MIE HOLDINGS CORPORATION
MI 能 源 控 股 有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1555)

ANNOUNCEMENT
FULL YEAR 2016 BUSINESS UPDATE

This announcement is made by MIE Holdings Corporation (the "Company", together with the subsidiaries, the "Group") on a voluntary basis. The Company hereby provides its operation update for the full year 2016 ("Current Period" or "FY2016") to its shareholders and potential investors.

SUMMARY

The Group's FY2016 average daily gross and net oil and gas production decreased by 11.3% and 11.9% respectively as compared to FY2015. The Group's average daily net oil production was 8,959 BOPD, which is below the 2016 annual guidance range, and down 11.8% compared to FY2015 due primarily to natural decline as no new development wells were drilled in China since 2H2014. The Group's average realized oil price was US$36.10/bbl, representing a decrease of 21.2% versus FY2015. The Group's average daily net gas production was 5,189 MSCF/day, which is below the 2016 annual guidance range and down 13.5% compared to FY2015. The Group's average realized gas price was US$0.83/MSCF, representing a decrease of 19.0%. The following table provides an overview of the Group's key operational metrics for FY2016. Additional details about the Group's operating results by segment can be found in the table at the end of this announcement.

	FY2016	FY2015	% Change	2016 Guidance
Average Daily Gross Production (barrels of oil equivalent/day)	18,128	20,430	(11.3)%	
Average Daily Net Production (barrels of oil equivalent/day)	9,824	11,153	(11.9)%	
Average Daily Net Oil Production (barrels/day)	8,959	10,153	(11.8)%	9,240–10,540
Average Daily Net Gas production (Mcf/day)	5,189	6,002	(13.5)%	6,100–7,100
Average realized oil price (USD/barrel)	36.10	45.79	(21.2)%	
Average realized gas price (USD/Mcf)	0.83	1.03	(19.0)%	
Total Wells Drilled	2	3	(33.3)%	2

Notes:

(1) For reference purpose only, barrels of oil equivalent is calculated using the conversion factor of 6 Mscf of natural gas being equivalent to one barrel of oil

(2) Gross Production means total production from all assets of the Group

(3) Net Production means entitled production from all assets of the Group

CHINA OPERATIONS (Jilin Province: Daan and Moliqing)

During FY2016, gross production for our two China oil projects, Daan and Moliqing, decreased 12.0% to 14,031 BOPD, as compared to FY2015, as a result of the natural decline of the production from old wells, as well as the fact that no new wells were drilled for the China oil projects in FY2016. Net production allocated to the Group decreased by 12.2% to 5,872 BOPD, which is within the 2016 annual guidance range of 5,600–6,300 BOPD. Production levels were supported by various successful measures including the application of new technology, water injection and sidetrack horizontal wells.

The average realized oil price (i.e. Daqing oil price FOB at Dalian port) for our China oil projects decreased by 21.3% to US$36.73/bbl in FY2016 from US$46.65/bbl in FY2015.

KAZAKHSTAN OPERATIONS (EMIR-OIL)

During FY2016, gross oil production for Emir-Oil decreased to 3,144 BOPD, 7.8% lower as compared to FY2015, and slightly below the 2016 annual guidance range of 3,600–4,200 BOPD. Gross gas production decreased 9.8% to 5,313 MSCF/day during Current Period, which is also below the 2016 annual guidance of 6,000–7,000 MSCF/day. Following the completion of the disposal of the Company's 60% stake in Emir-Oil during November 2016, and taking into account the Company's 40% net share of Emir-Oil's production from December onwards, the Group's net share of Emir-Oil's oil and gas production for FY2016 was 3,046 BOPD and 5,124 MSCF/day respectively.

For the first 11 months of 2016, the average realized oil price for Emir-Oil was US$34.85/barrel, with export sales comprising 86% of total sales volume. The average realized export price was US$38.39/barrel while the average realized domestic price was US$13.25/barrel. Average realized gas price was US$0.78/MSCF.

USA OPERATIONS (CONDOR)

There were no drilling activities during FY2016 in the US. The Group's subsidiary, Condor Energy Technology LLC, operates 5 horizontal wells in the Niobrara project. For FY2016, the average daily net oil and gas production was 41 BOPD and 65 MSCF/day, respectively, and average realized oil and gas price was US$37.77/bbl and US$2.30/MSCF, respectively.

OTHER MATTERS

On November 25, 2016, the Company completed the disposal of its 60% equity interest in Palaeontol B.V. The adjusted transaction consideration at completion, after adjustment pursuant to the agreement, amounted to US$175,856,539. The completion payment received by the Group on completion was US$131,811,380 with the remaining completion amount and deferred consideration amounting to US$17,666,678 and US$26,378,481 respectively. Following the completion, Palaeontol B.V. ceased to be an indirectly wholly owned subsidiary of the Group and the accounts of Palaeontol B.V. and its subsidiaries are no longer consolidated in the financial statements of the Group.

The Company had entered into 4-way extendible hedge contracts for a total volume of 150,000 bbl/month for the period from January–June 2017. The put-spreads for the hedges are US$30/bbl and US$40/bbl, while the call-spreads are approximately US$58/bbl and US$68/bbl. The Company had also entered into 4-way extendible hedge contracts for a total volume of 100,000 bbl/month for the period from July–September 2017 (with Citibank having the option to extend till December 2017). The put-spreads for the hedges are US$35/bbl and US$45/bbl, while the call-spreads are approximately US$64/bbl and US$74/bbl.

2017 OUTLOOK

2016 marked a volatile year in the oil markets with oil prices hitting multi-year lows in February before rising and stabilizing above US$50/bbl as OPEC stepped in towards the end of the year with a commitment to cut production. The year was also a transformational year for the Company as it divested its stake in Asia Gas & Energy Ltd and a 60% stake in Palaeontol B.V. while acquiring a 37.5% stake in Journey Energy Inc. and a 34% stake in PetroBroad Copower Limited. Achievements were also made in FY2016 in terms of costs controls, including both operational and administrative fronts. 2017 will also be a transformational year for the Group, as it seeks to rebuild its asset portfolio while optimizing its capital structure. With the recovery of oil prices, the Group plans to restart its drilling program and will provide further guidance for FY2017 production and capital expenditure in March 2017.

GENERAL MATTERS

Shareholders and potential investors of the Company should note that the Company prepared the summary preliminary operating and production price data based on the most current information available to management. Some numbers in the above mentioned updates may be subject to final review and audit adjustments and inconsistent with the final results. Shareholders and potential investors of the Company should exercise caution when dealing in the equities of the Company.

By order of the Board of
MIE Holdings Corporation
Mr. Zhang Ruilin
Chairman

Hong Kong, 8 February 2017

As at the date of this announcement, the Board comprises (1) the executive directors namely Mr. Zhang Ruilin, Mr. Zhao Jiangwei, Mr. Andrew Sherwood Harper and Mr. Tian Hongtao; (2) the non-executive director namely Ms. Xie Na; and (3) the independent non-executive directors namely Mr. Mei Jianping, Mr. Jeffrey Willard Miller and Mr. Guo Yanjun.

Appendix: Operational data comparison between FY2016 and FY2015

Items	FY2016	FY2015	Increased/ (decreased)	Increased/ (decreased) %	2016 Guidance
1. **Crude Oil: Production & Realized Price**					
1.1. Average daily gross production (barrels/day)	**17,229**	**19,425**	**(2,196)**	**(11.3)%**	
China oilfields (Daan/Moliqing)	14,031	15,942	(1,911)	(12.0)%	
Kazakhstan (Emir-Oil)	3,144	3,412	(268)	(7.8)%	3,600–4,200[1]
US (Condor)	53	71	(18)	(24.8)%	
1.2. Average daily net production (barrels/day)	**8,959**	**10,153**	**(1,194)**	**(11.8)%**	**9,240–10,540**
China oilfields (Daan/Moliqing)	5,872	6,687	(815)	(12.2)%	5,600–6,300
Kazakhstan (Emir-Oil)	3,046[2]	3,412[2]	(366)	(10.7)%	3,600–4,200[1]
US (Condor)	41	54	(13)	(24.6)%	40
1.3. Average realized price (US$/bbl)	**36.10**	**45.79**	**(9.69)**	**(21.2)%**	
China oilfields (Daan/Moliqing)	36.73	46.65	(9.92)	(21.3)%	
Kazakhstan (Emir-Oil)	34.85[3]	43.95	(9.10)	(20.7)%	
US (Condor)	37.77	40.68	(2.91)	(7.1)%	
2. **Natural Gas: Production & Realized Price**					
2.1. Average daily gross production (MSCF/day)	**5,394**	**6,029**	**(635)**	**(10.5)%**	
Kazakhstan (Emir-Oil)	5,313	5,893	(580)	(9.8)%	6,000–7,000[1]
US (Condor)	81	136	(55)	(40.3)%	
2.2. Average daily net production (MSCF/day)	**5,189**	**6,002**	**(813)**	**(13.5)%**	**6,100–7,100**
Kazakhstan (Emir-Oil)	5,124[2]	5,893[2]	(769)	(13.1)%	6,000–7,000[1]
US (Condor)	65	109	(44)	(40.1)%	100
2.3. Average realized price (US$/MSCF)	**0.83**	**1.03**	**(0.20)**	**(19.0)%**	
Kazakhstan (Emir-Oil)	0.78[3]	0.95	(0.17)	(18.2)%	
US (Condor)	2.30	2.61	(0.31)	(11.7)%	
3. Total wells drilled	**2**	**3**	**(1)**	**(33.3)%**	**2**
China oilfields (Daan/Moliqing)	—	—	—	—	—
Kazakhstan (Emir-Oil)	2	3	(1)	(33.3)%	2
US (Condor)	—	—	—	—	—

(1) Original Kazakhstan's gross and net production guidance is based on 100% interest to MIEH
(2) Kazakhstan's 2016 net production is based on 100% MIEH share from Jan–Nov and 40% share in Dec while 2015 net production is based on 100% MIEH share
(3) Average realized price for the first 11 months of 2016