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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 QUARTER 2015 OPERATIONS 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 2015 first quarter (“Current Period” or “1Q2015”) operations update to its shareholders and potential investors.

SUMMARY

Our 1Q2015 operational performance reflects the FY2015 business plan and budget set forth and approved by the Board at the beginning of the year and in line with the guidance previously provided to the market. Since the significant slump of global crude oil prices from 4Q2014, the Group has adopted a reduced work program for FY2015 as compared to FY2014. Overall for 1Q2015, net oil production in China and Kazakhstan dropped 29.5% and 35.9%, respectively, as we reduced Capex and drilling activities during the period. We believe it is very important to maintain a high degree of liquidity and flexibility in Capex and other investments in order to ensure long-term stability and profitability of our business under the current volatile oil price environment.

No new wells were drilled by the Group during 1Q2015, compared with 56 wells drilled in 1Q2014. Whilst the Group only plans to drill 32 wells as a whole as per our FY2015 budget, we shall closely monitor the global oil and gas market and may revise our work program as warranted in a timely fashion, particularly with respect to material changes in crude oil prices.

The following table provides an overview of the Group's key operational metrics for 1Q2015. Additional details of our operating results by segment are provided in the table at the end of this announcement.

Items	1Q2015	1Q2014	% Change	2015 Guidance
Average Daily Operated Production (barrels of oil equivalent/day)	22,460	27,407	(18.1%)	
Average Daily Net Production (barrels of oil equivalent/day)	12,076	16,728	(27.8%)	
Average Daily Net Oil Production (barrels/day)	10,662	15,647	(31.9%)	9,800~11,100
Average Daily Net Gas production (Mcf/day)	8,488	6,480	31.0%	9,600~10,100
Average realized oil price (USD/barrel)	46.51	94.36	(50.7%)	
Average realized gas price (USD/Mcf)	1.12	1.41	(20.4%)	
Total Wells Drilled	—	56	(100%)	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) For reference purpose only, 1 cubic feet=0.028 cubic meter;
- (3) Gross production includes production from all assets operated by the Group;
- (4) Net production includes net entitlement from all assets operated by the Group;
- (5) Net gas production figures above are estimates and subject to change as Sino Gas & Energy Limited (SGE) is in the process of finalizing pilot stage production and sharing mechanism with the two Chinese partners PetroChina (Sanjiaobei) and CUCBM (Linxing) respectively.

CHINA OPERATIONS

Oil Projects (Jilin Province: Daan, Moliqing)

During the Current Period, the gross operated production for our two China oil projects, namely Daan and Moliqing, decreased by 6.0% to 17,119 BOPD, as compared to the same period in 2014 (or a decrease of 17.1% if Kongnan and Miao 3, two China oil assets divested in 4Q14 are also included in 1Q14 production total). Total net production allocated to the Group decreased by 17.0% to 7,075 BOPD (or 29.5% decrease if production of Kongnan and Miao 3 are also included in 1Q14 production total), as compared to the 2015 Annual Guidance range of 6,700~7,000 BOPD previously provided. No wells were drilled in 1Q2015 for the oil projects in China, which is in line with our annual guidance, as a result of the strategic scale-back of Capex in 2015.

The average realized oil price (i.e. Daqing oil price FOB at Dalian port) for our China oil projects decreased by 52.8% to US\$49.09/bbl, comparing first quarter of 2015 to 2014.

Gas Projects (Shanxi Province Linxing and Sanjiaobei)

Since SGE's Qiaojiashan Gas Processing Station ("QJS Station") was officially put into pipeline pilot production in November 2014, production of SGE has been ramping up rapidly. The gross operated production for the two gas projects under SGE, namely Linxing and Sanjiaobei, was 3,821 Mcf/day; net production attributable to the Group was 1,949 Mcf/day¹, compared to the 2015 Annual Guidance range of 4,000–5,000 Mcf/day. Pilot production proceeded smoothly during 1Q2015. The production was achieved with an average of 5–7 wells supplying the station at any one time, from a total pool of 16 wells which are connected to the QJS Station and is expected to further ramp up production in the future.

Although SCE commenced the drilling program, no wells completed drilling in 1Q15. Meanwhile, Capex budget attributed to the Group as per the 2015 Annual Guidance amounts to US\$51 million, which includes ground work facilities to bring the second central gathering station in Linxing West ("LXW Station") online and ramp up production from both QJS Station and LXW Station towards full capacity of 25 MMcf/day total. Construction on the LXW Station has recommenced after Chinese New Year, and is on-track to be commissioned around mid-2015. A total of 21 development wells are planned to be drilled in FY2015 and utilized for pilot production and to support the optimization of the full field development plan. The Capex budget also includes continued seismic acquisition and exploration drilling to further define the reservoir.

During the quarter, Linxing PSC partner CUCBM signed the second gas sales agreement ("GSA") with Shanxi GuoHua Energy Limited Company (a joint venture of Sinopec and Shanxi International Energy Group). According to this GSA, the initial gas sales price will be at US\$9.6/Mcf (RMB2.13/cubic meters), which is higher than the gas sales price in the first GSA signed in November 2014 (US\$9.5/Mcf or RMB2.04/cubic meters) with Linxian Jiahao New Energy Limited. The above contracted gas sales price is effective until the end of 2015, and is adjustable on an annual basis to take into account changes in local market conditions and any Government policies implemented from time to time.

KAZAKHSTAN OPERATIONS (EMIR-OIL)

Average daily oil production for Emir-Oil decreased by 35.9% from 5,485 BOPD in 1Q2014 to 3,518 BOPD in 1Q2015.

The overall average realized oil price for Emir-Oil was US\$32.23/barrel for 1Q2015. The average realized export price (after deducting export sales and marketing commission of US\$22.58/barrel) was US\$32.23/barrel. The Group strategically suspended domestic sales in Kazakhstan, due to low domestic sales price.

¹ Net gas production figures are estimates based on the current working interest of each block and are subject to final allocation under the PSCs in agreement with the respective partners.

The average gas production of Emir-oil was 6,412 Mcf/day during Current Period, representing an increase of 4.5% compared to 6,138 Mcf/day for the same period of 2014. Average realized gas price was US\$1.10/Mcf for 1Q2015, a decrease of 7.1% compared to US\$1.19/Mcf for 1Q2014.

As of March 31, 2015, Emir-Oil operated a total of 45 wells, of which 18 wells were producing and 23 wells were shut-in, or to be repaired. Also, 4 new wells spudded in late 2014 and completed in 2015 were awaiting to be put into production. In 1Q2015, no new wells were spudded by Emir-Oil.

As previously announced, in order to enhance profit margins, particularly in light of the current low oil price environment, a new sales agreement with our Kazakhstan export oil marketing company, Euro-Asian Oil SA (formerly known as “Titan Oil”) has been executed and made effective since February 2015. The new export route via Makhachkala Port (Russia) by vessel, and further via onshore oil pipeline reaches Novorossiysk Port (Russia) as the final destination will increase the netback for Emir’s export oil by approximately US\$2 to US\$3/barrel, after taking account for the differential between Brent and the new sales price which is based on the benchmark Urals (RCMB) Oil Price. The revenue under such new sales arrangement will first be recognized in our April 2015 financial statements as the title of first sales will transfer upon arriving Novorossiysk.

USA OPERATIONS (CONDOR)

There were no drilling activities during 1Q2015 in US and currently the Group operates 5 horizontal wells in the Niobrara project through our subsidiary, Condor. The average daily net oil and gas production was 69 BOPD and 127 Mcf/day respectively, and average realized oil and gas price was US\$36.14/barrel and US\$3.36/Mcf, respectively during the Current Period.

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 securities of the Company.

Appendix: Operation data comparison between 1Q2015 and 1Q2014

Items	1Q2015	1Q2014	Increased/ (decreased)	Increased/ (decreased) %	2015 Guidance
1. Crude Oil: Production & Realized Price					
1.1. Average daily operated production (barrels)	20,728	26,309	(5,582)	(21.2%)	
China oilfields (Daan/Moliqing/ Miao 3/Kongnan) ²	17,119	20,646	(3,527)	(17.1%)	
Kazakhstan (Emir-Oil)	3,518	5,485	(1,967)	(35.9%)	
US (Condor)	91	178	(88)	(49.2%)	
1.2. Average daily net production (barrels)	10,662	15,647	(4,986)	(31.9%)	9,800~11,100
China oilfields (Daan/Moliqing/ Miao 3/Kongnan)	7,075	10,034	(2,959)	(29.5%)	6,700~7,000
Kazakhstan (Emir-Oil)	3,518	5,485	(1,967)	(35.9%)	3,000~4,000
US (Condor)	69	128	(59)	(45.9%)	100
1.3. Average realized price (US\$/ bbl)	46.51	94.36	(47.85)	(50.7%)	
China oilfields (Daan/Moliqing/ Miao 3/Kongnan)	49.09	104.02	(54.92)	(52.8%)	
Kazakhstan (Emir-Oil)	32.23	75.92	(43.68)	(57.5%)	
US (Condor)	36.14	83.93	(47.79)	(56.9%)	
2. Natural Gas: Production & Realized Price					
2.1. Average daily operated production (MCF)	10,391	6,586	3,805	57.8%	
China, Shanxi (Linxing/ Sanjiaobei)	3,821	—	—	—	
Kazakhstan (Emir-Oil)	6,412	6,138	274	4.5%	
US (Condor)	158	448	(290)	(64.8%)	
2.2. Average daily net production (MCF)	8,488	6,480	2,007	31.0%	9,600~10,100
China, Shanxi (Linxing/ Sanjiaobei)	1,949	—	—	—	4,500~5,000
Kazakhstan (Emir-Oil)	6,412	6,138	274	4.5%	5000
US (Condor)	127	342	(215)	(63.0%)	100
2.3. Average realized price (US\$/MCF)	1.12	1.41	(0.29)	(20.4%)	
China, Shanxi (Linxing/ Sanjiaobei)	—	—	—	—	
Kazakhstan (Emir-Oil)	1.10	1.19	(0.08)	(7.1%)	
US (Condor)	3.36	6.48	(3.12)	(48.1%)	

² Both Miao 3 and Kongnan were divested in 4Q 2014.

Items	1Q2015	1Q2014	Increased/ (decreased)	Increased/ (decreased) %	2015 Guidance
3. Total wells drilled	—	56	(56)	(100.0%)	32
China oilfields (Daan/Moliqing/ Miao 3/Kongnan)	—	54	(54)	(100.0%)	0
China,Shanxi (Linxing/ Sanjiaobei)	—	—	—	—	29
Kazakhstan (Emir-Oil)	—	2	(2)	(100.0%)	3
US (Condor)	—	—	—	—	—

By order of the Board of
MIE HOLDINGS CORPORATION
Zhang Ruilin
Chairman

Hong Kong, May 4, 2015

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 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.