

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 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 first half 2015 (“Current Period” or “1H2015”) operations update to its shareholders and potential investors.

SUMMARY

During 1H2015, the Group strategically scaled-back overall capital expenditures (“Capex”) and also lowered production by Emir-Oil in response to the continued low international crude oil price environment. As a result of the above factors, the Group’s average daily operated and net oil and gas production (in terms of barrels of oil equivalent) decreased by 21.5% and 33.4% respectively, as compared to the same period of 2014.

The following table provides an overview of the Group's key operational metrics for 1H2015. Additional details about the Group's operating results by area are provided in the table at the end of this announcement.

	1H2015	1H2014	% Change	2015 Guidance
Average Daily Operated Production (barrels of oil equivalent/day)	21,982	28,001	(21.5%)	
Average Daily Net Production (barrels of oil equivalent/day)	11,717	17,583	(33.4%)	
Average Daily Net Oil Production (barrels/day)	10,357	16,558	(37.5%)	9,800–11,100
Average Daily Net Gas production (Mscf/day)	8,163	6,152	32.7%	9,600–10,100
Average realized oil price (USD/barrel)	51.63	96.02	(46.2%)	
Average realized gas price (USD/Mscf)	1.12	1.38	(19.2%)	
Total Wells Drilled	15	161	(90.7%)	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) Gross production includes production from all assets operated by the Group
- (3) Net production includes entitlement from all assets operated by the Group

CHINA OPERATIONS

Oil Projects (Jilin Province: Daan, Moliqing)

During the Current Period, the total gross operated production for our two China oil projects, Daan and Moliqing, decreased by 11.3% to 16,890 BOPD, as compared to the same period in 2014 (excluding the production of Kongnan and Miao 3 in 1H2014). Total net production allocated to the Group decreased by 28.2% to 6,985 BOPD (excluding the production of Kongnan and Miao 3 in 1H2014). The total net production of 6,985 BOPD is within the 2015 Annual Guidance range of 6,700–7,000 BOPD previously provided. No wells were drilled in 1H2015 for the oil projects in China, which is consistent with our 2015 operational plan and our annual guidance.

The average realized oil price (i.e. Daqing oil price FOB at Dalian port) for our China oil projects decreased by 49.3% to US\$53.06/bbl in 1H 2015 from US\$104.54 in 1H2014.

Gas Projects (Shanxi Province: Linxing and Sanjiaobei)

The total gross operated gas production for the Sino Gas and Energy Limited (“SGE”) project was 4,095 MSCF/day (or 116 thousands cubic meters per day) during 1H2015, which is consistent with our expectations and the 2015 operational plan for the project. During 1H2015, progress continued to be made on the project’s second central gathering station (“CGS”), the Linxing CGS, which is scheduled to become operational in August 2015. Once the Linxing CGS is online, it will add an additional 17,000 MSCF/day (or 480 thousands cubic meters per day) gas gathering capacity to the SGE project, bringing total gas gathering capacity to 24,000 MSCF/day (or 680 thousands cubic meters per day, including 7,000 MSCF/day (or 680 thousands cubic meters per day) for the Sanjiaobei CGS), and allowing the project to ramp up production significantly during the 2H2015.

The SGE 2015 work program continues on schedule with 12 of 29 planned wells having been drilled during 1H2015, including 2 exploration wells and the project’s third horizontal well, TB-3H, located in the Linxing West Block. With lateral section of 1,080 meters, TB-3H’s wireline logs have indicated excellent sand development. The well will be tested in 3Q2015, and a rig is now being mobilized for the drilling of the fourth horizontal well, TB-4H, which is adjacent to TB-3H.

The SGE well testing program continues to be successful in 1H2015, with tests of 5 wells having been completed, and flow rates ranging from about 240 MSCF/day (or 6,792 cubic meters per day) to more than 1 MMSCF/day (or 28,300 cubic meters per day). The most notable test was at the Linxing West vertical well TB-27, located in the northeast part of the block, where a flow rate of 1.8 MMSCF/day (or 50,940 cubic meters per day) at a pressure of 630 psi (or 4.2 Mpa) was recorded from an un-fracked reservoir zone.

KAZAKHSTAN OPERATIONS (EMIR-OIL)

Based on the 2015 operational plan and in view of continued low oil prices, the average daily oil production for Emir-Oil decreased by 37.3% from 5,269 BOPD in 1H2014 to 3,306 BOPD in 1H2015, in line with the annual guidance of 3,000 to 4,000 BOPD for the project.

The overall average realized oil price for Emir-Oil was US\$48.76/barrel in 1H2015. The average realized export price (after deducting export sales and marketing commission of US\$7.41/barrel) was US\$53.68/barrel, and the average domestic price was US\$12.03/barrel. As previously announced, 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. Under the previous route, the benchmark price was Brent (ICE) and the total sales and transportation commission (the “Titan Commission”) payable by Emir-Oil was between US\$19–22/barrel. Under the new export sales agreement, the benchmark price is Urals (RCMB) and the Titan Commission is about US\$3–5/barrel. Although the reduction in Titan Commission is offset by the benchmark price differential, the new export sales agreement provides an overall total net cost savings of approximately US\$2–3/barrel in comparison to the previous export sales agreement.

During 1H2015, Emir-Oil focused on efforts to reduce operation costs and enhance the economic margins per barrel and accordingly the new export sales agreement described above was an important part of this effort. In addition, Emir-Oil has worked proactively to negotiate lower contractor and labour/employee costs. Also, the Kazakhstan Government reduced the Export Duty from US\$80 per Ton to US\$60 per Ton since March 2015.

The average gas production of Emir-oil was 5,958 Mscf/day during Current Period, representing an increase of 1.5% compared to 5,871 Mscf/day for the same period of 2014. Average realized gas price was US\$1.10/Mscf for 1H2015, a decrease of 4.5% compared to US\$1.15/Mscf for 1H2014.

As of June 30, 2015, Emir-Oil operated a total of 48 wells, of which 18 wells were producing and 27 wells were shut-in, or to be repaired. Also, 3 new wells spudded in late 2014 and completed in 2015 were awaiting to be put into production. In 1H2015, no new wells were spudded by Emir-Oil. Of particular note, the deepest exploration well to date for Emir-Oil, Aidai-1 finished drilling in June 2015 when it reached a total depth of 5,080 meters. The well encountered pervasive oil and gas shows during the drilling process. Emir-Oil has submitted an application to the Kazakhstan government for testing of the Aidai-1 well and it is expected that the well will commence flow testing from 4Q2015. During 1H2015, work progressed on the new Central Processing Facility or “CPF” and is on schedule to be operational by mid-year 2016.

USA OPERATIONS (CONDOR)

There were no drilling activities during 1H2015 in the US. The Group’s subsidiary, Condor Energy Technology LLC, operates 5 horizontal wells in the Niobrara project. For 1H2015, the average daily net oil and gas production was 66 BOPD and 117Mscf/day, respectively, and average realized oil and gas price was US\$43.27/barrel and US\$2.93/Mscf, respectively.

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 1H2015 and 1H2014

Items	1H2015	1H2014	Increased/ (decreased)	Increased/ (decreased) %	2015 Guidance
1. Crude Oil: Production & Realized Price					
1.1. Average daily operated production (barrels/day)	20,282	26,961	(6,679)	(24.8%)	
China oilfields (Daan/Moliqing/Miao 3/Kongnan) ¹	16,890	21,538	(4,649)	(21.6%)	
Kazakhstan (Emir-Oil)	3,306	5,269	(1,963)	(37.3%)	
US (Condor)	86	153	(67)	(43.8%)	
1.2. Average daily net production (barrels/day)	10,357	16,558	(6,201)	(37.5%)	9,800–11,100
China oilfields (Daan/Moliqing/Miao 3/Kongnan)	6,985	11,179	(4,194)	(37.5%)	6,700–7,000
Kazakhstan (Emir-Oil)	3,306	5,269	(1,963)	(37.3%)	3,000–4,000
US (Condor)	66	110	(44)	(39.9%)	100
1.3. Average realized price (US\$/bbl)	51.63	96.02	(44.39)	(46.2%)	
China oilfields (Daan/Moliqing/Miao 3/Kongnan) ¹	53.06	104.56	(51.50)	(49.3%)	
Kazakhstan (Emir-Oil)	48.76	78.04	(29.28)	(37.5%)	
US (Condor)	43.27	89.26	(45.99)	(51.5%)	
2. Natural Gas: Production & Realized Price					
2.1. Average daily operated production (MSCF/day)	10,199	6,243	3,956	63.4%	
China, Shanxi (Linxiing/Sanjaobei)	4,095	—	4,095	—	
Kazakhstan (Emir-Oil)	5,958	5,871	87	1.5%	
US (Condor)	146	372	(226)	(60.7%)	
2.2. Average daily net production (MSCF/day)	8,163	6,152	2,011	32.7%	9,600–10,100
China, Shanxi (Linxiing/Sanjaobei)	2,088	—	2,088	—	4,500–5,000
Kazakhstan (Emir-Oil)	5,958	5,871	87	1.5%	5,000
US (Condor)	117	281	(164)	(58.4%)	100

¹ H2014 totals include Kongnan and Miao 3, two China oil assets divested in 4Q2014.

Items	1H2015	1H2014	Increased/ (decreased)	Increased/ (decreased) %	2015 Guidance
2.3. Average realized price (US\$/MSCF)	1.12	1.38	(0.26)	(19.2%)	
China,Shanxi (Linxiing/ Sanjiaobei)	—	—		—	
Kazakhstan (Emir-Oil)	1.10	1.15	(0.05)	(4.5%)	
US (Condor)	2.93	6.77	(3.84)	(56.7%)	
3. Total wells drilled	15	161	(146)	(90.7%)	32
China oilfields (Daan/Moliqing/ Miao 3/Kongnan) ¹	—	143	(143)	(100.0%)	—
China,Shanxi (Linxiing/ Sanjiaobei)	12	15	(3)	(20.0%)	29
Kazakhstan (Emir-Oil)	3	3	—	—	3
US (Condor)	—	—	—	—	—

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

Hong Kong, July 31, 2015

As at the date of this announcement, the Board comprises (1) the executive Directors, namely, Mr. Zhang Ruilin, Mr. Zhao Jiangwei, 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.