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 2014 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 2014 full year ("Current Period" or "FY2014") operations update to its shareholders and potential investors.

SUMMARY

As compared to FY2013, the Group's FY2014 average daily operated and net oil and gas production grew by 0.8% and 5.3%, respectively. 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 are provided in the table at the end of this announcement.

	FY2014	FY2013	% Change	2014 Guidance
Average Daily Operated Production (barrels of oil equivalent/day)	27,418	27,207	0.8%	
Average Daily Net Production (barrels of oil equivalent/day)	16,373	15,555	5.3%	
Average Daily Net Oil Production (barrels/day)	15,326	14,673	4.5%	15,300~16,300
Average Daily Net Gas production (Mcf/day)	6,280	5,295	18.6%	5,500~5,900
Average realized oil price (USD/barrel)	85.99	97.06	(11.4%)	
Average realized gas price (USD/Mcf)	1.27	1.64	(22.3%)	
Total Wells Drilled	193	145	33.1%	205

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 production from all assets operated by the Group;

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

CHINA OPERATIONS

Oil Projects (Jilin Province: Daan, Moliqing, Miao 3; Hebei Province: Kongnan)

The divestments of Pan-China Resources Ltd. ("PCR") and Miao Three Energy Limited ("Miao Three") were both completed in 4Q2014, with the final adjusted consideration being approximately US$83.0 million and US$20.0 million respectively.

In terms of average daily operated oil production, the three projects (i.e. Daan, Moliqing and Miao 3) in Jilin Province in total recorded a decrease of 3.9% to 19,349 BOPD, whilst net production decreased 1.6% to 9,088 BOPD, comparing FY2014 to FY2013. In particular, the average daily operated and net oil production for Daan and Moliqing for FY2014 was 18,854 BOPD and 8,863 BOPD, respectively. Meanwhile, average daily net oil production for our two divested projects Kongnan and Miao 3 was approximately 945 BOPD and 225 BOPD respectively during the same period. Due primarily to the sharp drop in global crude oil prices since 4Q2014, realized Daqing oil price (in respect of our Jilin oilfields) averaged approximately US$97.31/bbl for FY2014, representing a decrease of 6.7%, compared to US$104.25/bbl for FY2013; average realized CINTA oil price (in respect of Kongnan oilfield) was US$103.59/bbl (to the end of November 2014, i.e. the completion of the divestment).

A total of 151 gross wells were drilled and completed in our China oil fields during FY2014 and the total net capital expenditure incurred was US$109million. Compared to our Revised Capex Guidance provided in August 2014 (US$122 million), the actual Capex in our China oilfields was reduced mainly due to the cancellation of some drilling and downhole completions work.

Gas Projects (Shanxi Province: Linxing and Sanjiaobei)

In November 2014, SGE's Qiaojiashan Gas Processing Station ("QJS Station") was officially put into pipeline pilot production. A total of 16 vertical wells, including 14 wells in the Linxing West block and 2 wells in the Sanjiaobei block have been connected to the QJS Station. Currently, 7 wells are producing, with a combined total pilot production rate of about 4 million cubic feet per day (approximately 113 thousand cubic meters per day). With respect to the QJS station's capacity of 7 million cubic feet per day (or 200,000 cubic meters per day), this provides substantial room for the rapid production ramp up expected early in FY2015, as more positive flow rates are recorded and more wells are brought onto production. According to a gas sales agreement signed in November 2014, Sino Gas & Energy Limited ("SGE")'s gas sales price for the pilot production is US$9.5/mscf (RMB2.04/cubic meters). With SGE's next gas processing station in the Linxing West block expected to be put into pilot production in 2H2015, the total production from both blocks will increase significantly by late 2015 as the project enters into a new phase of pilot production development.

In FY2014, 36 new wells were drilled, bringing the total number of new wells drilled since the Group's acquisition of its 51% stake in SGE in July 2012 to 79 wells. For FY2014, the incurred capital expenditure attributed to the Group was about US$42 million. As compared to our Revised Capex Guidance provided in August 2014 of US$48 million, approximately US$6 millions of Capex representing 12.5% was deferred into FY2015.

Whilst the Chinese Reserve Report ("CRR") for Linxing West and Sanjiaobei have been submitted to the relevant China partners in 2H2014, the internal preparation and compilation work for the Linxing East and Sanjiaobei Overall Development Plans ("ODP") is also underway, as an urgent priority.

KAZAKHSTAN OPERATIONS (EMIR-OIL)

Average daily oil production for Emir-Oil increased by 20.4% from 4,320 BOPD in FY2013 to 5,201 BOPD in FY2014. However, the average realized oil price for Emir-Oil was US$62.82/barrel for FY2014, representing a drop of 21.1%, compared to US$79.64/barrel for FY2013. The average realized export oil price (after deducting export sales discount of US$20.98/barrel) and domestic oil price were US$69.72/barrel and US$40.15/barrel respectively, compared to US$87.80/barrel (export) and US$41.57/barrel (domestic) realized for FY2013. The drop in average realized oil price was mainly due to: (1) lower export oil price particularly since 2H2014 and (2) decrease in export:domestic sales mix from 82:18 for FY2013 to 76:24 during the Current Period.

As of December 31, 2014, Emir-Oil operated a total of 45 wells, of which 22 wells were producing and 16 wells were shut-in. During FY2014, 6 new wells were drilled by Emir-Oil, including 4 development wells and 2 exploration wells. Also, 1 side-track of an existing well was completed. As of year-end FY2014, 3 new wells and 1 side-track well had been started and were in the process of completed going into FY2015. Although the groundbreaking for construction of the new Central Processing Facility ("CPF") took place in November 2014, the Group has decided to postpone the target date for completion of the CPF from 1H2015 (original target date) to 2016, in light of current global oil price volatility. Total capital expenditure for Emir-Oil incurred in FY2014 amounted to about US$54 million. With respect to the Revised Capex Guidance provided in August 2014 of US$125 million, the reduction of Emir's Capex was mainly related to the deferral of the construction work of the CPF and completion of 3 wells into FY2015.

In January 2015, Emir-Oil and the Kazakhstan Ministry of Energy (formerly known as Ministry of Oil and Gas) executed an agreement extending the expiration date of the Aksaz-Dolinnoe-Emir-Kariman ("ADEK") Exploration Contract by 2 years to January 9, 2017. Under the terms of the contract extension, Emir-Oil will have to drill 4 exploration wells. Based on incremental reserves and resources attributable to prior exploration work within the ADEK area, the Group is excited about the upside potential provided by this exploration contract extension.

In order to enhance profit margins, particularly in light of the current low oil price environment, Emir-Oil recently executed a new sales agreement with our Kazakhstan export oil marketing company, Euro-Asian Oil SA (formerly known as "Titan Oil") to change the transportation route for our export oil, and thereby reduce the transport cost. The new export route goes from Emir-Oil's oilfield to Aktau Port (Kazakhstan), then across the Caspian Sea via ship to Makhachkala Port (Russia), and then further via onshore oil pipeline to Novorossiysk (Russia), as the final destination. The new transportation route will increase the cash netback for the export oil by approximately US$2 to US$3 per barrel, and the sales price is based on the benchmark Ural Oil Price. From February 2015, Emir-Oil has started to sell all of its export oil via this new route.

USA OPERATIONS (CONDOR)

There were no drilling activities during 2014 in the US. The Group's subsidiary, Condor Energy Technology LLC, operates 5 horizontal wells in the Niobrara project. For 2014, the average daily operated oil and gas production was 129 BOPD and 277 Mcf/day, net oil and gas production was 92 BOPD and 209Mcf/day, respectively, and average realized oil and gas price was US$83.11/barrel and US$6.44/Mcf, respectively.

CO-INVESTMENT WITH CAN-CHINA GLOBAL RESOURCE FUND

In November 2014, the Company has participated in a co-investment opportunity with Can-China Global Resource Fund ("CCGRF") for a minority interest in Canadian International Oil Corp ("CIOC").

CIOC is a Calgary (Canada) headquartered private oil and gas producer. With approximately 250,000 net acres, CIOC's core asset is located in the Alberta Deep Basin where it is developing multi-zone, liquids-rich oil and gas plays. CCGRF is a private equity fund focused on value creation in the natural resources sector with more than USD $1 billion of commitments under management. The Group's strategic alliance with CCGRF and co-investment in CIOC has broadened our connection with global top-tier oil and gas focused operators and investors and set the stage to pursue our future global expansion strategies.

2015 OUTLOOK

The sharp slump of international crude oil prices since 2H2014 undoubtedly affects oil producers around the world. A vast number of oil companies ranging from independents to international majors have already announced substantial cuts to work plans and budgets for FY2015. In view of current conditions, and given the 2015 global oil market outlook remains to be volatile and challenging, management of the Group is committed to exercise further due care when pursuing our business plans, particularly related to any capital expenditures and/or investments. Flexibility and timely responses to market changes are critical when executing our FY2015 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 strong free cash flow to support the Group's overall operation, as we plan to substantially scale back on the drilling of new development wells for both China and Kazakhstan oil operations until oil prices recover. For the Linxing and Sanjiaobei projects under SGE, FY2015 will be the first year of significant scale pilot production gas sales into pipeline, with growing cash flow from such sales and production, and with two central gas stations in operation. The cash balance of the Group at yearend FY2014 was about US$115 million, with unutilized committed banking facilities of about US$82 million. The Group will provide the further guidance for FY2015 production and Capex by segment in March 2015.

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: Operation data comparison between year 2014 and year 2013

Items	2014	2013	Increased/ (decreased)	Increased/ (decreased) %	2014 Guidance
1. Crude Oil: Production & Realized Price					
1.1. Average daily operated production (barrels)	**26,329**	**26,298**	**31**	**0.1%**	
China oilfields (Daan/Moliqing/ Miao 3/Kongnan)	20,999	21,766	(766)	(3.5%)	
Kazakhstan (Emir-Oil)	5,201	4,320	881	20.4%	
US (Condor)	129	213	(84)	(39.5%)	
1.2. Average daily net production (barrels)	**15,326**	**14,673**	**653**	**4.5%**	**15,300~16,300**
China oilfields (Daan/Moliqing/ Miao 3/Kongnan)	10,033	10,208	(175)	(1.7%)	10,000~10,500
Kazakhstan (Emir-Oil)	5,201	4,320	881	20.4%	5,200~5,600
US (Condor)	92	145	(53)	(36.7%)	100~200
1.3. Average realized price (US$/bbl)	**85.99**	**97.06**	**(11.07)**	**(11.4%)**	
China oilfields (Daan/Moliqing/ Miao 3/Kongnan)	97.89	104.35	(6.46)	(6.2%)	
Kazakhstan (Emir-Oil)	62.82	79.64	(16.81)	(21.1%)	
US (Condor)	83.11	90.30	(7.19)	(8.0%)	
2. Natural Gas: Production & Realized Price					
2.1. Average daily operated production (MCF)	**6,531**	**5,451**	**1,080**	**19.8%**	
China, Shanxi (Linxing/ Sanjiaobei)	373	—	—	—	
Kazakhstan (Emir-Oil)	5,881	4,973	908	18.2%	
US (Condor)	277	477	(200)	(41.9%)	
2.2. Average daily net production (MCF)	**6,280**	**5,295**	**986**	**18.6%**	**5,500~5,900**
China, Shanxi (Linxing/ Sanjiaobei)	190	—	—	—	300
Kazakhstan (Emir-Oil)	5,881	4,973	908	18.2%	5,000~5,400
US (Condor)	209	321	(112)	(34.8%)	200
2.3. Average realized price (US$/ MCF)	**1.27**	**1.64**	**(0.34)**	**(22.3%)**	
China, Shanxi (Linxing/ Sanjiaobei)	9.50	—	—	—	
Kazakhstan (Emir-Oil)	1.14	1.34	(0.20)	(15.2%)	
US (Condor)	6.44	6.10	0.33	5.4%	

Items	2014	2013	Increased/ (decreased)	Increased/ (decreased) %	2014 Guidance
3. Total wells drilled	**193**	**145**	**48**	**33.1%**	**205**
China oilfields (Daan/Moliqing/ Miao 3/Kongnan)	151	102	49	48.0%	156
China, Shanxi (Linxing/ Sanjiaobei)	36	31	5	16.1%	40
Kazakhstan (Emir-Oil)	6	10	(4)	(40.0%)	9
US (Condor)	—	2	—	—	—

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

Hong Kong, 13 February 2015

As at the date of this announcement, the Board comprises (1) the executive directors namely Mr. Zhang Ruilin, Mr. Zhao Jiangwei, Mr. Tak Yin Dexter Tao, Mr. Andrew Sherwood Harper and Mr. Tian Hongtao; (2) the non-executive director namely Mr. Wang Sing (Mr. Hung Leung 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.