MIE HOLDINGS CORPORATION
MI 能 源 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1555)

ANNOUNCEMENT
FIRST HALF 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 first half 2016 ("**Current Period**" or "**1H2016**") to its shareholders and potential investors.

SUMMARY

Our 1H2016 operational performance reflects the FY2016 business plan and budget set forth and approved by the Board at the beginning of the year. The Group continues to focus on prudent control of operating costs and capital expenditures. Consistent with this approach, no new drilling was done in the China oil projects during 1H2016, and consequently, as compared to 1H2015, the Group's 1H2016 average daily operated and net oil and gas production decreased by 11.2% and 9.1% respectively. The Group's average daily net oil production was 9,369BOPD, which is within the 2016 annual guidance range, but down 9.5% compared to 1H2015 due primarily to natural decline as no new development wells were drilled since 2H2014. The Group's average realized oil price was US$32.47/bbl, representing a decrease of 37.1% versus 1H2015. The Group's average daily net gas production was 5,768MSCF/day, which is below the 2016 annual guidance range and down 5.0% compared to 1H2015. The Group's average realized gas price was US$0.80/MSCF, representing a decrease of 28.2%. 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.

	1H2016	1H2015	% Change	2016 Guidance
Average Daily Operated Production (barrels of oil equivalent/day)	18,915	21,299	(11.2%)	
Average Daily Net Production (barrels of oil equivalent/day)	10,331	11,369	(9.1%)	
Average Daily Net Oil Production (barrels/day)	9,369	10,357	(9.5%)	9,240–10,540
Average Daily Net Gas production (Mcf/day)	5,768	6,075	(5.0%)	6,100–7,100
Average realized oil price (USD/barrel)	32.47	51.64	(37.1%)	
Average realized gas price (USD/Mcf)	0.80	1.12	(28.2%)	
Total Wells Drilled	—	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) 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

CHINA OPERATIONS (JILIN PROVINCE: DAAN AND MOLIQING)

During 1H2016, total gross operated production for our two China oil projects, Daan and Moliqing, decreased 13.6% to 14,597BOPD, as compared to 1H2015, 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 1H2016. Total net production allocated to the Group decreased by 13.7% to 6,029BOPD.

The average realized oil price (i.e. Daqing oil price FOB at Dalian port) for our China oil projects decreased by 39.4% to US$32.15/bbl in 1H2016 from US$53.08/bbl in 1H2015.

KAZAKHSTAN OPERATIONS (EMIR-OIL)

In this continuing period of low oil prices, Emir-Oil maintains a two-part strategy to: (1) drill no new development wells; and (2) shut-in existing wells characterized by relatively high operating cost and low productivity. As a result, during 1H2016, average daily oil production for Emir-Oil decreased to 3,296BOPD, which is down 0.3% as compared to 1H2015, and slightly below the 2016 annual guidance range of 3,600–4,200BOPD. The average gas production of Emir-oil decreased 4.2% to 5,710MSCF/day during Current Period, which is also below the 2016 annual guidance of 6,000–7,000MSCF/day.

As of June 30, 2016, Emir-Oil operated a total of 50 wells, of which 16 wells were producing, these being Emir-Oil's most efficient and cost-effective wells, and no new development wells were drilled in 1H2016. As per the requirements under the exploration license, Emir-Oil commenced the drilling of two exploration wells, Dolinnoe-8 and Yessen-3, in the 2nd quarter of 2016. The wells are expected to be completed by the end of the 3rd quarter this year.

The average realized oil price for Emir-Oil was US$32.98/barrel in 1H2016, a decrease of 32.4% compared to US$48.76/barrel in 2015, with export sales comprising 94% of total sales volume. The average realized export price was US$34.27/barrel while the average realized domestic price was US$11.60/barrel. Average realized gas price was US$0.77/MSCF for 1H2016, a decrease of 29.6% compared to US$1.10/MSCF for 1H2015.

USA OPERATIONS (CONDOR)

There were no drilling activities during 1H2016 in the US. The Group's subsidiary, Condor Energy Technology LLC, operates 5 horizontal wells in the Niobrara project. For 1H2016, the average daily net oil and gas production was 44BOPD and 58MSCF/day, respectively, and average realized oil and gas price was US$33.75/bbl and US$1.52/MSCF, respectively.

OTHER MATTERS

On July 20, 2016, the Company completed the disposal of the entire issued share capital of Asia Gas & Energy Ltd. (holding company for the Group's 51% equity interest in Sino Gas & Energy Limited) for US$208,173,719. The transaction includes the transfer of US$91.3 million of shareholder's loan to the buyer. Following the completion, Asia Gas & Energy Ltd. ceased to be a subsidiary of the Company.

In May 2016, the Company entered into an investment cooperation agreement to subscribe for 34% shares in PetroBroad Copower Limited ("**PetroBroad**") for a consideration of HK$3,400 and a shareholder's loan to PetroBroad in the maximum amount of US$11.5 million for the sole purpose of financing any well drilling costs incurred in the PY10–4–3 well.

PetroBroad holds a 30-year PSC contract with CNOOC, pursuant to which PetroBroad and CNOOC will jointly conduct exploration, development and production within the 28/03 block (67.7 km^2) in the Pearl River Mouth Basin located in the northern part of the South China Sea. There are 4 existing wells drilled by CNOOC in the contract area and 2 of them have oil shows. Based on independent third party's assessments, the conservative case OOIP estimate for Block 28/03 is 44.3 million barrels, and the most likely case OOIP estimate is 74.3 million barrels. PetroBroad currently estimates that the total investment for the next two years is approximately US$69 million.

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.

Appendix: Operational data comparison between 1H2016 and 1H2015

Items	1H2016	1H2015	Increased/ (decreased)	Increased/ (decreased) %	2016 Guidance
1. Crude Oil: Production & Realized Price					
1.1. Average daily operated production (barrels/day)	**17,951**	**20,282**	**(2,331)**	**(11.5%)**	
China oilfields (Daan/Moliqing)	14,597	16,890	(2,292)	(13.6%)	
Kazakhstan (Emir-Oil)	3,296	3,306	(9)	(0.3%)	
US (Condor)	57	86	(29)	(33.4%)	
1.2. Average daily net production (barrels/day)	**9,369**	**10,357**	**(987)**	**(9.5%)**	**9,240–10,540**
China oilfields (Daan/Moliqing)	6,029	6,985	(956)	(13.7%)	5,600–6,300
Kazakhstan (Emir-Oil)	3,296	3,306	(9)	(0.3%)	3,600–4,200
US (Condor)	44	66	(22)	(33.1%)	40
1.3. Average realized price (US$/bbl)	**32.47**	**51.64**	**(19.17)**	**(37.1%)**	
China oilfields (Daan/Moliqing)	32.15	53.08	(20.93)	(39.4%)	
Kazakhstan (Emir-Oil)	32.98	48.76	(15.78)	(32.4%)	
US (Condor)	33.75	42.70	(8.95)	(21.0%)	
2. Natural Gas: Production & Realized Price					
2.1. Average daily operated production (MSCF/day)	**5,782**	**6,104**	**(322)**	**(5.3%)**	
Kazakhstan (Emir-Oil)	5,710	5,958	(248)	(4.2%)	
US (Condor)	72	146	(74)	(50.6%)	
2.2. Average daily net production (MSCF/day)	**5,768**	**6,075**	**(307)**	**(5.0%)**	**6,100–7,100**
Kazakhstan (Emir-Oil)	5,710	5,958	(248)	(4.2%)	6,000–7,000
US (Condor)	58	117	(59)	(50.3%)	100
2.3. Average realized price (US$/MSCF)	**0.80**	**1.12**	**(0.31)**	**(28.2%)**	
Kazakhstan (Emir-Oil)	0.77	1.10	(0.33)	(29.6%)	
US (Condor)	1.52	2.93	(1.41)	(48.2%)	

Items	1H2016	1H2015	Increased/ (decreased)	Increased/ (decreased) %	2016 Guidance
3. Total wells drilled	**—**	**3**	**(3)**	**—**	**2**
China oilfields (Daan/Moliqing)	—	—	—	—	—
Kazakhstan (Emir-Oil)	—	3	(3)	—	2
US (Condor)	—	—	—	—	—

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

Hong Kong, August 5, 2016

For the purpose of this announcement and for illustrative purpose only, US$ is converted into HK$ at the rate of HK$7.75:US$1.00. No representation is made that any amounts in US$ has been or could be converted at the above rates or at any other rates.

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 W. Miller and Mr. Guo Yanjun.