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 2015 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 2015 ("Current Period" or "FY2015") to its shareholders and potential investors.

SUMMARY

As compared to FY2014, the Group's FY2015 average daily operated and net oil and gas production decreased by 23.2% and 31.7% respectively. The Group's average daily net oil production was 10,153 BOPD, which is within the 2015 annual guidance range, but down 33.8% compared to FY2014. The Group's average realized oil price was US$45.47/bbl, representing a decrease of 47.2% and reflecting the continued global decline in crude prices. The following table provides an overview of the Group's key operational metrics for the Current Period. Additional details about the Group's operating results by segment can be found in the table at the end of this announcement.

	2015	2014	% Change	2015 Guidance
Average Daily Operated Production[1] (barrels of oil equivalent/day)	21,047	27,418	(23.2)%	
Average Daily Net Production[1] (barrels of oil equivalent/day)	11,153	16,341	(31.7)%	
Average Daily Net Oil Production (barrels/day)	10,153	15,326	(33.8)%	9,800–11,100
Average Daily Net Gas Production[4] (Mcf/day)	6,002	6,090	(1.5)%	5,100
Average realized oil price (USD/barrel)	45.47	86.15	(47.2)%	
Average realized gas price (USD/Mcf)	1.03	1.27	(19.0)%	
Total Wells Drilled	23	193	(88.1)%	32

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) Operated Production means total production from all assets operated by the Group

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

(4) Gas production and guidance figures do not include Linxing and Sanjiaobei

CHINA OPERATIONS

Oil Projects (Jilin Province: Daan and Moliqing)

During FY2015, total gross operated production for our two China oil projects, Daan and Moliqing, decreased 15.4% to 15,942 BOPD, as compared to FY2014 (excluding the production of Kongnan and Miao 3). Total net production allocated to the Group decreased by 24.5% to 6,687 BOPD (excluding the production of Kongnan and Miao 3), as a result of the strategic scale back of Capex and accordingly, no wells were drilled for the China oil projects in FY2015.

In line with the decline in global crude oil prices, the average realized oil price (i.e. Daqing oil price FOB at Dalian port) for our China oil projects decreased by 52.3% to US$46.65/bbl in FY2015 from US$97.89/bbl in FY2014.

Gas Projects (Shanxi Province: Linxing and Sanjiaobei)

During FY2015, total gross operated production for the Sino Gas and Energy Limited ("SGE") project increased by 892.5% to 3,702 MSCF/day, as compared to FY2014. The second central gathering station ("CGS") for SGE, Linxing CGS, was put into operation in October 2015. Linxing CGS has gas gathering capacity of 17,650 MSCF/day (or 500 thousand cubic meters/day), and together with Sanjiaobei CGS which has capacity of 7,060 MSCF/day (or 200 thousand cubic meters/day), total gas gathering capacity for SGE has increased to 24,700 MSCF/day (or 700 thousand cubic meters/day). Currently, 14 wells have been connected to the Linxing CGS, including the first horizontal well TB-1H, with gross production above 7,000 MSCF/day.

During FY2015, SGE completed 20 wells, including 5 exploration wells, 13 pilot test wells and 2 horizontal wells, TB-3H and TB-4H, both of which are located in the Linxing West Block. A portion of the capital work program (including the drilling of 9 wells) was deferred, pending final allocation and receipt of gas sales revenue for 2015. A total of 27 wells were put into pilot production, including 25 wells in the Linxing block and 2 wells in the Sanjiaobei block.

SGE has achieved significant improvements in production test flow rates in FY2015, reflecting improved technology and operational efficiency in well completions. The average absolute open flow or AOF[1], increased by approximately 33% to 20,785 cubic meters/day AOF (~734 MSCF/day AOF) compared with 15,697 cubic meters/day AOF (~554 MSCF/day AOF) in FY2014.

For Sanjiaobei gas production, a revised wellhead gas sales price of RMB1.63/m^3 (approximately US$7.10/MSCF) has been agreed with a new local gas buyer, Shanxi Guoxin Energy, which is owned by the Shanxi Provincial Government. For Linxing gas production, a revised wellhead gas sales price of RMB1.615/m^3 (approximately US$7.04/MSCF) has been agreed with Shanxi Guohua Energy Limited Company.

Both Sanjiaobei and Linxing West are making progress towards the preparation of the Overall Development Plan process, with approval of Chinese Reserve Reports expected in 2016.

KAZAKHSTAN OPERATIONS (EMIR-OIL)

During FY2015, average daily oil production for Emir-Oil decreased 34.4% to 3,412 BOPD, as compared to FY2014, in line with 2015 annual guidance range of 3,000–4,000 BOPD. The average gas production of Emir-oil was increased 0.2% to 5,893 MSCF/day during Current Period, above the 2015 annual guidance of 5,000 MSCF/day.

Consistent with our 2015 operational plan and our annual guidance, 3 wells that were spudded in 2014 were completed in FY2015. As of December 31, 2015, Emir-Oil operated a total of 48 wells, of which 16 wells were producing.

[1] AOF potential of a well is the calculated rate at which the well would produce against zero back pressure. AOF is used as a measure of gas well performance as it quantifies the ability of a reservoir to deliver gas to the wellbore. The AOF values provided herein are for reference purposes only.

The overall average realized oil price for Emir-Oil was US$43.09/barrel in FY2015 with export sales comprising 89% of total sales volumes. The average realized export price (after deducting export sales and marketing commission of US$5.35/barrel) was US$47.10/barrel, and the average domestic price was US$12.02/barrel. A new sales agreement with our Kazakhstan export oil marketing company, Euro-Asian Oil SA has been executed and made effective since January 2016. Under the previous agreement, the benchmark price was Urals (RCMB) and the total sales and transportation commission (the "Commission") payable by Emir-Oil is around US$5/barrel. Under the new export sales agreement, the benchmark price is Brent (ICE) and the Commission is about US$8/barrel. The increase in Commission is offset by the expected decrease in distribution expenses. As such the new export sales agreement is expected to contribute an overall net gains of approximately US$2–3/barrel in comparison to the previous export sales agreement in 2015. Average realized gas price was US$0.95/MSCF for FY2015, a decrease of 17.1% compared to US$1.14/MSCF for FY2014.

The Kazakhstan government has reduced the oil export duty customs duty to US$40/ton from US$60/ton effective January 1, 2016.

USA OPERATIONS (CONDOR)

There were no drilling activities during FY2015 in the US. The Group's subsidiary, Condor Energy Technology LLC, operates 5 horizontal wells in the Niobrara project. For FY2015, the average daily net oil and gas production was 54 BOPD and 109 MSCF/day, respectively, and average realized oil and gas price was US$40.68/bbl and US$2.61/MSCF, respectively.

2016 OUTLOOK

The continued slump of international crude oil prices since 2H2014 undoubtedly affected oil producers around the world. Oil companies ranging from independents to international majors have announced further substantial cuts to work plans and budgets for FY2016. In view of current conditions, and given the 2016 global oil market outlook remains to be volatile and challenging, management of the Group remains committed to exercising due care when pursuing our business plans, particularly related to any capital expenditures and/or investments. Achievements were also made in FY2015 in terms of costs controls, including both operational (lifting costs) and administrative fronts. Flexibility and timely responses to market changes are critical when executing our FY2016 budget/work programs, given the continuing volatility in crude oil prices. Under the current low oil price environment, we believe our 2,600+ existing wells in Northeast China will continue to provide good free cash flow to support the Group's overall operation. At the same time, we plan to continue a scaled back work program until oil prices recover. The cash balance of the Group at year end FY2015 was approximately US$32 million. The Group will provide the further guidance for FY2016 production and Capex by segment in March 2016.

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, February 17, 2016

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, Mr. Tao Tak Yin Dexter 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 W. Miller and Mr. Guo Yanjun.

Appendix: Operational data comparison between year 2015 and 2014

Items	2015	2014	Increased/ (decreased)	Increased/ (decreased) %	2015 Guidance
1. Crude Oil: Production & Realized Price					
1.1 Average daily operated production (barrels/day)	**19,425**	**26,329**	**(6,904)**	**(26.2)%**	
China oilfields (Daan/Moliqing/Miao 3/Kongnan)[1]	15,942	20,999	(5,057)	(24.1)%	
Kazakhstan (Emir-Oil)	3,412	5,201	(1,789)	(34.4)%	
US (Condor)	71	129	(58)	(45.0)%	
1.2 Average daily net production (barrels/day)	**10,153**	**15,326**	**(5,173)**	**(33.8)%**	**9,800–11,100**
China oilfields (Daan/Moliqing/Miao 3/Kongnan)[1]	6,687	10,033	(3,346)	(33.3)%	6,700–7,000
Kazakhstan (Emir-Oil)	3,412	5,201	(1,789)	(34.4)%	3,000–4,000
US (Condor)	54	92	(38)	(40.9)%	100
1.3 Average realized price (US$/bbl)	**45.47**	**86.15**	**(40.68)**	**(47.2)%**	
China oilfields (Daan/Moliqing/Miao 3/Kongnan)[1]	46.65	97.89	(51.24)	(52.3)%	
Kazakhstan (Emir-Oil)	43.09	63.34	(20.25)	(32.0)%	
US (Condor)	40.68	83.11	(42.43)	(51.1)%	
2 Natural Gas: Production & Realized Price					
2.1 Average daily operated production (MSCF/day)	**9,730**	**6,531**	**3,199**	**49.0%**	
China, Shanxi (Linxing/Sanjiaobei)	3,702	373	3,329	892.5%	
Kazakhstan (Emir-Oil)	5,893	5,881	12	0.2%	
US (Condor)	136	277	(141)	(50.9)%	
2.2 Average daily net production (MSCF/day)	**6,002**	**6,090**	**(88)**	**(1.5)%**	**9,600–10,100**
China, Shanxi (Linxing/Sanjiaobei)[2]	—	—	—	—	4,500–5,000
Kazakhstan (Emir-Oil)	5,893	5,881	12	0.2%	5,000
US (Condor)	109	209	(100)	(47.8)%	100
2.3 Average realized price (US$/MSCF)	**1.03**	**1.27**	**(0.24)**	**(19.0)%**	
China, Shanxi (Linxing/Sanjiaobei)[2]	—	—	—	—	
Kazakhstan (Emir-Oil)	0.95	1.14	(0.19)	(17.1)%	
US (Condor)	2.61	6.44	(3.83)	(59.5)%	
3 Total wells drilled	**23**	**193**	**(170)**	**(88.1)%**	**32**
China oilfields (Daan/Moliqing/Miao 3/Kongnan)[1]	—	151	(151)	(100.0)%	—
China, Shanxi (Linxing/Sanjiaobei)	20	36	(16)	(44.4)%	29
Kazakhstan (Emir-Oil)	3	6	(3)	(50.0)%	3
US (Condor)	—	—	—	—	—

1 FY2014 totals include Kongnan and Miao 3, two China oil assets divested in 4Q2014.

2 Pilot production revenue allocations for Linxing and Sanjiaobei have yet to be finalized with our Chinese partners as of the date of this announcement.