Holdings Corporation*



MIE Group update and highlights

MIE group assets overview

Independent onshore upstream oil and gas company in China, growing domestically and globally

Significant near-term production growth

Emir-Oil (ADEK contract area) (100%, operator)
Aksaz, Dolinnoe, Emir, Kariman, and prospects

- Achieved 5,269 BOPD net production in 1H2014 vs. 3,454 BOPD net production in 1H2013, representing a 52.5% increase
- 102mmboe of 2P reserves as of year end 2013, 18.4% increase since yearend 2012
- On-going exploration activities to prove up additional reserves

Major cash flow contributor

Oilfields in Jilin (90%, operator)
Daan PSC, Miao 3 PSC, Moliqing PSC

- Net production 9,992 BOPD in 1H2014, slight increase to 1.7% compared to 9,823 BOPD in 1H2013 due to strategic capex scale back for growth projects
- Attractive fiscal regime under PSC structure

Diversification into China unconventional gas assets

Sino Gas & Energy ("SGE") (51%, operator)
Linxing PSC (SGE holds 64.75%), Sanjiaobei PSC (SGE holds 49%)

- Significant resource base with 2C & prospective resources of 1.95Tcf, and 2P reserves 303 BCFG(50mm boe)
- Existing drilling campaign leading to China Reserve Report ("CRR") and ODP preparation
- Clear path to commercial production

De-risked asset with stable cash flow

Pan-China Resources (100%, operator)
Kongnan block within Dagang oilfield

- Successfully increased net production since acquisition
- Net production 1,187 BOPD in 1H2014 was up 27.5% compared to 931 BOPD in 1H2013
- Direct cash flow contribution from the de-risked producing Kongnan block

Access to unconventional technology

Condor Energy (80%, operator)

Condor Energy: 61.25%-100% working interest covering 7,035 net acres in the Niobrara Shale oil trend, Colorado

- Oil and gas production, with access to horizontal drilling and fracturing technologies used in developing shale oil and gas
- As of June 30, 2014, Condor has a total of 5 horizontal wells with lateral lengths 4,000-8,100ft and 16-33 frac stages

Kazakhstan

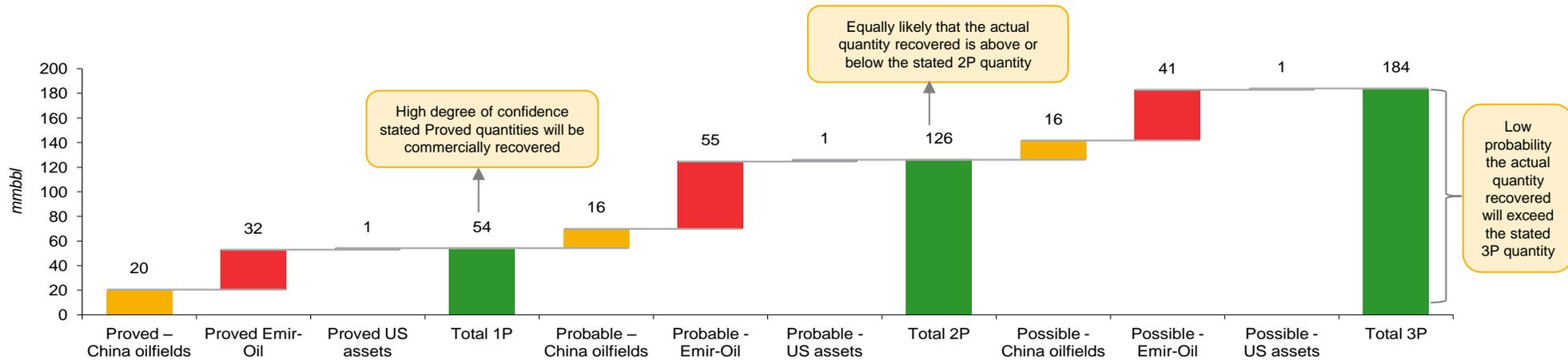
China

USA

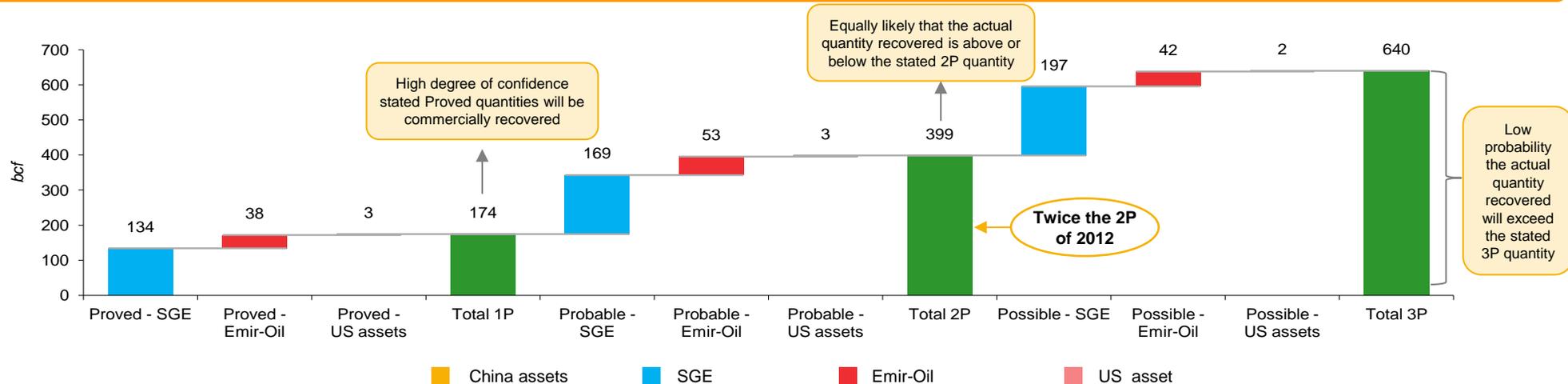
MIE Group update and highlights

Significant reserve base

Total oil reserves breakdown (as of Dec 2013)



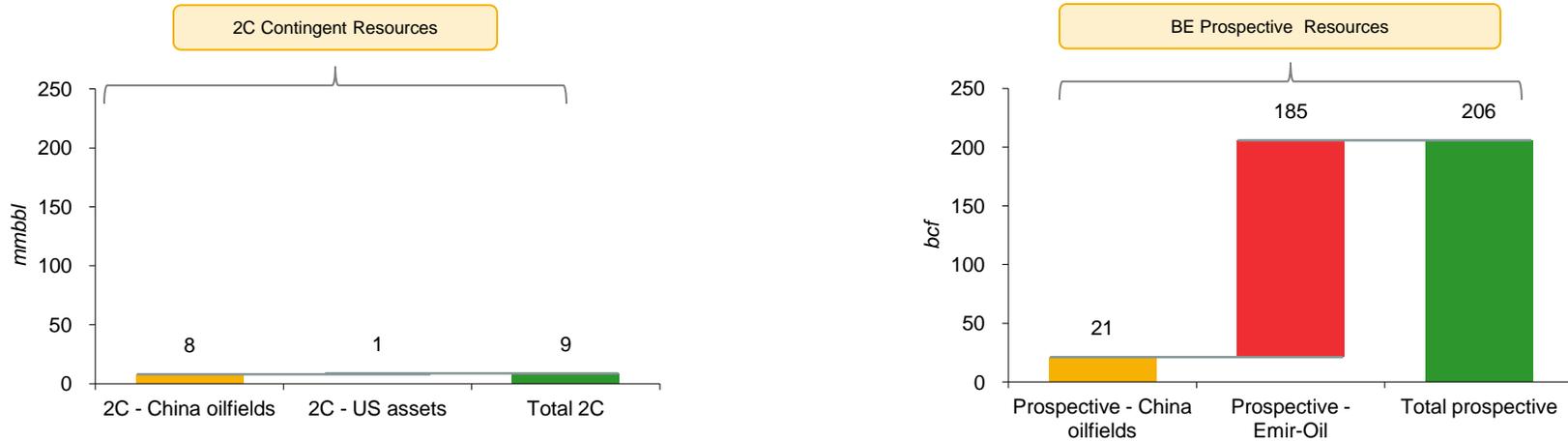
Total gas reserves breakdown (as of Dec 2013)



MIE Group update and highlights

Large resource inventory provides significant upside to existing reserves

Total oil resources breakdown (as of Dec 2013)



Total gas resources breakdown (as of Dec 2013)

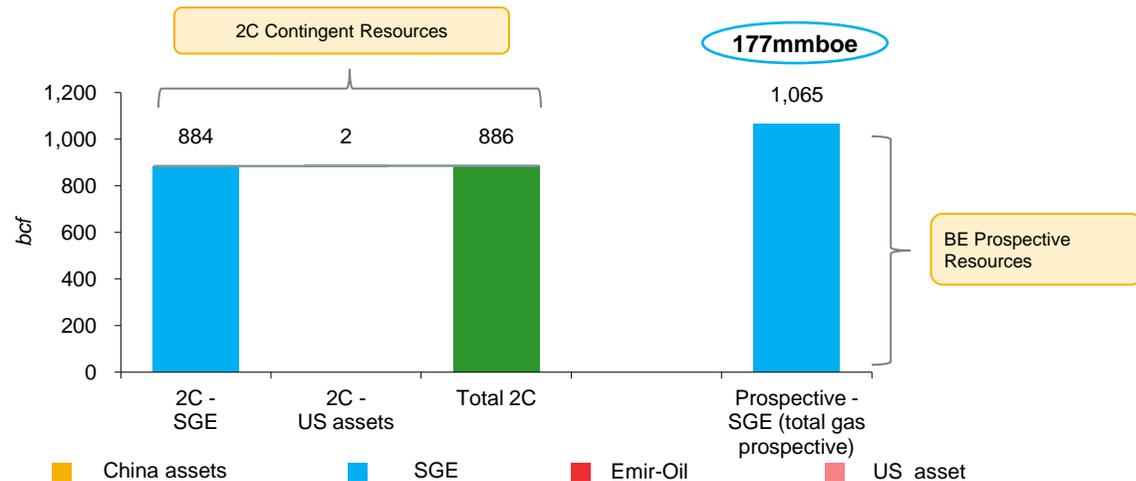
PRMS Resources

Contingent: Quantities estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies

Prospective: Quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

Uncertainty Range

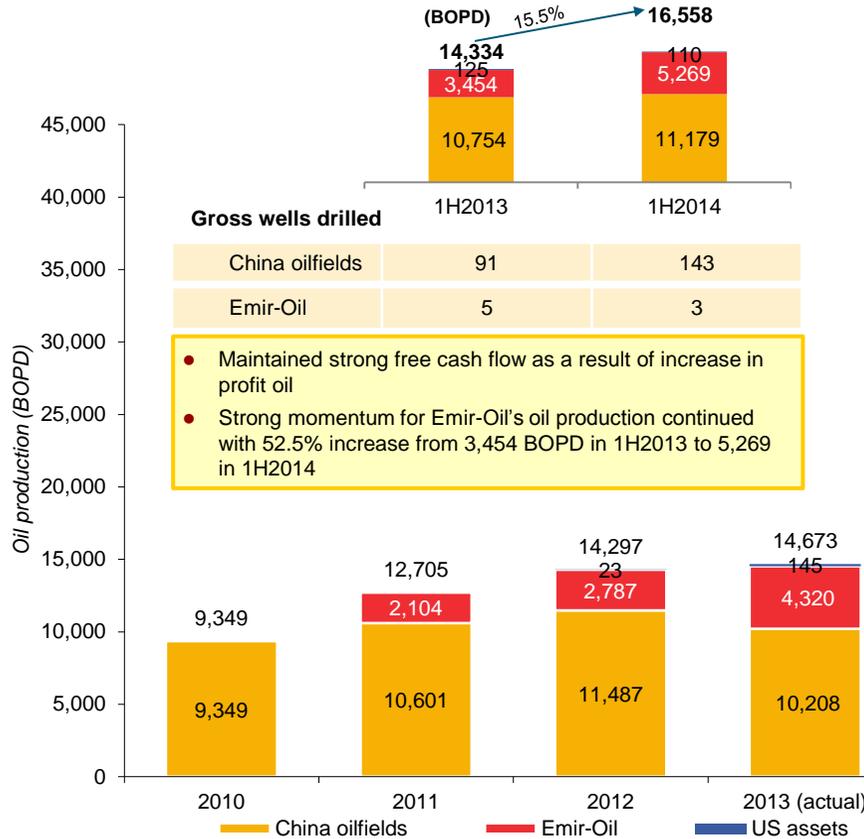
Case	Low Estimate	Best Estimate	High Estimate
Contingent	1C	2C	3C
Prospective	LE	BE	HE



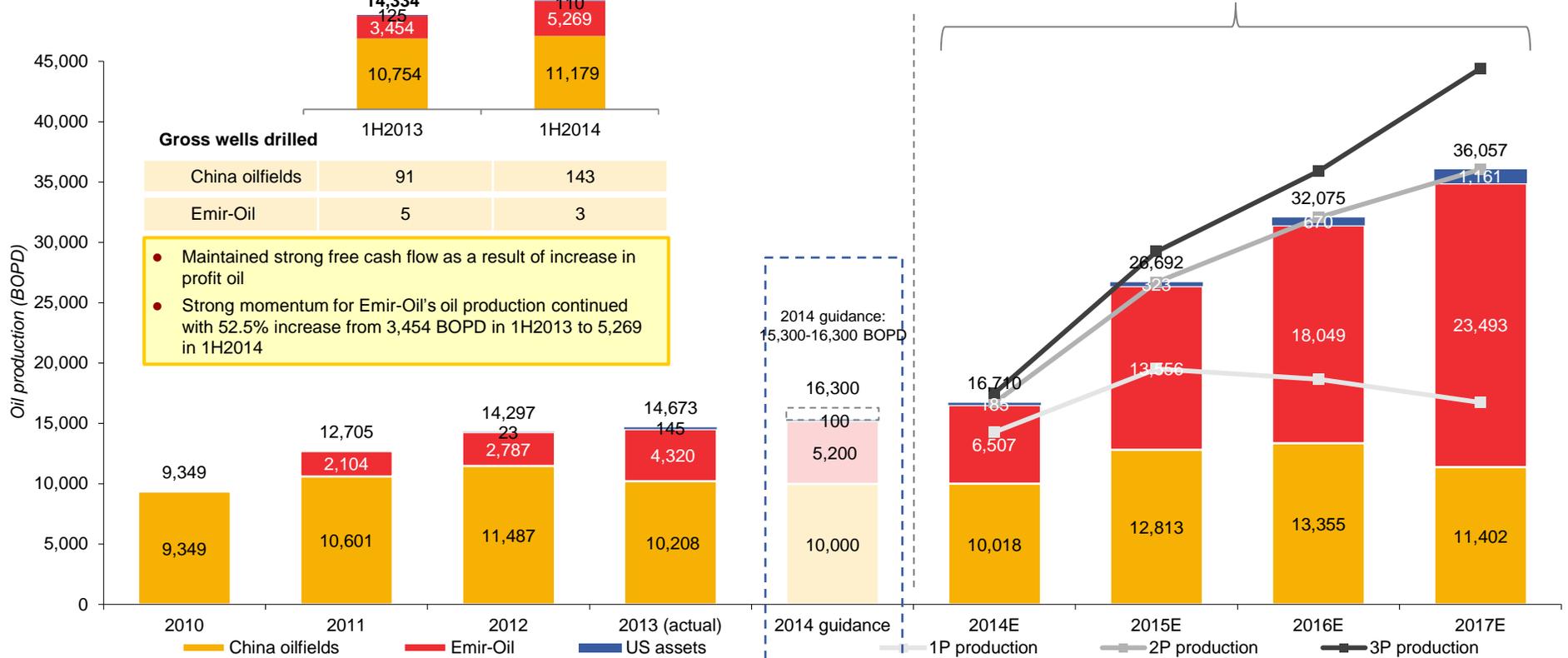
MIE Group update and highlights

Further production growth potential from existing asset base

1H2014 vs 1H2013 net oil production



Production forecast by technical consultants⁽¹⁾



Gross wells drilled (forecast wells drilled based on 2P reserves)

China oilfields	200	466	431	102	156	156	465	443	201
Emir-Oil	na	na	8	10	9	1	12	17	16
US assets	na	na	3	2	0	2	8	19	24
Total	200	466	442	114	165	159	485	479	241

(1) Production forecast (2014E-2017E) is the forecast of independent technical consultants as of 2013 year end, and does not necessarily represent management forecast

MIE Group update and highlights

Company strategy



Optimize development of two new core assets

Emir-Oil

- Ramp up production - remove gas market bottleneck
- Complete new O&G processing facilities
- Lower export oil transport costs differential
- Reserve enhancement through exploration drilling

SGE

- Undertake pilot production gas sales
- Exploration & Development drilling and well testing
- Reservoir Assessment
- Reserve & Resource Additions
- Expedite CRR and ODP



Optimize existing mature assets

- Leverage favorable PSC terms – reallocate free cash flow amongst Group's assets
- Extend production plateau thru advanced tech application



Expand operational & technological capability

- Evident in our new projects globally
- Substantial advancement since 2010 IPO, when we were pure oil developer in China



Upgrade current portfolio

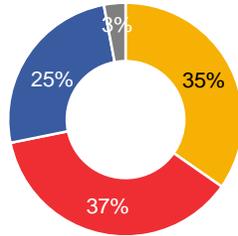
- Divesting non-core assets from current portfolio
- Replacing with better quality assets in politically stable environment (e.g. North America)

MIE Group update and highlights

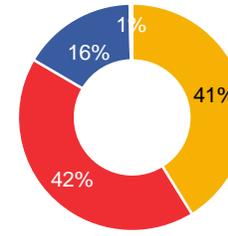
Efficient allocation of resources to ensure stronger growth and profitability

FY2013 capex: US\$337m

FY2014 revised guidance capex: US\$296m⁽¹⁾



China oilfields Emir-Oil SGE US assets



China oilfields Emir-Oil SGE US assets

China oilfields

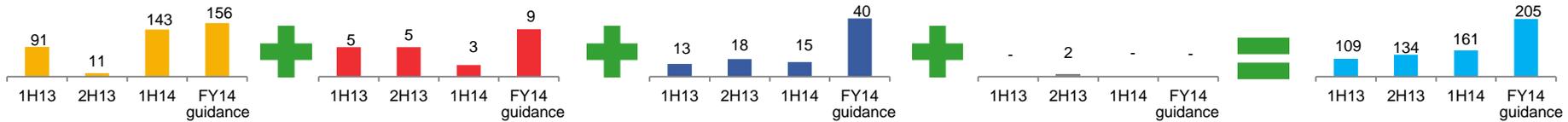
Emir-Oil

SGE

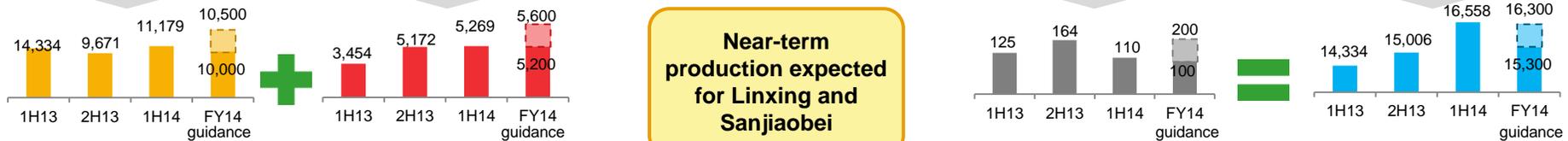
US asset

Group

Wells drilled



Production (BOPD)



Near-term production expected for Linxing and Sanjiaobei

Adj. EBITDA (US\$m)



(1) Represents management guidance

Note: Adjusted EBITDA refers to EBITDA adjusted to exclude non-cash and non-recurring items such as share-based compensation expense, gain/loss on oil put option, write-off of inventory, loss on disposal of property, plant and equipment, geological and geophysical expense and any other non-cash or non-recurring income/expenses

MIE Group update and highlights

2014 first-half results highlights

Operational highlights

- ✓ Group gross oil production reached 26,961 BOPD, up 3.5% from 1H2013
- ✓ Group net oil production of 16,558 BOPD, an increase of 15.5% compared to same period in 2013 and above full year guidance range of 15,300 – 16,300 BOPD
- ✓ Emir-Oil recorded significant increase reaching 5,269 BOPD, representing a 52.5% growth from 1H2013
- ✓ **Emir-Oil**
 - ✓ Obtained official approval from Kazakhstan government on the construction of Central Processing Facility (CPF)
 - ✓ Extension of ADEK exploration contract moving forward smoothly
- ✓ **SGE**
 - ✓ CRR for East Block of Linxing PSC has been granted final approval
 - ✓ Encouraging gas flow test results for vertical well TB-26 and horizontal well TB-1H

Financial highlights

- ✓ 1H2014 average oil price realised down by US\$3.16/bbl or 3.2% to US\$96.02/bbl compared to 1H2013
- ✓ 1H2014 Net:Gross ratio of 52% for China oilfields (compare to 1H2013 Net:Gross ratio of 48%⁽¹⁾)
- ✓ 1H2014 Revenue reached US\$294.9 mm, representing a 12.9% increase from same period in 1H2013
- ✓ EBITDA maintained at US\$161.8mm, representing a 5.1% increase from same period in 1H2013
- ✓ Successful issue of US\$500mm 5-year Notes at coupon rate 7.50% in April
- ✓ Entered into committed unsecured facility of up to US\$35 mm with Deutsche Bank in May
- ✓ Completed full US\$90 million cash call obligations into SGE for 51% equity interest in SGE

(1) Net:Gross ratio calculated based on production volume

MIE Group update and highlights

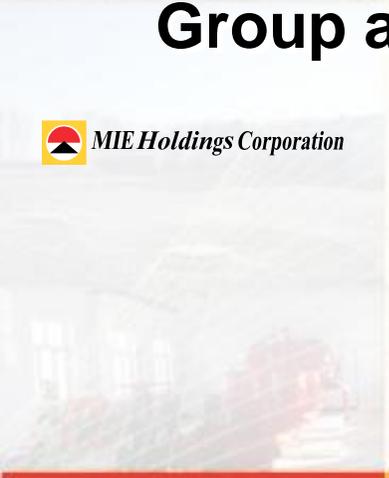
2014 operational guidance

	# Gross Wells			Net Capex (US\$M)		Net Production			Commentary
	Original FY14 guidance	1H 2014	Revised FY14 guidance	Original FY14 guidance	Revised FY14 guidance	Original FY14 guidance	1H 2014	Revised FY14 guidance	
China Oilfields	163	143	156	125	122	10,000-10,500 BOPD	11,179 BOPD	10,000-10,500 BOPD	<ul style="list-style-type: none"> Re-aligned drilling program by reducing 9 vertical wells but added 2 horizontal wells to original drilling plan
SGE	59	15	40	70	48	1,000-1,500 MCFD	Nil	300 MCFD	<ul style="list-style-type: none"> Deferred drilling of 19 development wells and accordingly reduced capex spend of US\$22 mm
Emir-Oil	8	3	9	148	125	5,200-5,600 BOPD 5,000-5,400 MCFD	5,269 BOPD 5,871 MCFD	5,200-5,600 BOPD 5,000-5,400 MCFD	<ul style="list-style-type: none"> 4 development wells, including 2 horizontal wells and 2 vertical wells 1 exploration well 4 appraisal wells (1 less than originally planned) Capex spend of CPF for FY2014 to be US\$60 mm
USA	2	-	-	7	1	100-200 BOPD 400-500 MCFD	110 BOPD 281 MCFD	100-200 BOPD 200 MCFD	<ul style="list-style-type: none"> The original plan to drill 2 horizontal wells was canceled US\$1 mm for lease extensions
MIE Total	232	161	205	350	296	15,300-16,300 BOPD 6,400-7,400 MCFD	16,558 BOPD 6,152 MCFD	15,300-16,300 BOPD 5,500-5,900 MCFD	<ul style="list-style-type: none"> Represents a 4-11% y-o-y growth over FY2013 14,673 BOPD



Group assets update

 *MIE Holdings Corporation*



Group assets update

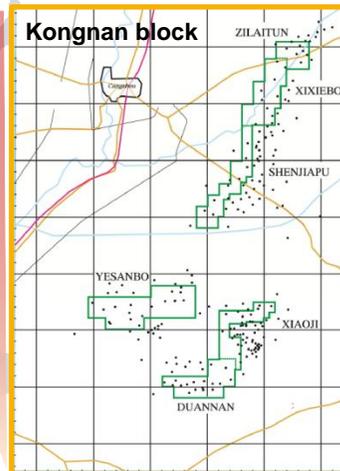
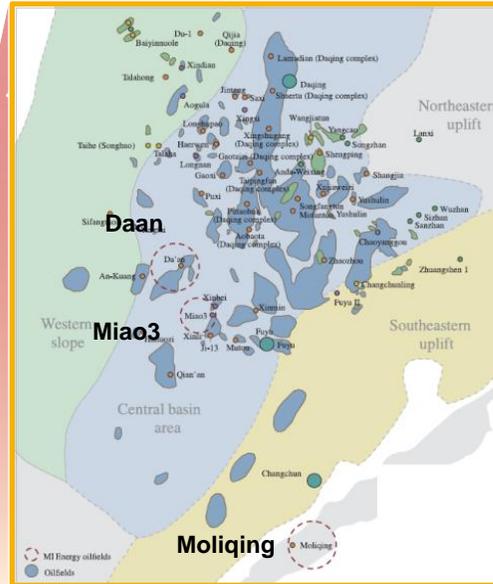
China oilfields

Hebei (Kongnan block)	
Ownership	100%
Area	31km ²
Total wells drilled in 1H2104	3
Gross wells (as of Jun 2014)	78
PSC terms expiry	2027

Jilin assets (Daan, Moliqing, Miao 3)	
Ownership	90%
Total wells drilled in 1H2014	140
Horizontal wells in 1H2014	0
Gross wells (as of Jun 2014)	2,784
Total area	
Daan	253km ²
Moliqing	72km ²
Miao 3	81km ²
PSC terms expiry	
Daan	2024
Moliqing	2028
Miao 3	2028

Reserves & resources summary (as of Dec 2013)		
	Hebei (mmbbl)	Jilin (mmbbl)
1P reserves	3	18
2P reserves	5	31
3P reserves	8	44
2C resources	-	9
Prospective resources	-	21
Total reserves & resources⁽¹⁾	5	61

(1) Total 2P Reserves+2C Contingent Resources+ Prospective Resources



China oilfields:

- Group major cash flow contributor which accounts for 92.8% of group adj. EBITDA in FY2013 and 87.6% in 1H2014
- Significant reserve base with long production track record
- Cost effective operations supported by advanced technologies and experienced management and technical team
- Favourable PSC structure with effective recovery of capex and operating costs
- Receives (Daqing) international oil price for Jilin oilfields and Cinta oil price for Kongnan block

Group asset update

China oilfields

1H2014 operation update

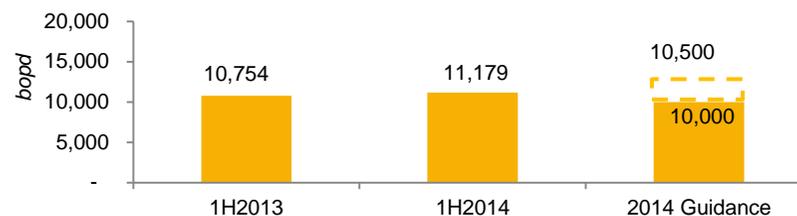
Jilin assets (Daan, Moliqing and Miao 3)

- Gross production decreased by 5.8% to 19,628 BOPD
- Net production of 9,992 BOPD (1H2013: 9,823 BOPD)
 - flat production due to continued strategic capex scale-back for 1H2014
 - increase in profit oil translated into stronger free cash flow and EBITDA
- 140 wells drilled
- Strong performance of old wells
- Average realized oil price of US\$104.54/bbl in 1H2014 (from US\$105.46/bbl in 1H2013)

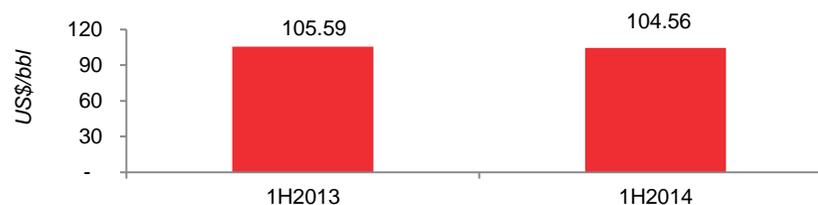
Hebei (Kongnan)

- Acquired from Ivanhoe in 4Q 2012 for US\$40 mm
- 1H2014 EBITDA US\$13.6mm
- Net 1H2014 production of 1,187 BOPD, representing 27.5% growth from same period in 2013
- 3 wells successfully drilled in 1H2014 and put into production
- Average realized oil price of US\$104.78/bbl

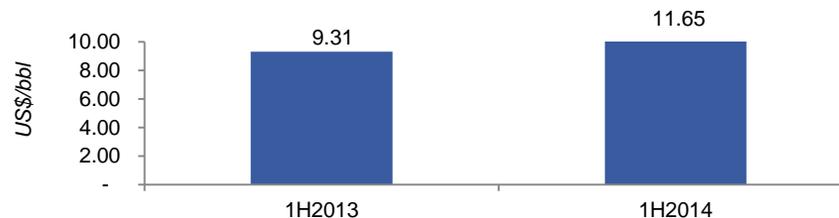
Net oil production



Average oil realized price

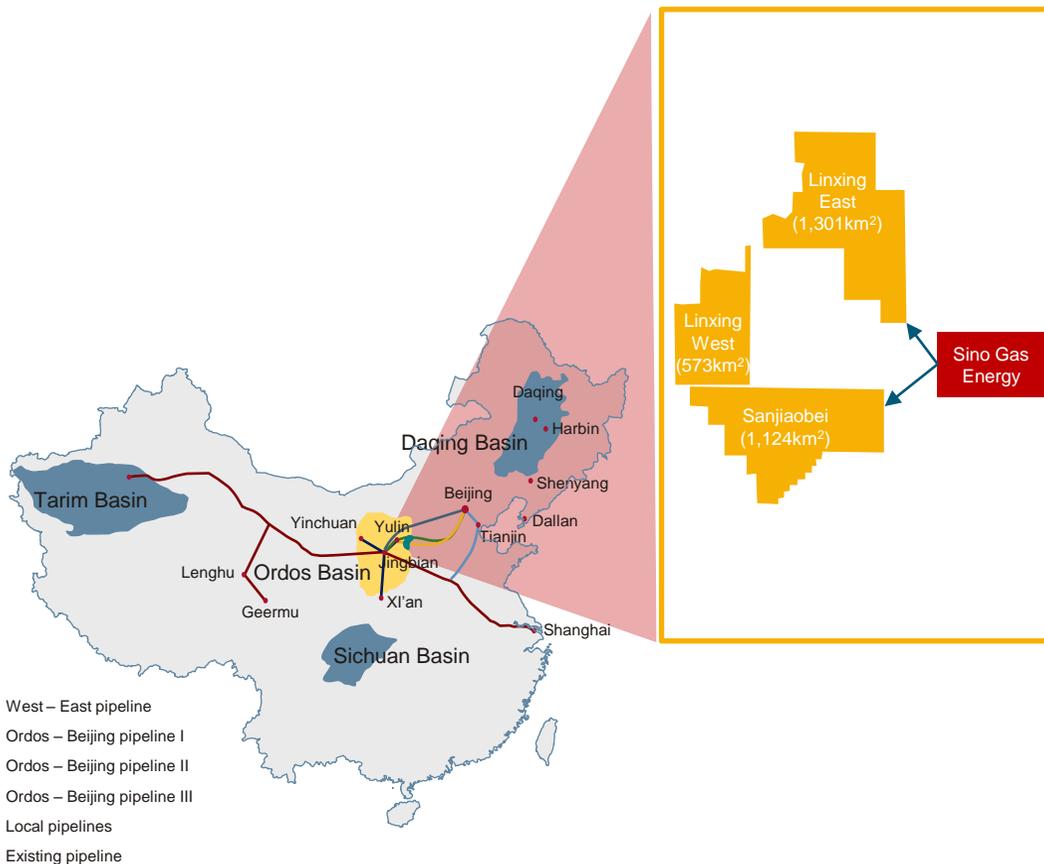


Lifting costs



Group asset update

SGE: Linxing & Sanjiaobei



SGE assets

Ownership (through SGE)	Linxing: 64.75% Sanjiaobei: 49%
Gross wells (as of Jun 2014)	73
Area	
Linxing East	1,301km ²
Linxing West	573km ²
Sanjiaobei	1,124km ²
PSC terms expiry	
Linxing	2028
Sanjiaobei	2033
Exploration period expiry	
Linxing	Aug 2016
Sanjiaobei	Aug 2015

Reserves & resources summary (bcf) (as of Dec 2013)

1P reserves	134
2P reserves	303
3P reserves	499
2C resources	884
Prospective resources	1,065
Total reserves & resources⁽¹⁾	2,252

(1) Total 2P Reserves+2C Contingent Resources+ Prospective Resources

Group asset update

SGE: Linxing & Sanjiaobei

1H2014 operation update

- Drilling program underway with 19 wells drilled and 18 wells fracc'd in 2014
- First horizontal well TB-1H and the new vertical well TB-26 in Linxing block have achieved encouraging test results
 - TB-1H: flow testing resulted in a gas flow rate of 4.93 MMCF/day (c.140,000 cubic meters per day) with stable tubing head pressure of 2,008 psi (14MPa)
 - TB-26: gas flow rate of 1.20 MMCF/day (c.34,000 cubic meters per day) with stable tubing head pressure of 1,740 psi (12MPa)

Pilot production sale agreement

- In June 2013, SGE entered into a pilot gas sales agreement with China United Coalbed Methane ("CUCBM") for Linxing project
 - pipeline sales are expected to commence in 2H 2014 with an initial price of c.US\$8/Mcf
 - On 10 July 2013, NDRC raised non-residential natural gas price to RMB1.95/cm (c.US\$8.90/Mcf)
 - On 12 August 2014, NDRC further increased non-residential natural gas price to RMB2.47/cm (c.US\$11.25/Mcf)
 - In October 2013, CUCBM signed a supplementary gas sales agreement for CNG with an industrial purchaser in Shanxi Province, and commenced sales on December 21, 2013

(1) The independent technical consultant for Linxing and Sanjiaobei

Clear path to commercial production

	Development timeline	status
1	CRR for Linxing East	Approved!
2	Updated independent reserves and reserves assessment (2013)	
3	2014 drilling program	Underway
4	Pilot pipeline gas sales	In preparation
5	Preparation of ODP (Linxing East)	Underway
6	Preparation of CRR (Linxing West, Sanjiaobei)	In progress
7	ODP preparation & submission (Linxing West, Sanjiaobei)	Commence after CRR

MIE value add

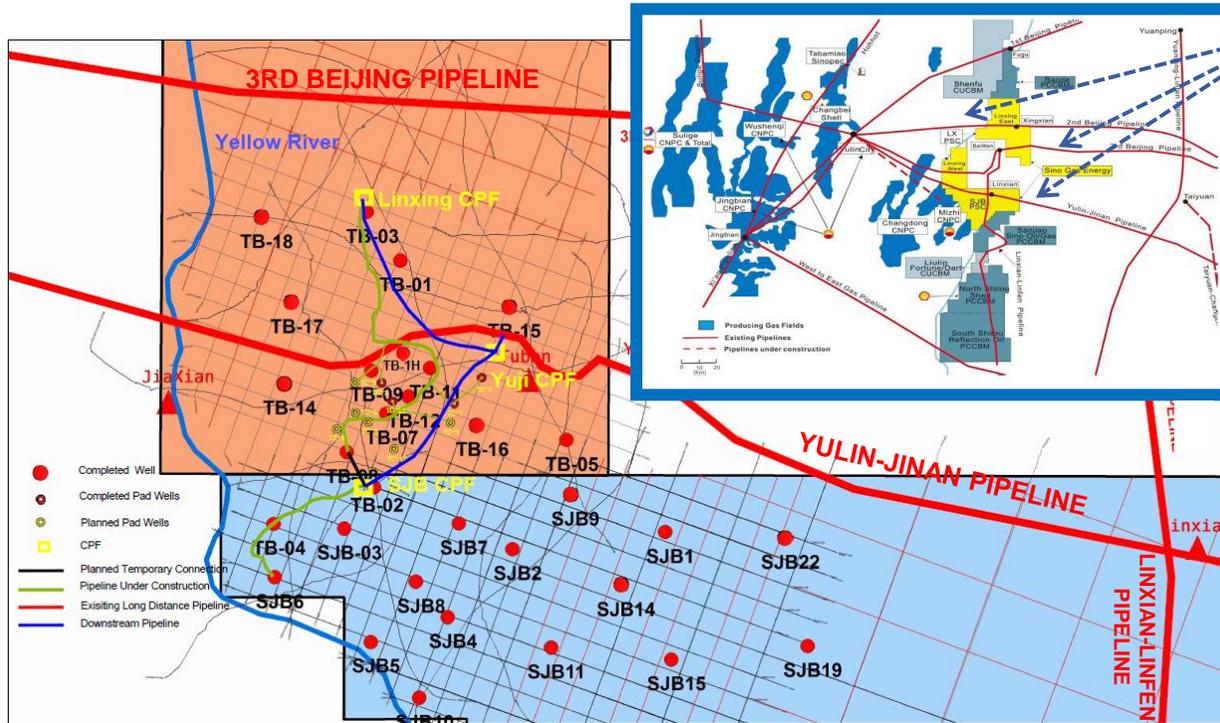
- Operational experience in China
- ODP and contract process experience
- Horizontal drilling experience in US

Commercial production

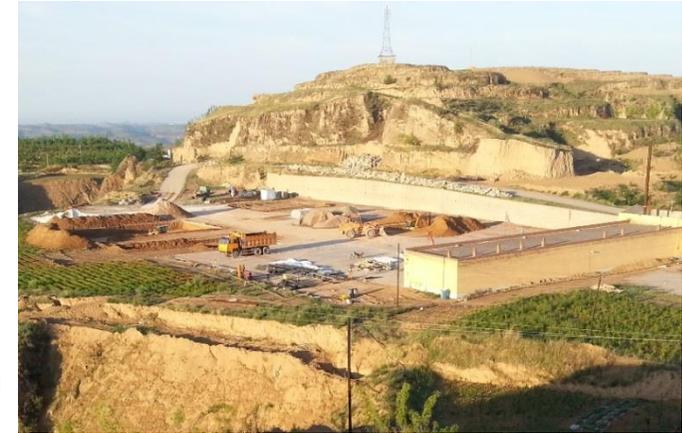
Group asset update

SGE: Linxing & Sanjaobei

Well-established infrastructure in Ordos Basin



Multiple gas pipelines with existing tie-in points will provide market access for Sino Gas' pipeline quality gas



Linxing: Pipeline construction site. Gas gathering pipeline design has been completed

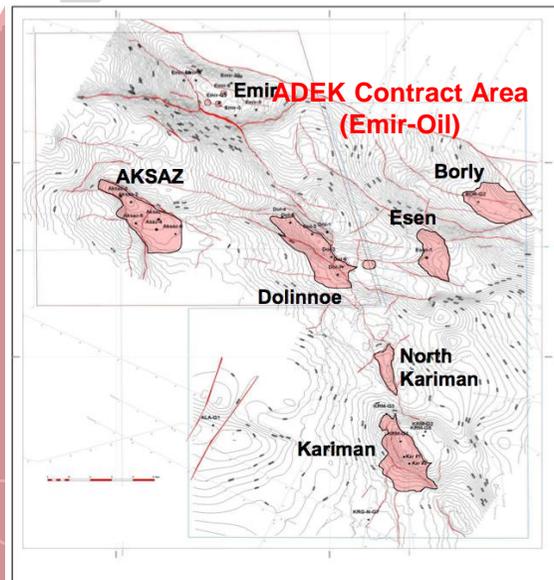


Linxing CNG sales: Installation of CNG processing facility

- Key transcontinental gas transport hub
- Above ground infrastructure with ample spare capacity
- Existing and planned demand far exceeds supply
- Shanxi Province alone (population ~ 35 million) underpins supply

Group asset update

Emir-Oil



Emir-Oil (Aksaz, Dolinnoe, Emir, Kariman)

Ownership	100%
ADEK contract area	850km ²
Gross wells (as of 1H2014)	42
Exploration license expiry	Jan 2015 ⁽¹⁾
Production license expiry	
Aksaz	2036
Dolinnoe	2036
Emir	2030
Kariman	2036

Reserves & resources summary (as of Dec 2013)

	Oil (mmbbl)	Gas (bcf)
1P reserves	32	38
2P reserves	87	90
3P reserves	129	133
2C resources	-	-
Prospective resources	185	-
Total reserves & resources⁽²⁾	272	90

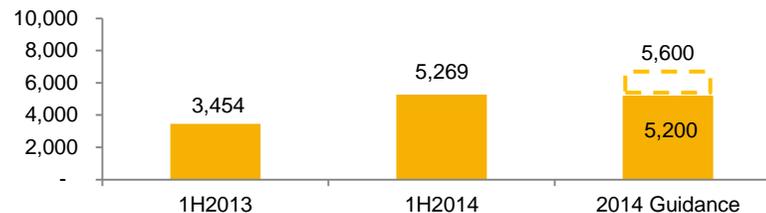


(1) Emir-Oil continues to liaise with the Kazakhstan Ministry of Oil and Gas and has made good progress
 (2) Total 2P Reserves+2C Contingent Resources+ Prospective Resources

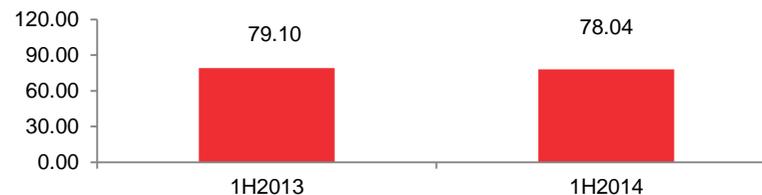
1H2014 operation update

- Oil production increased by 52.5% to 5,269 BPOD compared to 3,454 BPOD in 1H2013
- Realized export price increased from US\$ 85.73/bbl to US\$ 88.19/bbl, but average realized oil price decreased from US\$79.10/bbl to US\$78.04/bbl due to decreased export sales (79% in 1H2014 vs. 85% in 1H2013) coupled with lower realized domestic oil price for 1H2014
- Lifting costs continued to decrease, from US\$5.71/bbl to US\$4.39/bbl as production ramps up
- Kazakhstan authorities have officially approved preliminary design of CPF
 - Currently preparing detailed design for the CPF and will subsequently open the bidding process for the construction of the facilities
- CPF construction work will be kicked off in 2H2014

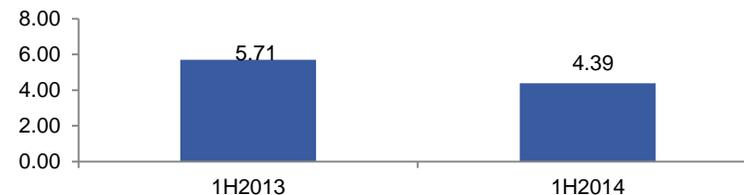
Net oil production



Average oil realized price⁽¹⁾



Lifting costs



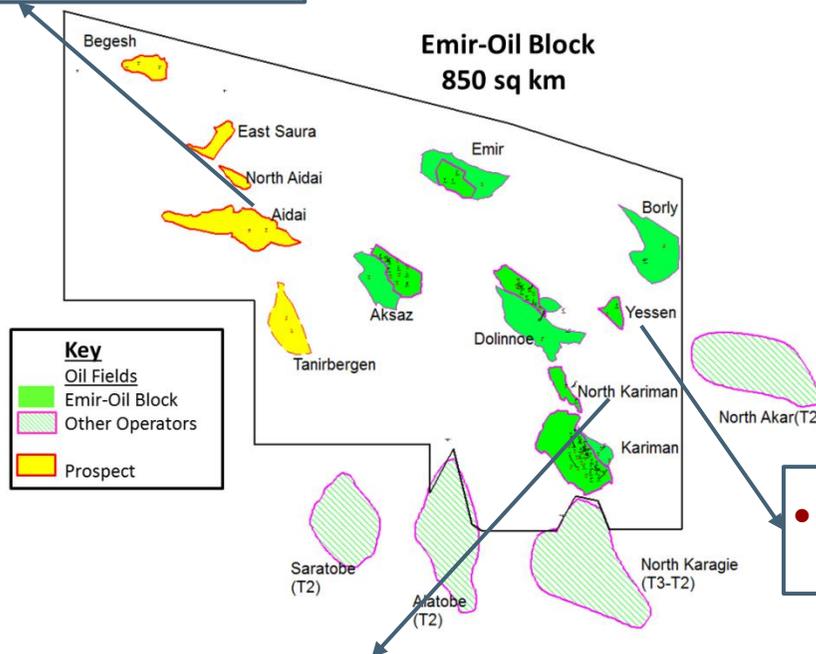
(1) Weighted average of Emir-Oil's export and domestic oil sales

Group asset update

Emir-Oil

Exploration activities

- Aidai-1 spudded July 25 and currently drilling



- YE 2013 Reserve Report estimated the following Resources
 - ▣ Unrisked Prospective Resources: 185 mmbbls (Best Estimate)
- Interpretation of merged 3D seismic data covering entire exploration block and producing fields scheduled complete by YE2014
- Appraisal drilling in progress at Emir-5 and Dolinnoe-12

- Yessen-2 deviated well testing in progress following reservoir core analysis

- Applied to extend pilot production permit for North Kariman-2 to YE2016
- 2 appraisal wells planned for western area of North Kariman

Extension of the ADEK exploration contract ongoing. We continue to liaise with the Kazakhstan Ministry of Oil and Gas and have made good progress

Group asset update

US asset (Condor Energy)

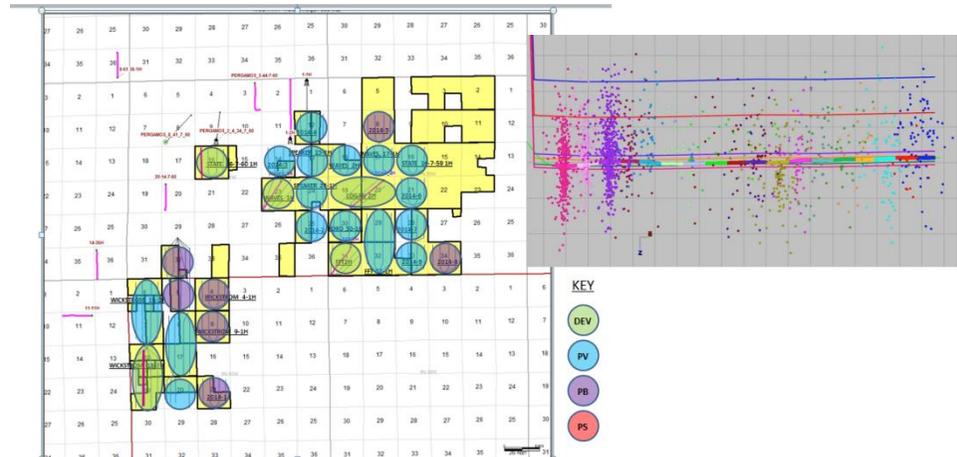
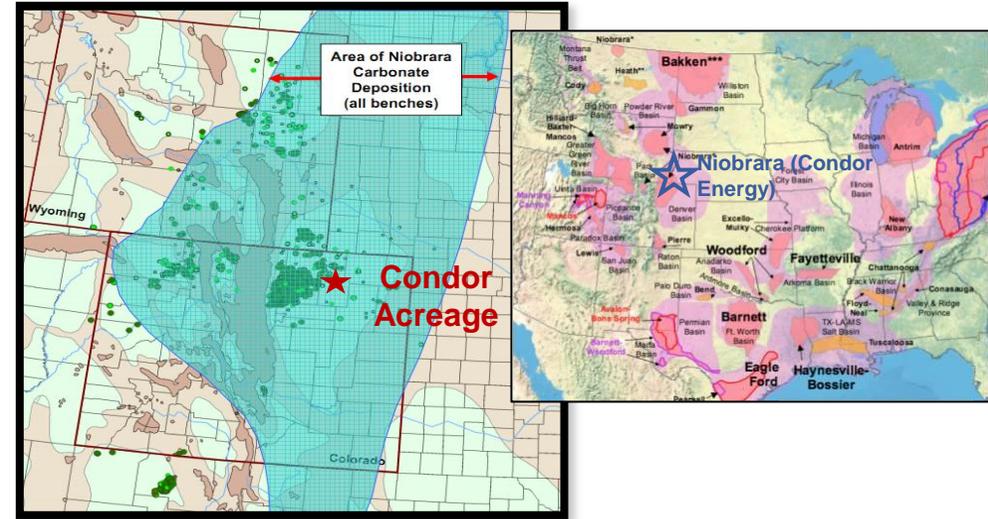
Condor Energy

Ownership	80%
Net acreage	7,035 acres
Gross wells (horizontal)	5

1H2014 operation update

Condor Energy

- As of Jun 2014, MIE operated 5 horizontal wells in a Colorado Niobrara asset through Condor Energy
 - No drilling activities during 1H2014 in the US
- For 1H2014, the average daily net oil and gas production was 110 BOPD and 281Mcf/day, respectively
- Average realized oil and gas price was US\$89.26/barrel and US\$6.77/Mcf, respectively
- Operational and technological expertise gained from the drilling of 5 horizontal wells is being applied to Group's other existing assets





Financial update



Financial update

Financial performance summary

(In US\$ million)	1H2013					1H2014					1H2014 vs 1H2013(%)
	China	Emir-Oil	USA	Others	Total	China	Emir-Oil	USA	Others	Total	
Revenue	209.0	50.2	2.0	-	261.1	215.8	77.0	2.1	-	294.9	12.9%
Total operating expenses	(129.8)	(42.0)	(3.5)	(4.8)	(179.9)	(145.3)	(57.3)	(4.8)	(9.9)	(217.3)	20.8%
Profit from operations	79.2	8.2	(1.5)	(4.8)	81.2	70.5	19.7	(2.7)	(9.9)	77.6	(4.4%)
<i>Margin</i>	37.9%	16.4%	na	na	31.1%	32.7%	25.6%	na	na	26.3%	(4.8%)
Profit before income tax	72.5	7.9	(1.3)	(31.0)	48.1	66.7	25.2	(2.5)	(68.5)	20.9 ⁽²⁾	(56.5%)
Net profit for the year	53.5	5.4	(1.3)	(31.0)	26.6	50.1	26.0	(2.5)	(68.5)	5.1 ⁽²⁾	(80.8%)
<i>Margin</i>	25.6%	10.7%	na	na	10.2%	23.2%	33.8%	na	na	1.7%	(8.5%)
EBITDA	142.1	16.1	0.5	(4.7)	153.9	146.6	28.8	(0.2)	(13.4)	161.8	5.1%
<i>Margin</i>	68.0%	32.0%	23.4%	na	58.9%	67.9%	37.4%	na	na	54.9%	(4.0%)
Adjusted EBITDA⁽¹⁾	141.8	17.1	0.5	(4.4)	155.0	146.6	31.9	(0.2)	(10.8)	167.5	8.1%
<i>Margin</i>	67.9%	34.1%	23.9%	na	59.4%	68.0%	41.4%	na	na	56.8%	(2.6%)

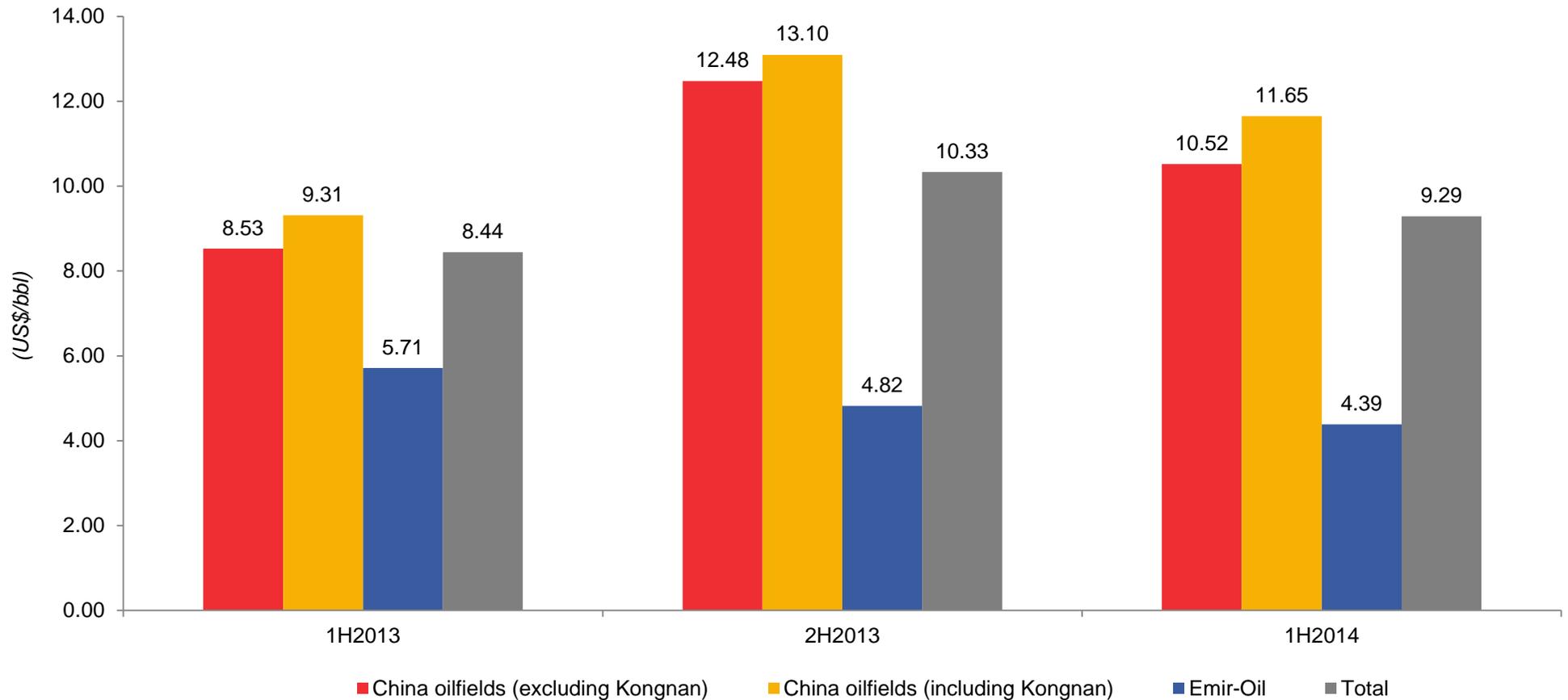
(1) Adj. EBITDA refers to EBITDA adjusted to exclude non-cash items such as share-based compensation expense, loss on impairment of receivables, and any other non-recurring items such as acquisition expense, and geological and geophysical expenses.

(2) Includes an one-off finance costs of RMB155 million (US\$25.2 million) regarding 2016 Notes redemption premium and certain unwinding of non-cash discounts / upfront-fees regarding the 2016 Notes.

Financial update

Lifting costs analysis of China assets and Emir-Oil

Lifting cost per barrel ⁽¹⁾



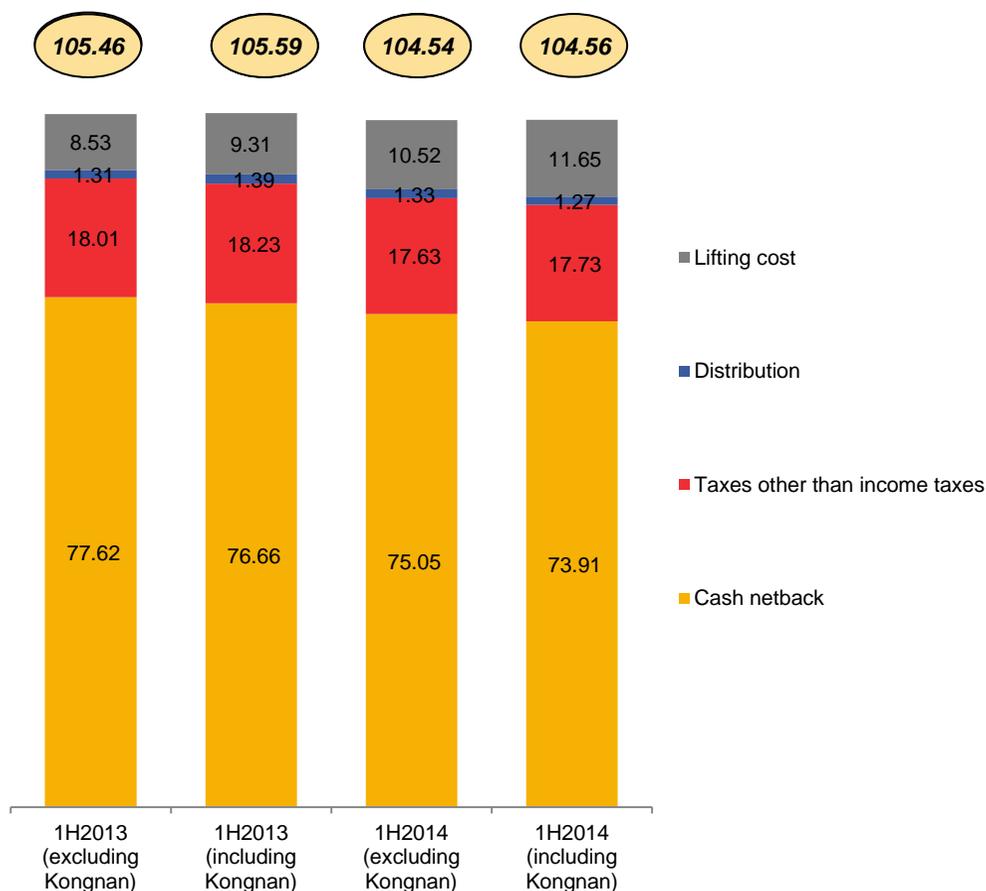
(1) Lifting costs includes directly controllable costs to produce a barrel of oil. Other production costs such as safety fee, environment expenses, technical & research expense and overhead have not been included since they are not directly attributable to the production of a barrel of oil

Financial update

Cash netback analysis of China assets and Emir-Oil

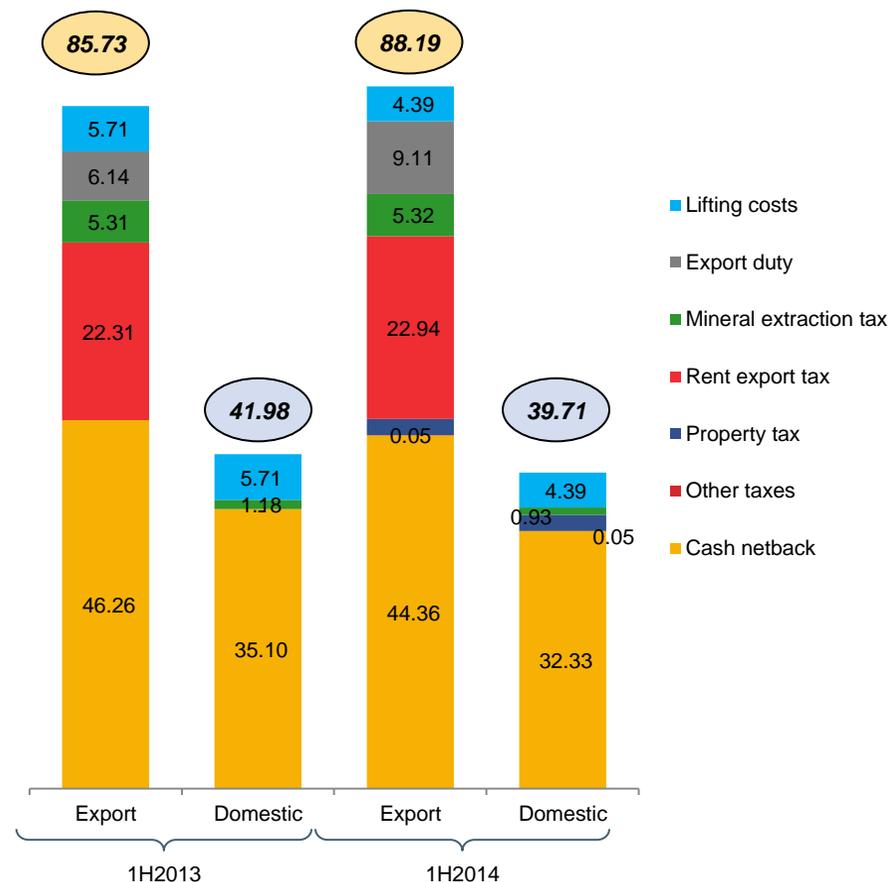
Cash netback of China oilfields

(US\$/bbl)



Cash netback of Emir-Oil⁽¹⁾

(US\$/bbl)

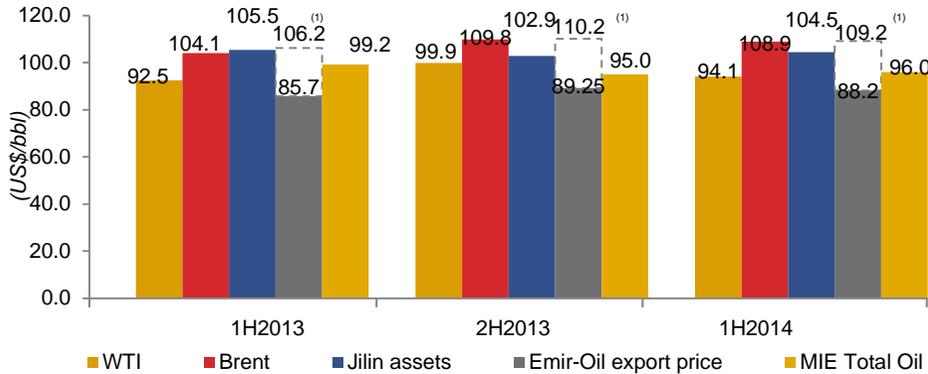


(1) Export: domestic sales split was 85%:15%, 79%:21% in 1H2013 and 1H2014, respectively

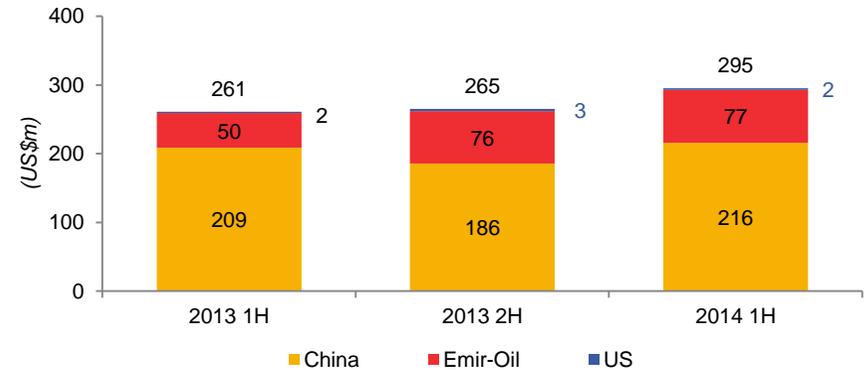
Historical financials

Key sales related statistics

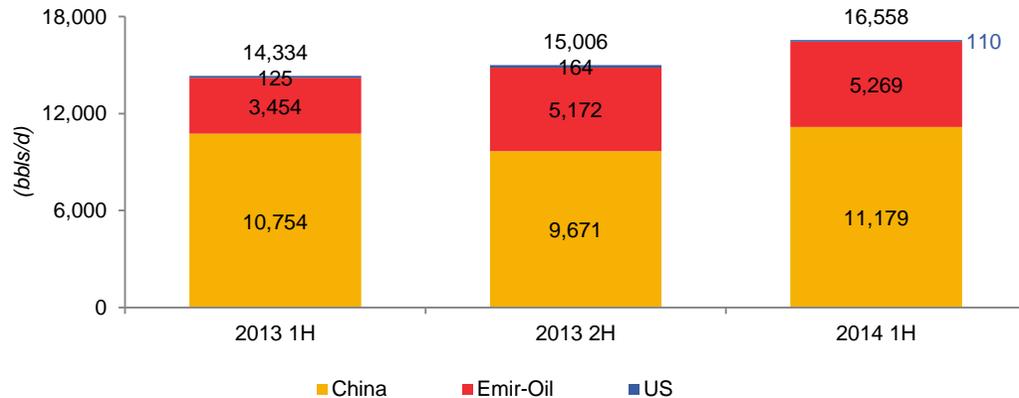
Average realized oil price



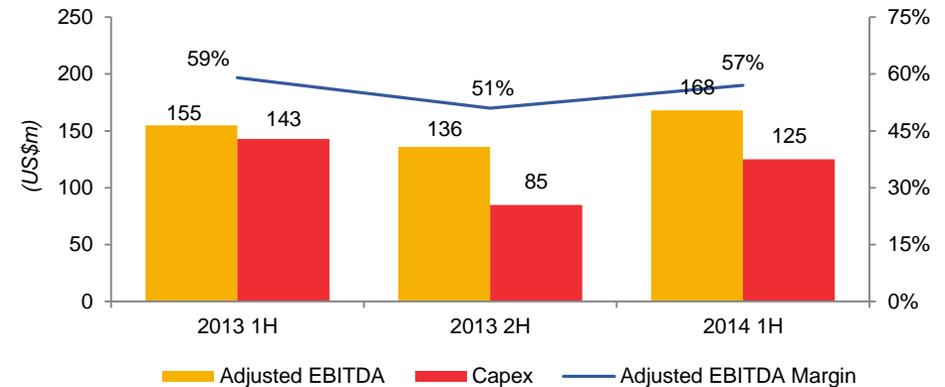
Revenue breakdown by region



Average daily net oil production breakdown by region



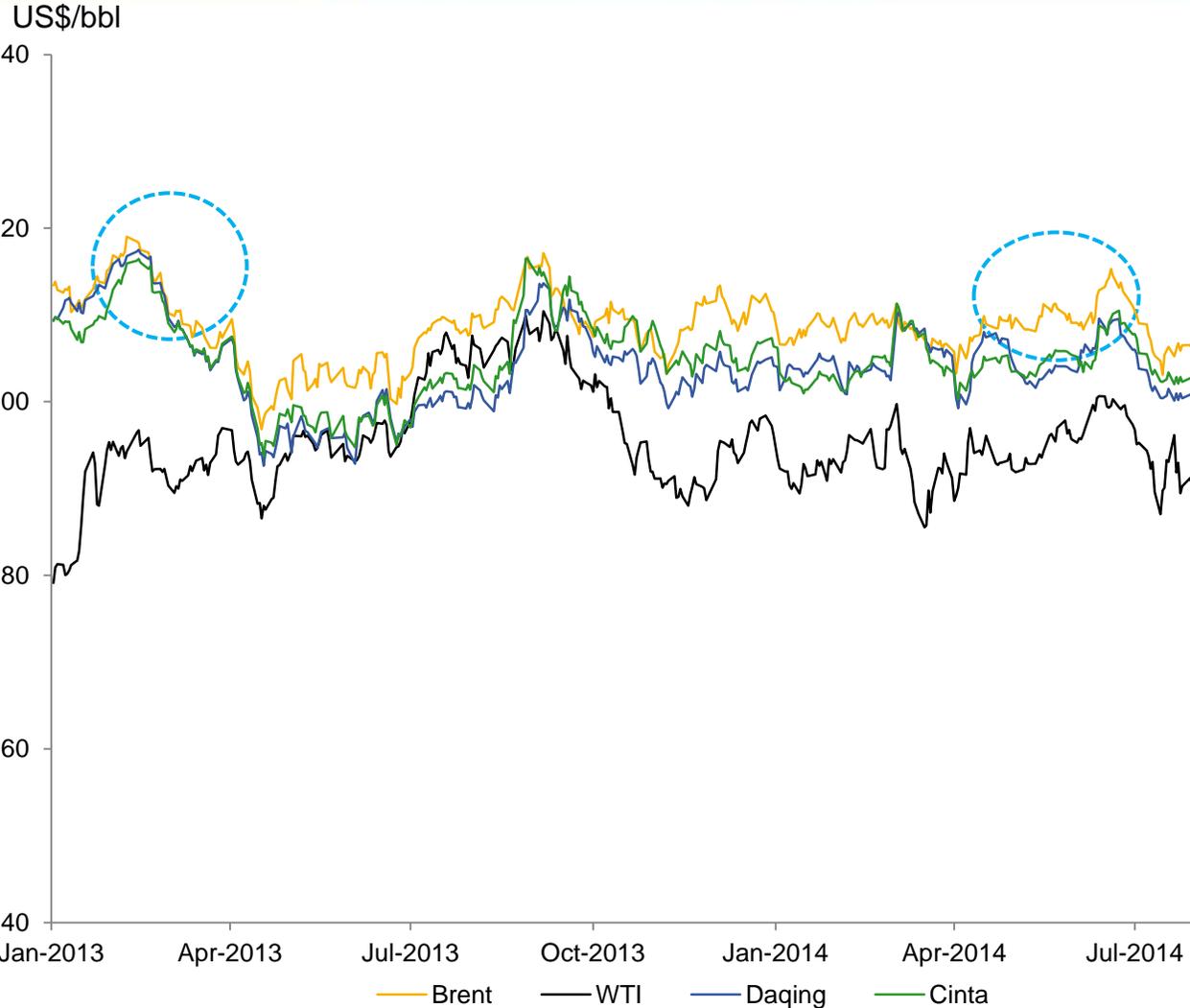
Adj. EBITDA and Capex⁽²⁾



(1) Emir-Oil average realized export oil price before transportation costs and marketing commissions borne by customer, Titan Oil
 (2) Capex for this charts refers to the cash used for purchase of PPE in the cashflow statement

Financial update

Oil price performance



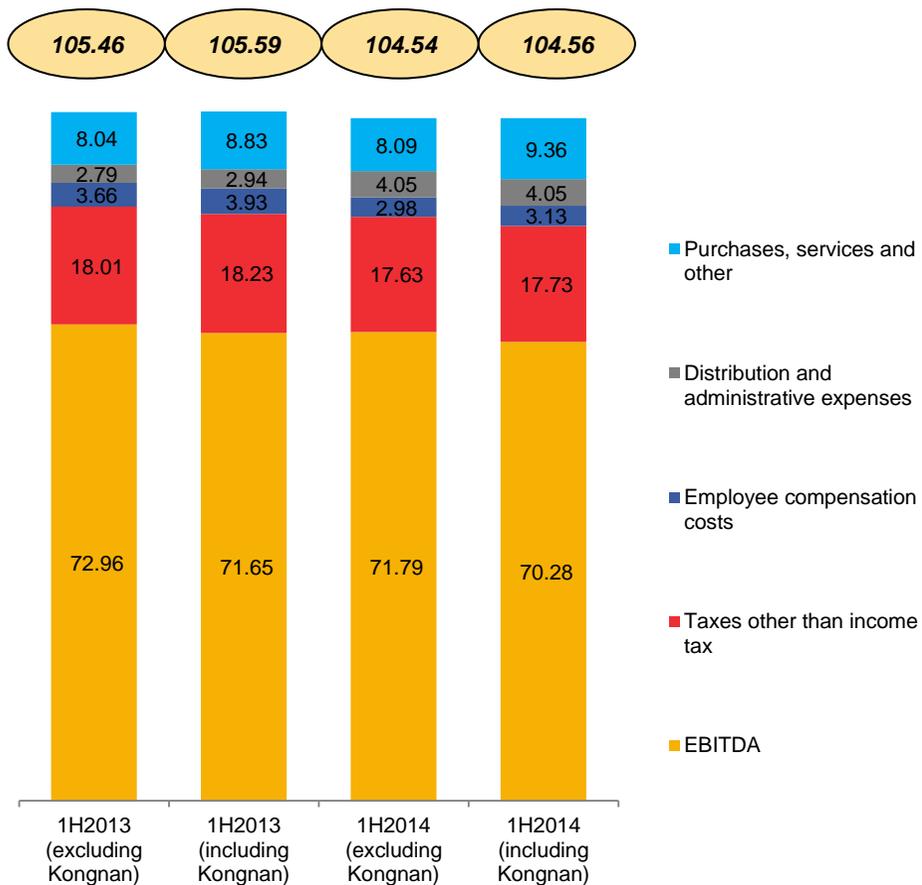
Source: Bloomberg

Oil price (US\$/bbl)	1H2013	1H2014	1H14 vs 1H13
Jilin assets			
Avg. realised oil price	105.5	104.5	(0.9%)
Avg. Daqing price	107.3	104.9	(2.2%)
Hebei (Kongnan)			
Avg. realised oil price	106.9	104.8	(2.0%)
Avg. Cinta price	106.3	104.7	(1.5%)
Emir-Oil (export)			
Avg. realised export oil price	85.7	88.2	2.9%
Transportation & marketing costs	20.5	21.0	2.3%
Avg. realised export oil price pre transportation costs & marketing costs	106.2	109.2	2.8%
Brent average price	104.1	108.9	4.6%
US asset			
Avg. realised oil price	90.2	89.3	(1.0%)
Avg WTI price	92.5	94.1	1.7%

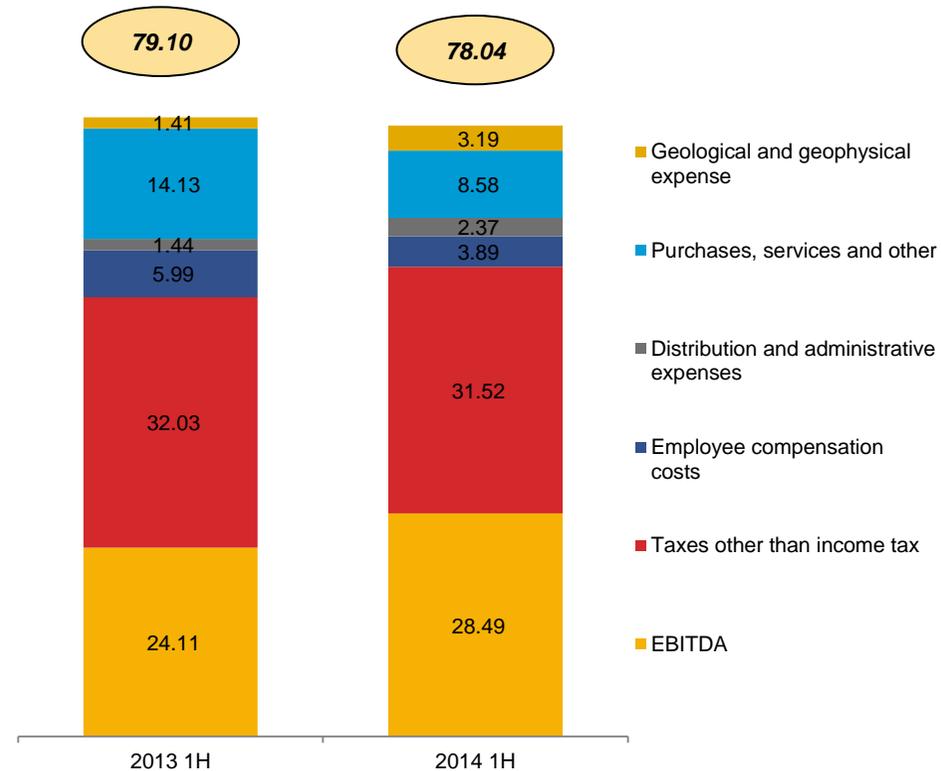
Financial update

EBITDA breakdown analysis of China assets and Emir-Oil

Breakdown of China Oilfields



Breakdown of Emir-Oil⁽¹⁾



(1) Weighted average of Emir-Oil's export and domestic oil sales

Financial update

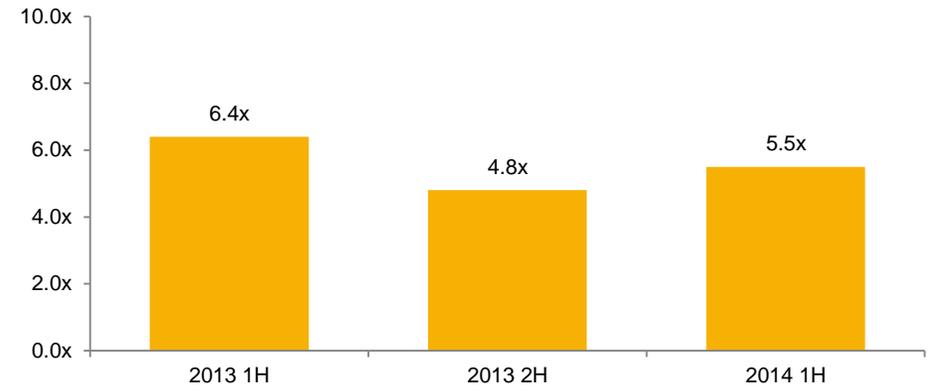
Cash flow statement and key credit statistics

For the period ended June 30
(In US\$ million)

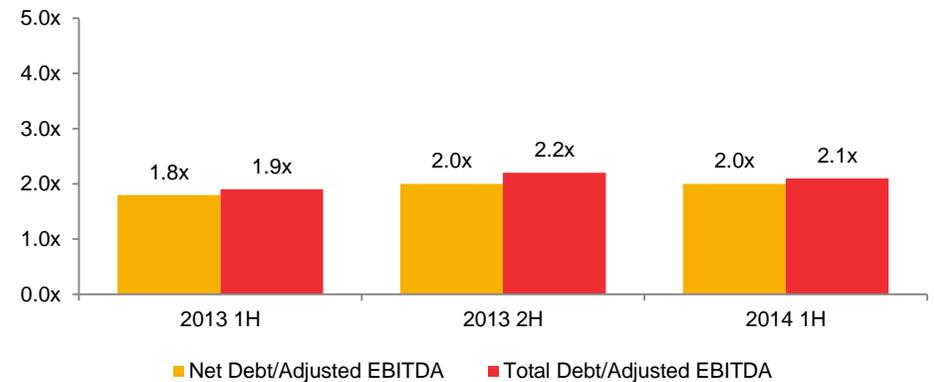
	1H2013	1H2014
Cash Flow Statement		
Cash generated from operations	157	125
Interest paid	(21)	(27)
Income tax paid	(24)	(9)
Net cash generated from operations	112	89
Purchase of PP&E	(157)	(112)
Others ⁽¹⁾	–	(41)
Net cash used in investing activities	(157)	(153)
Proceeds from borrowings/bonds	209	495
Repayments of borrowings/bonds	(152)	(432)
Others	(32)	(11)
Net cash from financing activities	25	53
Net increase/(decrease) in cash	(21)	(11)
Capitalization Table		
Cash Positions	52	35
Short-term Debt	10	10
Long-term Debt	587	680
Total Debt	597	690
Net Debt	545	655
Total Equity	570	599
Total Capitalization	1,115	1,254

(1) Includes mainly cash-call by SGE

Adj. EBITDA / net interest expense



Net Debt and total debt / Adj. EBITDA



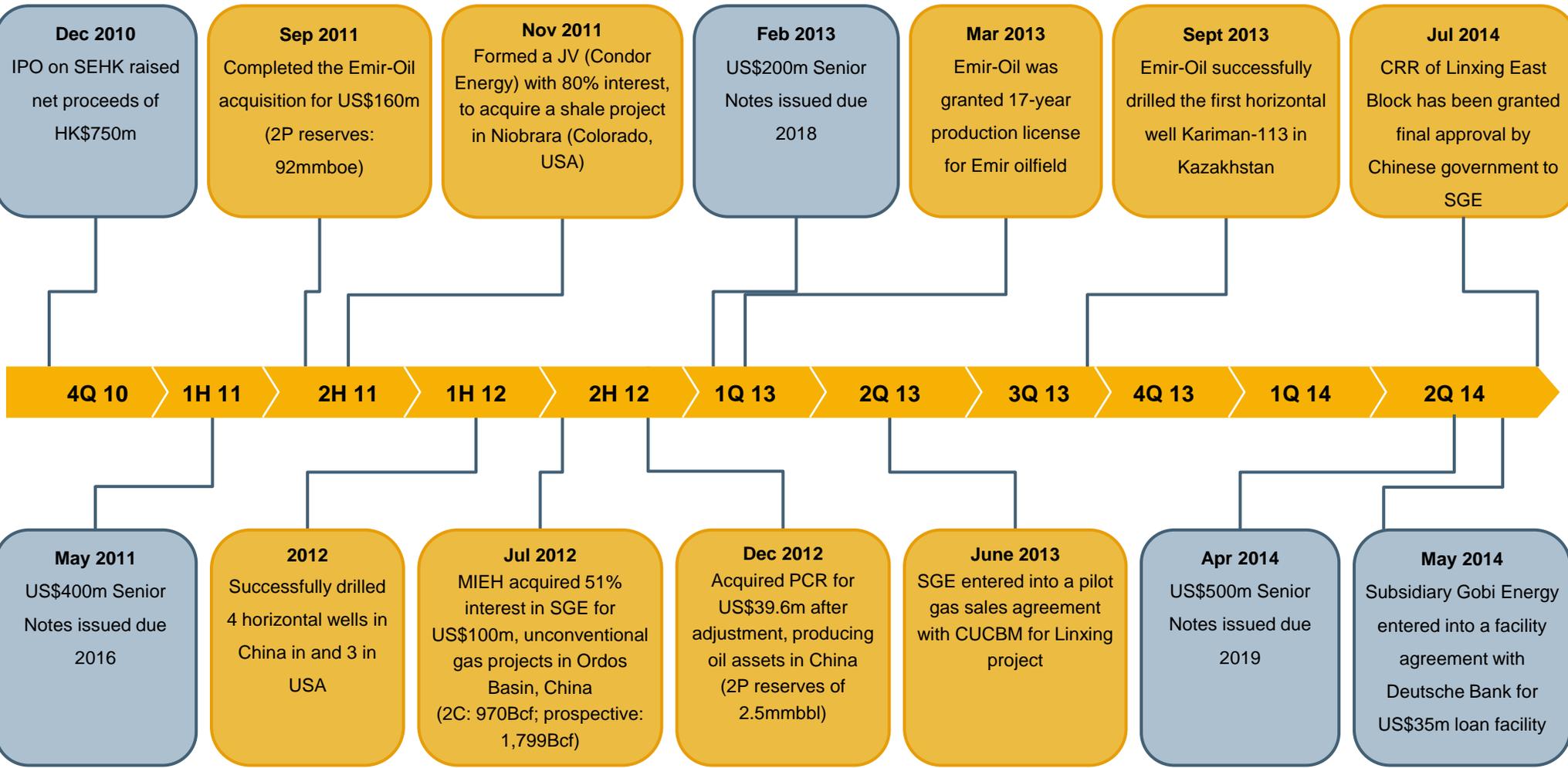


Appendix

 *MIE Holdings Corporation*



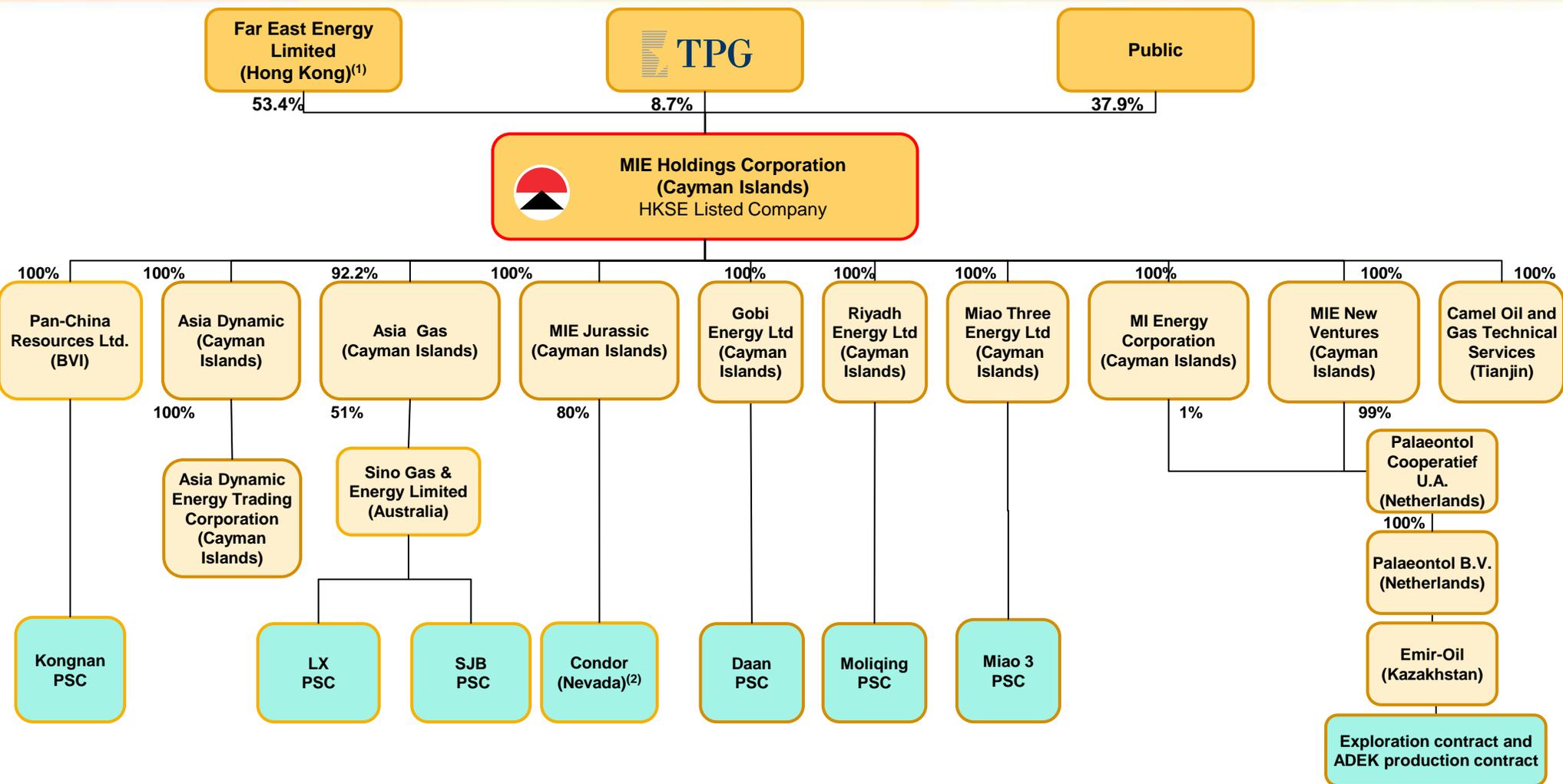
Key milestones



 Financial Activities

 Corporate Events

Corporate and shareholding structure (Aug 2014)

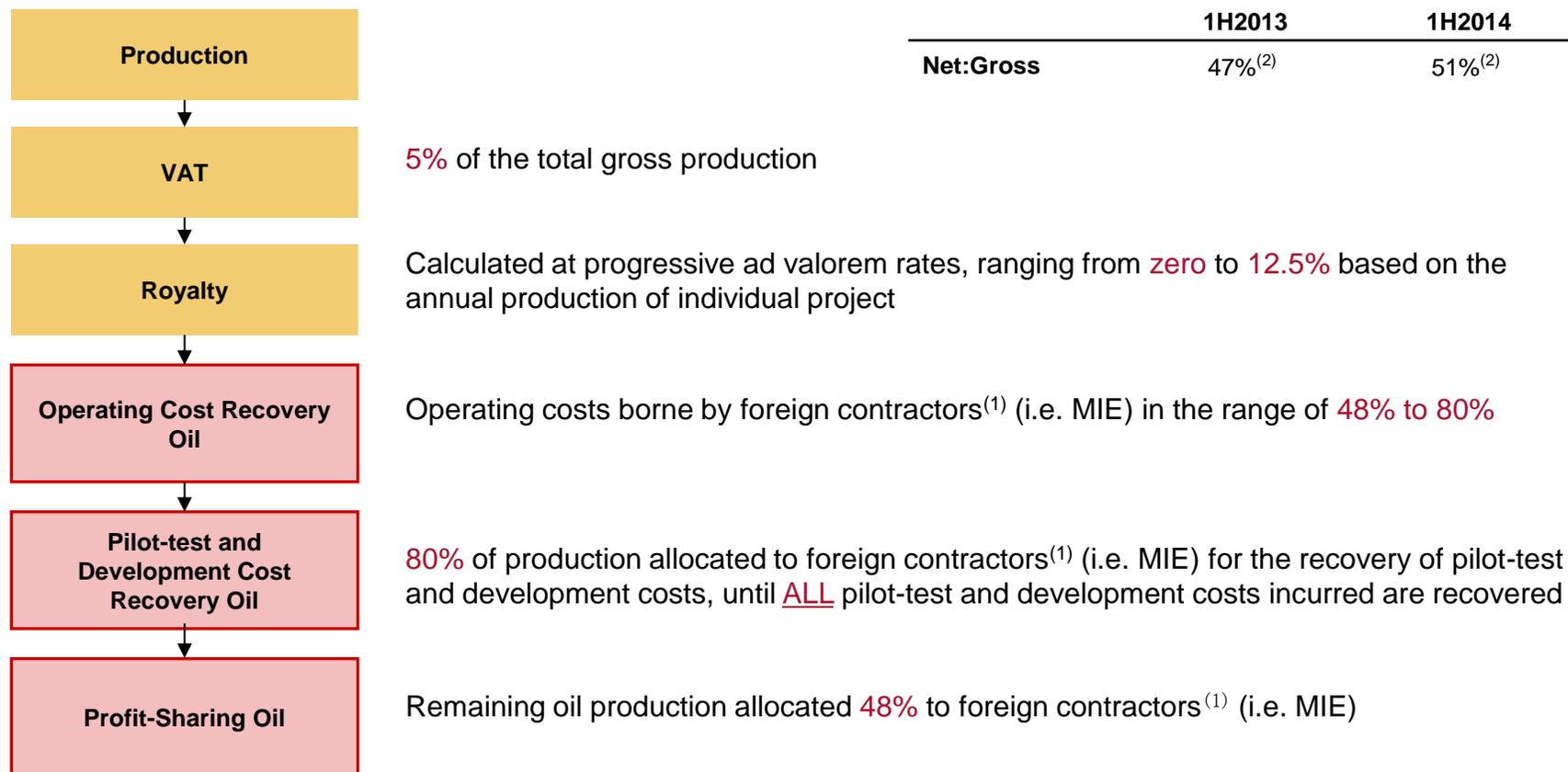


(1) FEEL is held by Zhao Jiangbo ("Mrs. Zhang"), Zhang Ruilin ("Mr. Zhang"), Zhao Jiangwei ("Mr. Zhao") and Shang Zhiguo as to 80%, 9.99%, 10% and 0.01% respectively. FEEL holds 53.4% interests in MIEH through its wholly owned subsidiaries. Mr. Zhang, MIEH's executive director, chairman and chief executive officer, Mr. Zhao, MIEH's executive director and senior vice president and Mrs. Zhang are the controlling shareholders of FEEL

(2) Condor's working Interests in their assets vary from project to project and from well to well

Strong cash flow supported by PSC structure

Jilin assets oil allocation under PSCs



Oil produced is fully allocated to foreign contractors⁽¹⁾ (i.e. MIE) to recover ALL Opex and Capex, after which it is allocated 48% of oil production as profit-sharing oil

⁽¹⁾ Foreign contractors include MIE (90%) and GOC (10%)

⁽²⁾ Net:Gross ratio calculated based on production volume

Jilin assets - sales and marketing

Sole customer

PetroChina has been MIE's sole customer. Selling to PetroChina is MIE's choice, not obligation
MIE believes PetroChina is the best customer given they make timely payments

Process

MIE transports all crude oil produced from oilfields through their pipelines or by truck to the delivery points designated by PetroChina

Transportation and sales costs

US\$1.24 per barrel (RMB52 / ton) as stipulated in the sales contract

Price of crude oil sold

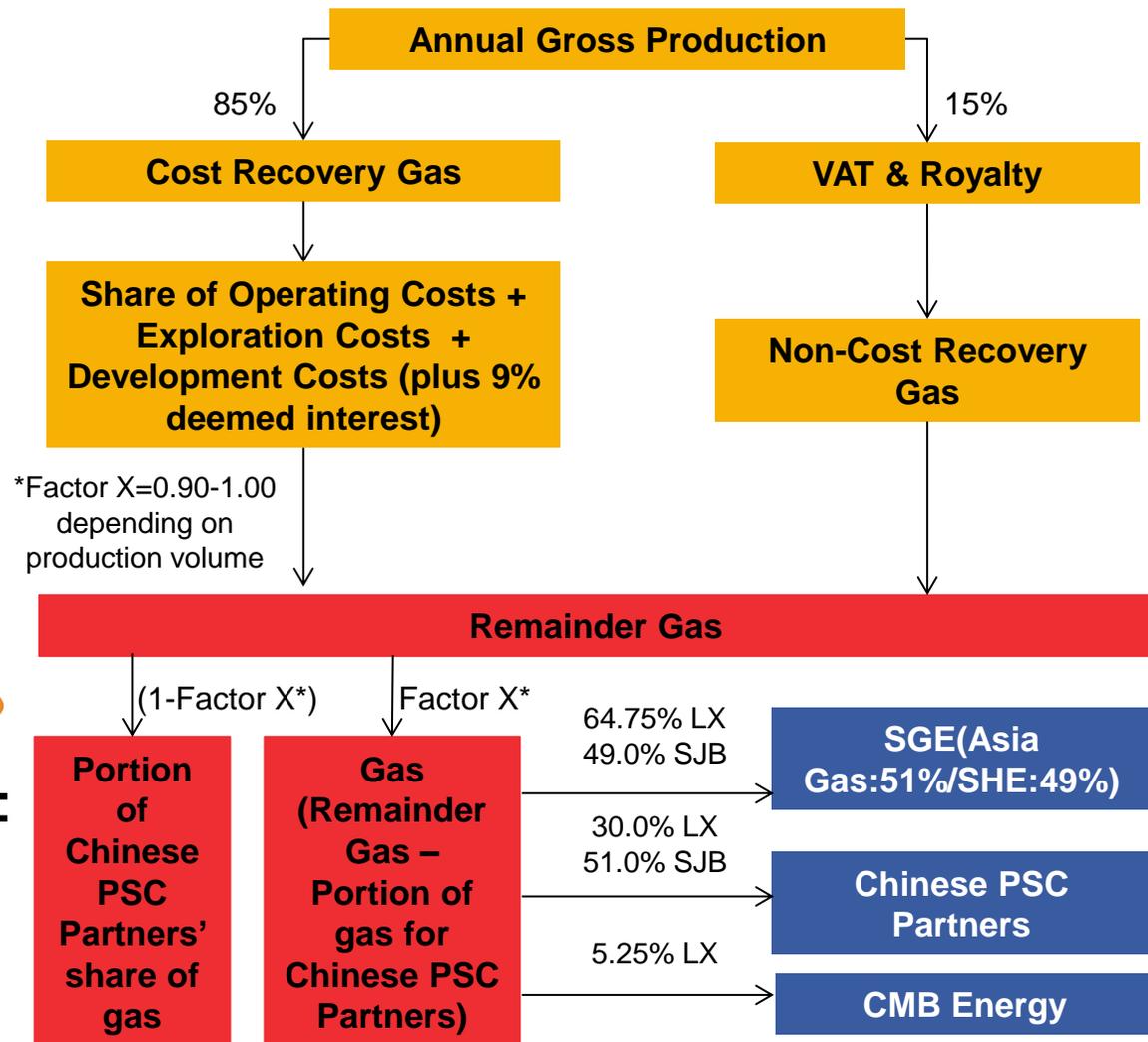
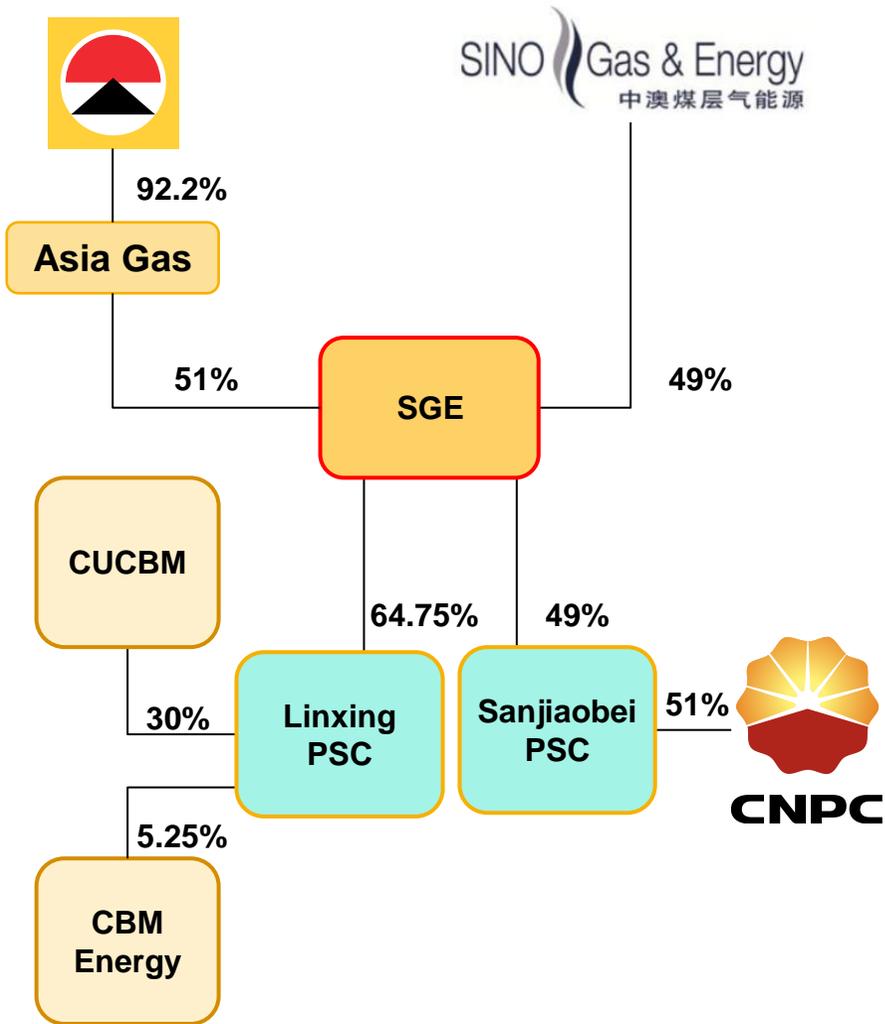
Determined each month according to the price of Daqing crude oil published in PlattsOilgram, for the previous month
The average sales prices per barrel of oil in 2010, 2011, 2012, 2013 and 1H2014 were US\$77.99, US\$109.99, US\$113.51, US\$104.25 and US\$104.54 respectively

Billing and payment

All invoice is issued to PetroChina within 5 days after the end of each month, who pays MIE within 20 days of invoice
Invoice amount = Daqing crude oil price x volume of crude oil attributable to foreign contractors for the month

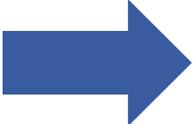
The sales agreement and PSC structure ensures that PetroChina purchases 100% of crude oil produced each year, with no volume restraint, subject to the approval of the production amounts by the joint management committee

SGE ownership & PSC structure



China's favourable government policies and incentives for unconventional gas

Gas pricing Policies



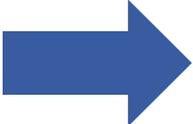
- NDRC implementing a pilot program to test a more market-based gas pricing system to replace the existing "cost-plus" system
- Unconventional gas will move toward import parity netback pricing
- On 10 July, 2013 NDRC raised non-residential natural gas price to RMB1.95/cm (c.US\$8.90/Mcfg)
- On 12 August, 2014 NDRC further increased non-residential natural gas price RMB2.47/cm (c. US\$11.29/Mcfg)

Gas pipelines



- China's natural gas pipelines are under-developed
Vast potential of commercializing unconventional gas is hindered by pipeline infrastructure obstacles
- Government has given priority to unconventional gas over conventional gas for pipelines connection

Government Subsidies



- Government subsidy of RMB0.40/cm for shale gas from 2012-2015⁽¹⁾
- Government subsidy of RMB0.20/cm for CBM, which is expected to increase to RMB0.60/cm
- VAT Tax refund and accelerated depreciation

Permits



- Foreign companies have been allowed a majority stake in unconventional gas projects
- Overall Development Plans ("ODP") is a key milestone toward commercial production

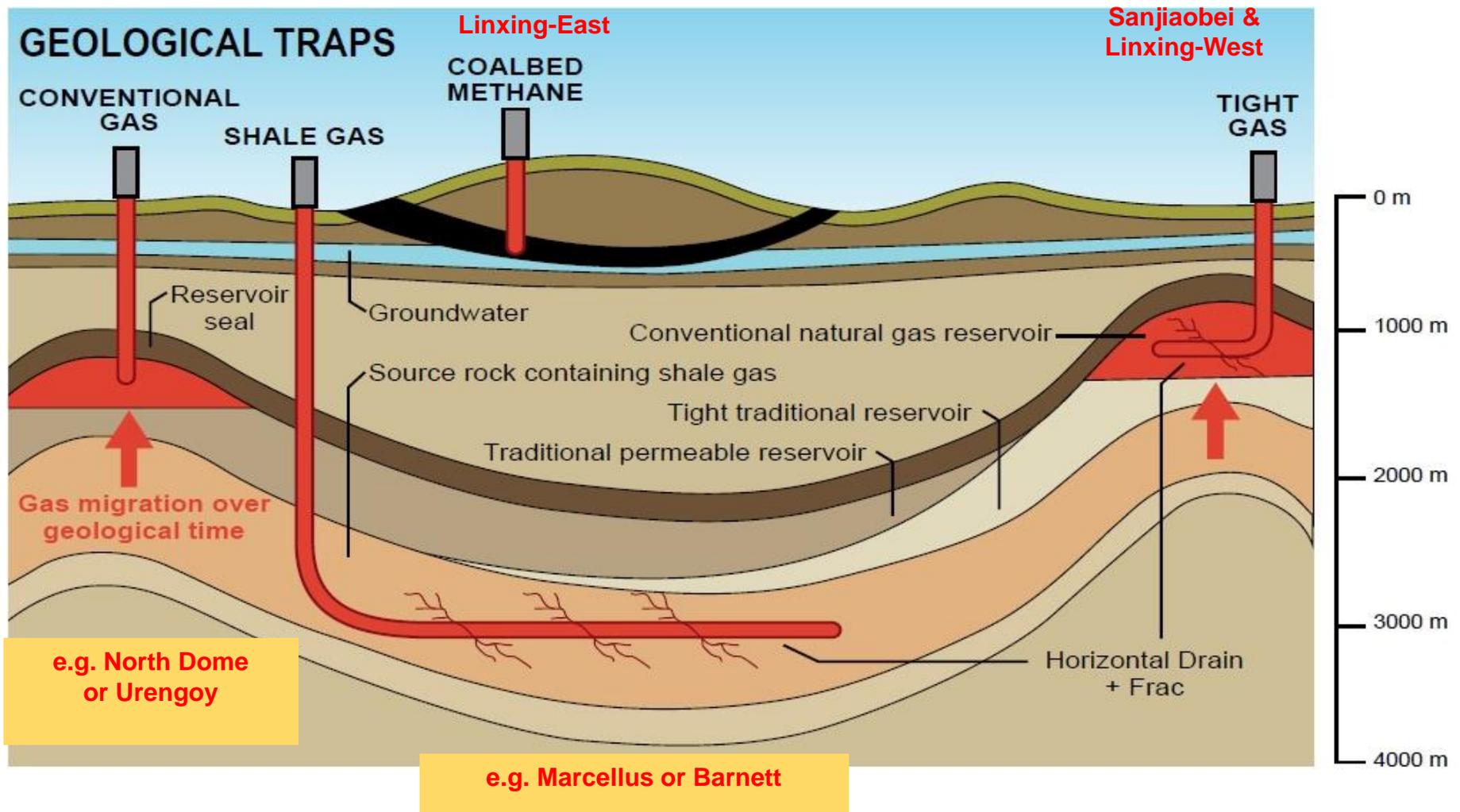
Environmental consideration



- The 12th 5-yr plan aims to reduce 1) by 17% carbon dioxide emissions by 2015, and 2) the weighting of fossil energy, which signaling promotion of clean energy
- Non-conventional gas is considered an important energy source to tackle China's environmental concerns

(1) based on relevant policies set by Chinese government

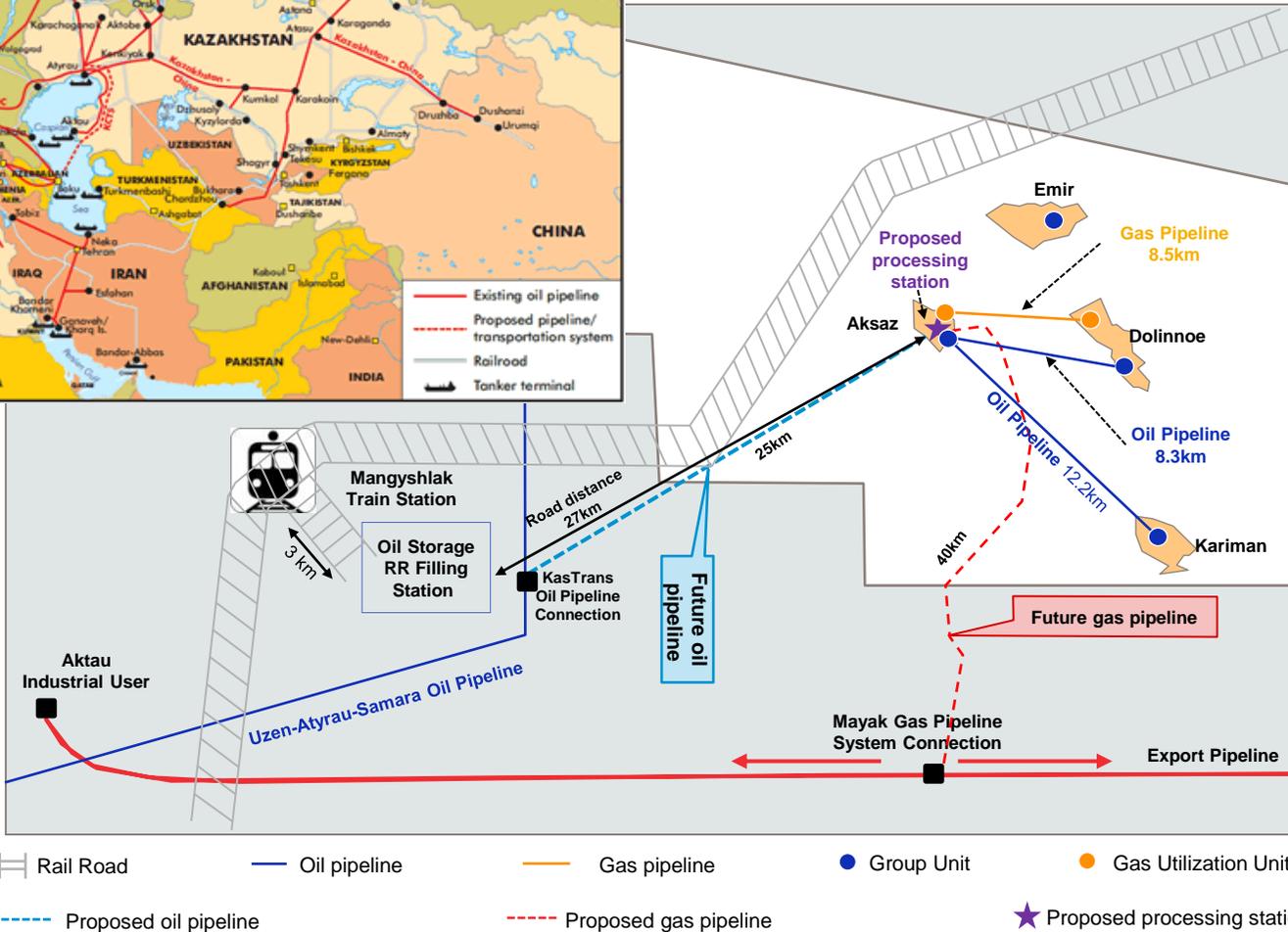
Understanding SGE Gas Reservoirs



Emir-Oil O&G marketing options Infrastructure Map



Source: IEA



- New oil and gas processing station
 - Processing capacity: oil 12,000bopd, gas 600,000m³/d (21,000 mmcf/gpd)
 - FEED completed and the proposal had been approved by the government
 - Land rights already in place
 - Jan 2014: awarded China-listed Beijing Oil HBP the contract for skid-mounted oil and gas processing equipment
 - Signed in Feb 2014 and construction work has started
- New oil pipeline
 - Specification: length of 25km, diameter of 219mm
 - Transportation capacity: 2-4.5mmbbl p.a.(5,450-12,400BOPD)
 - Land rights already in place
 - Design underway
- New gas pipeline
 - Specification: length of 35km, diameter of 219mm
 - Transportation capacity: 300,000-600,000m³/d(10.6-21.2 mmcf/gpd)
 - Land rights agreement reached
 - Design underway
- The proposed facilities expected to be completed in 1H 2015

Note: The diagram is only a schematic diagram, not scaled in actual ratio

Kazakhstan tax summary

Rent export tax

Calculated based on the export sales price and ranges from as low as 0% if the export sales price is less than US\$40 per barrel to as high as 32% if the export sales price per barrel exceeds US\$190

Mineral extraction tax

Depends on annual production output. The tax code currently provides for a 5% mineral extraction tax rate on production sold to the export market, and for domestic oil is calculated at 2.5% based on barrels of domestic oil multiplied by production cost per barrel multiplied by 120%

Export duty

In July 2010 the government issued a resolution that reenacted the export duty for several products, including crude oil. Emir Oil became subject to the export duty in September 2010. Effective in Apr 2013, the government of the Republic of Kazakhstan increased the fixed rate for the export duty from US\$40 per ton to US\$60 per ton. Effective in March 2014, the fixed rate for export duty further to US\$80 per ton, or approximately US\$10.53 per barrel exported

Excess profit tax

EPT is applicable as soon as the ratio of annual aggregate income to annual tax deductions exceeds a ratio of 1.25. Deductibles include costs and losses. EPT is structured to encourage operators to invest/develop in oil/gas fields. Emir Oil has never had to pay EPT

Property tax

Property tax is payable on oil and gas assets which have been granted a production license at a rate of 1.5% based on average balance of oil and gas properties

Corporate income tax

The Tax Code set the tax rate at 20%. Prior to 2009, corporate income tax rate was 30%