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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)

MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 43.9% INTEREST IN, AND WARRANTS ISSUED BY, LONG RUN EXPLORATION LTD. AND RESUMPTION OF TRADING

ACQUISITION OF 43.9% INTEREST IN, AND WARRANTS ISSUED BY, LONG RUN EXPLORATION LTD.

The Board is pleased to announce that on August 2, 2015 Calgary time (before the Stock Exchange trading hours on August 3, 2015 Hong Kong time), the Investor, an indirect wholly-owned subsidiary of the Company, the Company and the Target Company entered into the Investment Agreement, pursuant to which, among other things, the Target Company has conditionally agreed to issue and sell, and the Investor has conditionally agreed to subscribe for and purchase, the Sale Interests which comprise, in aggregate, (i) 155,000,000 Target Company Shares, (ii) the 18-Month Warrants and (iii) the 24-Month Warrants, at the aggregate Consideration of C\$201.5 million (equivalent to approximately HK\$1.2 billion) payable in cash.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the Relevant Ratios in respect of the Acquisition is more than 25% but all of them are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and no Shareholder is therefore required to abstain from voting on the relevant resolution(s) if the Company were to convene a general meeting to approve the Acquisition. The Company has obtained the written approval of the Acquisition by Champion International Energy Limited, New Sun International Energy Limited, Orient International Energy Limited and Power International Energy Limited, which directly holds 399,070,000 Shares, 475,000,000 Shares, 399,070,000 Shares and 141,460,000 Shares, respectively, as at the date of this announcement, representing approximately 15.31%, 18.22%, 15.31% and 5.43% of the total number of Shares in issue, respectively. Each of them is a wholly-owned subsidiary of Far East Energy Limited, the ultimate holding company of the Company. Accordingly, the Company is not required to convene a general meeting to approve the Acquisition pursuant to Rule 14.44 of the Listing Rules.

GENERAL

The Circular containing, among other things, further details of the Acquisition, financial and other information on the Target Company and the Enlarged Group, will be despatched to the Shareholders for their information. Pursuant to Rule 14.41(a) of the Listing Rules, the Circular is required to be despatched to the Shareholders within 15 business days after publication of this announcement, that is, on or before August 26, 2015. In order to allow sufficient time to prepare the financial information and information on the oil and gas reserves of the Target Company for inclusion in the Circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules. Subject to the granting of such waiver by the Stock Exchange, the Circular is expected to be despatched to the Shareholders on or before October 31, 2015. Further announcement(s) will be made by the Company as and when appropriate.

Completion of the Acquisition is subject to the Conditions, which may or may not be fulfilled. The Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the Shares and other securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on August 3, 2015 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on August 5, 2015.

INTRODUCTION

The Board is pleased to announce that on August 2, 2015 Calgary time (before the Stock Exchange trading hours on August 3, 2015 Hong Kong time), the Investor, an indirect wholly-owned subsidiary of the Company, the Company and the Target Company entered into the Investment Agreement, pursuant to which, among other things, the Target Company has conditionally agreed to issue and sell, and the Investor has conditionally agreed to

subscribe for and purchase, the Sale Interests which comprise, in aggregate, (i) 155,000,000 Target Company Shares, (ii) the 18-Month Warrants and (iii) the 24-Month Warrants, at the aggregate Consideration of C\$201.5 million (equivalent to approximately HK\$1.2 billion) payable in cash.

INVESTMENT AGREEMENT

The principal terms of the Investment Agreement are set out below:

Date

August 2, 2015 (Calgary time)

Parties

- (1) The Target Company (as issuer and seller);
- (2) The Investor (as subscriber and purchaser); and
- (3) The Company (as guarantor of the performance by the Investor of its obligations)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target Company and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Assets to be acquired

The Sale Interests, which comprise, in aggregate, (i) 155,000,000 Target Company Shares, (ii) the 18-Month Warrants and (iii) the 24-Month Warrants.

The Sale Interests represent:

- (i) (assuming none of the 18-Month Warrants and the 24-Month Warrants has been exercised) approximately 80.1% of the total Target Company Shares in issue as at the date of this announcement and approximately 43.9% of the total Target Company Shares in issue as enlarged by the issue of the 155,000,000 Target Company Shares pursuant to the Investment Agreement (and the 4,839,000 Target Company Shares issuable to certain existing employees, subject to and on Completion, in settlement of the outstanding restricted awards granted by the Target Company to those employees under its incentive plan); and
- (ii) (assuming the 18-Month Warrants and 24-Month Warrants have been fully exercised) approximately 112.1% of the total Target Company Shares in issue as at the date of this announcement and approximately 52.2% of the total Target Company Shares in issue as enlarged by the issue of the 155,000,000 Target Company Shares, the 18-Month Warrants Shares and the 24-Month Warrants Shares (and the 4,839,000 Target Company Shares issuable to certain existing employees, subject to and on Completion, in settlement of the outstanding restricted awards granted by the Target Company to those employees under its incentive plan).

The 155,000,000 Target Company Shares, the 18-Month Warrants Shares and the 24-Month Warrants Shares to be issued pursuant to the Investment Agreement will be listed on the TSX.

Subject to the Target Company having obtained the approval by its shareholders of the issuance of the Sale Interests pursuant to the Acquisition as described in paragraph (i) of the section headed “Conditions to Completion — Mutual Conditions” below, the Acquisition will not trigger an obligation on the Investor to make a general offer for the securities of the Target Company under the relevant securities laws in Canada.

Upon Completion, the Investor will become the single largest shareholder of the Target Company based on the number of Target Company Shares in issue as at the date of this announcement. Due to the de facto control as stipulated in IFRS which the Investor may exercise with respect to the Target Company after Completion, the Target Company will, upon Completion and based on the current shareholding structure of the Investor (see the structure chart in the section headed “Information on the Investor” in this announcement), be treated as a subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

Consideration

The Consideration in respect of the Acquisition is C\$201.5 million (equivalent to approximately HK\$1.2 billion), which is payable in cash by the Investor at Completion.

The Consideration was determined after arm’s length negotiation between the Investor and the Target Company with reference to numerous factors, including without limitation, historical and future cash flows (EBITDA and netback) analysis, acreage (developed and undeveloped), proved plus probable reserves and the NPV of such reserves, value of the assets, production rate and the status of the Target Company. The Directors consider that the Consideration is fair and reasonable.

The Group intends to finance the Consideration by way of internal resources, possible divestment of the Group’s non-core asset(s), debt or equity financing or a combination of any of the foregoing, including without limitation, co-investment by strategic partner(s) at the level of the Investor or any of its intermediate holding company(ies) (see the structure chart in the section headed “Information on the Investor” in this announcement) before or after Completion, which may or may not result in the Target Company remaining as a subsidiary of the Company. Further announcement(s) will be made in relation to any such arrangements as and when appropriate in compliance with the Listing Rules.

Guarantee by the Company

The Company has irrevocably and unconditionally agreed to guarantee the timely and complete performance by the Investor of its obligations under the Investment Agreement prior to Completion.

Conditions to Completion

Completion of the Acquisition is conditional upon the satisfaction (or, if applicable, waiver) of the Conditions, which include the Mutual Conditions, the Investor Conditions and the Target Company Conditions.

Mutual Conditions

The respective obligations of the parties to the Investment Agreement to consummate the transactions contemplated thereunder are subject to the satisfaction, on or before Completion or such other time specified, of the following Mutual Conditions:

- (i) the approval by the holders of the Target Company Shares of the issuance of the Sale Interests pursuant to the Acquisition having been obtained on or before the Outside Date;
- (ii) the approval, if required, by the shareholders of each Investor Shareholder (including the Company) of the Acquisition and the transactions contemplated thereunder in accordance with the Listing Rules and other applicable law having been obtained on or before the Outside Date;
- (iii) the issuance, listing and posting for trading on the TSX of the Target Company Shares to be issued pursuant to the Investment Agreement, the 18-Month Warrants Shares and the 24-Month Warrants Shares having been conditionally approved by the TSX on or before the Outside Date;
- (iv) the Completion Date being on or before the Outside Date;
- (v) the relevant notification(s), ruling(s), waiver(s) and order(s) under the Competition Act and the Investment Canada Act in connection with the transactions contemplated under the Investment Agreement having been made, given or obtained on terms and conditions satisfactory to each of the Target Company and the Investor, acting reasonably, on or before the Outside Date;
- (vi) the consent of the lenders under certain credit agreement between the Target Company (as borrower) and a syndicate of lenders to the transactions contemplated under the Investment Agreement having been made, given or obtained on terms and conditions satisfactory to each of the Target Company and the Investor, acting reasonably, on or before the Outside Date; and
- (vii) no action having been taken under any applicable law, nor any statute, regulation or order having been enacted, enforced or issued after the date of the Investment Agreement by any governmental authority that (a) makes illegal or otherwise prohibits the Acquisition or any transaction contemplated under the Investment Agreement, or (b) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated under the Investment Agreement.

The Mutual Conditions are for the mutual benefit of the parties to the Investment Agreement and may, to the extent permitted by applicable laws, rules and regulations, be waived by any party (with respect to such party) in its sole discretion, in whole or in part, at any time and time to time without prejudice to any other rights that such party may have.

Investor Conditions

The obligation of the Investor to consummate the transactions contemplated by the Investment Agreement is subject to the satisfaction, on or before Completion or such other time specified, of the following Investor Conditions:

- (i) the Target Company having complied in all material respects with its covenants in the Investment Agreement;
- (ii) the representations and warranties of the Target Company set forth in the Investment Agreement being true and correct as of the Completion Date;
- (iii) the Target Company having furnished the Investor with certified copies of the resolutions passed by the Target Company Board and the holders of the Target Company Shares approving the Investment Agreement and the transactions contemplated thereunder and a legal opinion on various matters in respect of the Target Company;
- (iv) no material adverse change in respect of the Target Company having occurred on or after the date of the Investment Agreement and prior to Completion;
- (v) no action or opposition having been commenced or threatened against the Target Company before or by any domestic or foreign court, tribunal or governmental authority or any private person in Canada or elsewhere, and no law, regulation, policy, judgment, decision, order, ruling or directive having been enacted, amended or applied, which in the sole judgment of the Investor, acting reasonably, in either case, has had, or if the Acquisition was consummated, would result in a material adverse change or have a material adverse effect in respect of the Target Company;
- (vi) immediately prior to Completion, the Investor being satisfied that there shall not be more than a fixed number of Target Company Shares outstanding and that upon Completion, no person shall have any option, or any right or privilege capable of becoming an agreement or option for the purchase, subscription, allotment or issuance of any issued or unissued Target Company Shares other than pursuant to the currently outstanding options, incentive awards and convertible debentures issued by the Target Company;
- (vii) the information circular and proxy statement in relation to the issuance of Sale Interests pursuant to the Acquisition having been mailed to the holders of the Target Company Shares by no later than the earlier of (a) the date that the last of the Investor Shareholders shall have mailed their respective circular to shareholders and notice (including the form of proxy) and (b) October 15, 2015; and
- (viii) the Investor having secured the Investor Financing on or prior to the Outside Date.

The Investor Conditions are for the exclusive benefit of the Investor and may be waived by the Investor in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Investor may have.

Target Company Conditions

The obligation of the Target Company to consummate the transactions contemplated under the Investment Agreement is subject to the satisfaction, on or before Completion or such other time specified, of the following Target Company Conditions:

- (i) the Investor having complied in all material respects with its covenants in the Investment Agreement;
- (ii) the representations and warranties of the Investor set forth in the Investment Agreement being true and correct as of the Completion Date;
- (iii) the circular and notice (including the form of proxy) to the shareholders' meeting of each Investor Shareholder in relation to the Acquisition (including the Circular) having been mailed on or before October 31, 2015; and
- (iv) the Investor having furnished the Target Company with certified copies of the resolutions passed by the board of directors of the Investor and the Board approving the Investment Agreement and the transactions contemplated thereunder.

The Target Company Conditions are for the exclusive benefit of the Target Company and may be waived by the Target Company in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Target Company may have.

If any of the Conditions is not satisfied or, if applicable, waived on or before the date required for the satisfaction thereof, then the party for whose benefit the Condition is provided may terminate the Investment Agreement in accordance with the terms thereof.

Completion

Completion shall take place on the fifth business day following the day on which all of the Conditions have been satisfied or waived or such other date as may be agreed in writing by the Investor and the Target Company, but in any event not later than the Outside Date.

Termination

Termination Events

The Investment Agreement may be terminated at any time prior to Completion under the following circumstances:

- (i) by mutual written consent of the Target Company and the Investor;

- (ii) by the Target Company or the Investor if Completion has not occurred on or prior to the Outside Date, except that such right to terminate the Investment Agreement shall not be available to any party whose failure to fulfill any of its obligations or breach of any of its representations or warranties under the Investment Agreement has been the cause of, or resulted in, the failure of Completion occurring by the Outside Date;
- (iii) by the Target Company, the Investor or the Company entitled to do so pursuant to the terms of the Investment Agreement where any Condition is not satisfied or waived on or before the date required for the satisfaction thereof, provided that the failure to satisfy such Condition did not occur as a result of a breach of the party seeking to rely on the Condition or any of its covenants or obligations under the Investment Agreement;
- (iv) by the Investor if the Target Company Board has withdrawn, modified, qualified or changed any of its recommendations or determinations in respect of the Acquisition in a manner adverse to the Investor or shall have resolved to do so prior to the Completion Date, or has failed to publicly reconfirm such recommendation as required under the Investment Agreement (unless the Investor is then in material breach of its obligations under the Investment Agreement and such withdrawal, modification, qualification or change relates to such breach);
- (v) by the Target Company to accept, recommend, approve or enter into an agreement to implement a “superior proposal” by any third party to acquire the securities or assets of the Target Company which meets the relevant requirements specified in the Investment Agreement, provided that the Target Company has complied with its obligations regarding non-solicitation of any acquisition proposal or offer under the Investment Agreement and concurrently pays the required Target Company Termination Fee;
- (vi) by the Target Company in the event that the Investor or the Company has not provided written notice to the Target Company on or prior to October 31, 2015 that the Investor Condition to secure the Investor Financing on or before the Outside Date has been satisfied or waived; or
- (vii) by the Investor or the Target Company if: (a) holders of the Target Company Shares fail to approve the issuance of Sale Interests pursuant to the Acquisition; or (b) approval, if required, by the shareholders of each Investor Shareholder (including the Company) of the Acquisition and the transactions contemplated thereunder is not obtained.

Target Company Termination Fee

If the Investment Agreement is terminated:

- (i) by the Investor pursuant to the Termination Event set out in paragraph (iv) under the sub-section headed “Termination Events” above;

- (ii) by the Investor or the Target Company pursuant to the Termination Events set out in paragraph (ii), (iii) or (vii)(a) under the sub-section headed “Termination Events” above, after the holders of the Target Company Shares fail to approve the issuance of Sale Interests pursuant to the Acquisition in circumstances more particularly described in the Investment Agreement where, prior to the relevant shareholders’ meeting of the Target Company, an acquisition proposal or offer by any third party to acquire the securities or assets of the Target Company have been publicly announced, proposed, offered or made and is subsequently completed within 12 months; or
- (iii) by the Target Company pursuant to the Termination Event set out in paragraph (v) under the sub-section headed “Termination Events” above,

then the Target Company shall pay the Target Company Termination Fee of C\$25 million (equivalent to approximately HK\$148 million) to the Investor as liquidated damages.

Investor Termination Fee

If the Investment Agreement is terminated:

- (i) by the Investor pursuant to the Termination Event set out in paragraph (ii) or (iii) under the sub-section headed “Termination Events” above on the Outside Date as a result of the Investor Condition to secure the Investor Financing on or before the Outside Date not being satisfied or waived; or
- (ii) by the Target Company pursuant to the Termination Event set out in paragraph (ii) under the sub-section headed “Termination Events” above as a result of the Investor Condition to secure the Investor Financing on or before the Outside Date not being satisfied or waived,

then the Investor shall pay the Investor Termination Fee of C\$25 million (equivalent to approximately HK\$148 million) to the Target Company as liquidated damages.

Reimbursement payable by the Target Company or the Investor

Each of the Target Company and the Investor will pay to the other party an amount of C\$2 million (equivalent to approximately HK\$12 million) as reimbursement for the out-of-pocket expenses incurred by such party in connection with the Acquisition where the Investment Agreement is terminated under certain circumstances specified in the Investment Agreement.

WARRANTS

18-Month Warrants

The following is a summary of the principal terms of the 18-Month Warrants:

Number of warrants to be issued:	31,000,000
Number of Target Company Shares issuable upon exercise of the warrants:	31,000,000

Exercise period: 18 months from the Completion Date

Exercise price: C\$1.40 per Target Company Share, subject to customary anti-dilutive adjustments

Transferability: The 18-Month Warrants are transferable.

Ranking of the 18-Month Warrants Shares: The 18-Month Warrants Shares, when issued and fully paid, will rank pari passu in all respects with the existing Target Company Shares in issue as at the date of issuance of the 18-Month Warrants Shares.

Voting Rights: Holder(s) of the 18-Month Warrants will not have any right to attend or vote at any shareholders' meeting of the Target Company by reason only of being a holder of the 18-Month Warrants.

24-Month Warrants

The following is a summary of the principal terms of the 24-Month Warrants:

Number of warrants to be issued: 31,000,000

Number of Target Company Shares issuable upon exercise of the warrants: 31,000,000

Exercise period: 24 months from the Completion Date

Exercise price: C\$1.80 per Target Company Share, subject to customary anti-dilutive adjustments

Transferability: The 24-Month Warrants are transferable.

Ranking of the 24-Month Warrants Shares: The 24-Month Warrants Shares, when issued and fully paid, will rank pari passu in all respects with the existing Target Company Shares in issue as at the date of issuance of the 24-Month Warrants Shares.

Voting rights: Holder(s) of the 24-Month Warrants will not have any right to attend or vote at any shareholders' meeting of the Target Company by reason only of being a holder of the 24-Month Warrants.

GOVERNANCE AGREEMENT

The Target Company, the Investor and the Company will, at Completion, enter into the Governance Agreement to regulate certain matters in respect of the Target Company. The principal terms of the Governance Agreement are set out below:

Parties

- (1) The Target Company;
- (2) The Investor; and
- (3) The Company.

Size and Composition of the Target Company Board

The number of directors on the Target Company Board from and after the date of the Governance Agreement will initially be fixed at seven. Any increase or decrease in the size of the Target Company Board will require the approval of the Target Company Board by resolution passed by a simple majority of the directors.

For and so long as the Investor beneficially owns:

- (i) more than 10% but less than 20% of the total outstanding Target Company Shares, the Investor shall have the right to nominate one director to the Target Company Board;
- (ii) 20% or more but less than 40% of the total outstanding Target Company Shares, the Investor shall have the right to nominate two directors to the Target Company Board; and
- (iii) 40% or more of the total outstanding Target Company Shares, the Investor shall have the right to nominate three directors to the Target Company Board.

If the directors resolve to increase the size of the Target Company Board, subject to the thresholds specified in paragraphs (i), (ii) and (iii) above, for each director who is not nominated by the Investor and added to the Target Company Board, one additional director nominated by the Investor will also be added to the Target Company Board (and vice versa), and the number of directors the Investor is thereafter entitled to nominate shall be increased on a corresponding basis and shall subsequently be reduced on the same basis if the number of directors on the Target Company Board is subsequently decreased, provided that no such reduction shall reduce the number of directors the Investor is entitled to nominate to a number of directors that is less than the thresholds specified in paragraphs (i), (ii) and (iii) above as at the date of the Governance Agreement.

Quorum of meetings of the Target Company Board

For so long as the Investor beneficially owns not less than 20% of the total outstanding Target Company Shares, a quorum for a meeting of the Target Company Board shall require at least one director nominated by the Investor. The foregoing requirement shall not apply to a subsequent meeting of the Board reconvened by any two directors of the Target Company as a result of the failure to achieve a quorum which satisfies the foregoing requirement for the initial meeting of the Board.

Restriction on transfer of Target Company Shares

The Investor has undertaken to the Target Company that prior to the date that is six months following the date of the Governance Agreement, it will not, directly or indirectly, sell, transfer, assign or otherwise dispose of the beneficial interest in any of the Target Company Shares, the 18-Month Warrants or the 24-Month Warrants acquired by it pursuant to the Investment Agreement (including any 18-Month Warrants Shares and 24-Month Warrants Shares), except for such sale, transfer, assignment or disposal which (i) does not result, to the knowledge of the Investor, in any one person holding, directly or indirectly, more than 5% of the outstanding Target Company Shares; or (ii) is conducted by way of deposit under any formal take-over bid that may be made for the Target Company Shares by an person or in connection with a statutory arrangement or other business combination of the Target Company or the entering into of a lock-up agreement or support agreement in connection with any such transaction and in each case provided such transaction has been approved by a majority of the Target Company Board, in which case the foregoing restriction shall not apply.

Term of the Governance Agreement

The Governance Agreement will continue in force until the earlier of (i) the date on which it is terminated by written agreement of the parties to the Governance Agreement; and (ii) such time when the Investor beneficially owns less than 10% of the outstanding Target Company Shares.

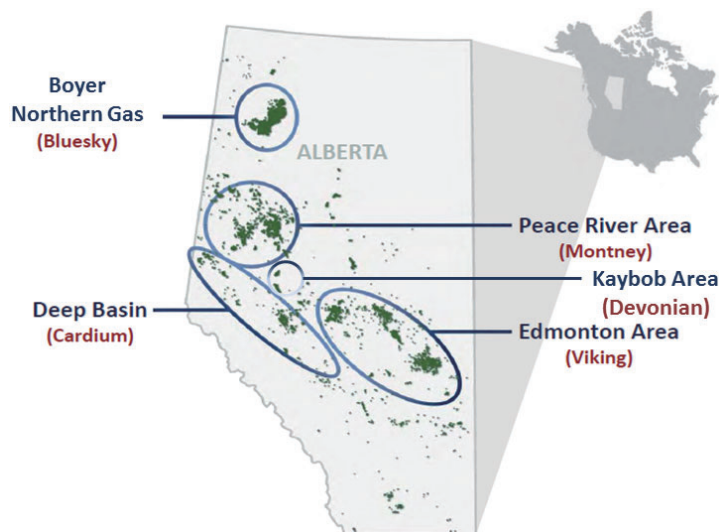
INFORMATION ON THE TARGET COMPANY

The Target Company is an intermediate oil and natural gas company headquartered in Calgary, Alberta, Canada with a focus on development, exploration and production in the Western Canadian Sedimentary Basin. The Target Company Shares are listed on the TSX under the ticker “LRE”. The Target Company owns a total acreage of more than 2,200,000 acres (8,903km²), with approximately 40% of lands undeveloped. The Target Company’s core portfolio assets include Peace River, Deep Basin and Edmonton regions. It owns interest in 90 areas with more than 3,000 producing wells.

The Target Company has no subsidiaries as at the date of this announcement.

Information on the production and reserves of the Target Company

Set out below is information on the average daily production of the Target Company extracted from the management's discussion and analysis of the Target Company's results for the six months ended June 30, 2015 published by the Target Company on its website:



2Q2015 Production by Region (boe/d):

Peace River	10,937
Edmonton	6,419
Deep Basin	13,072
Boyer	2,659
Kaybob and Other	1,370
Total	34,457

Based on the management's discussion and analysis of the Target Company's results for the six months ended June 30, 2015 published by the Target Company on its website, the average daily production of the Target Company for the second quarter of the year 2015 was 34,457 barrels of oil equivalent (41% liquids) and it achieved an average operating netback of C\$19.92/boe¹.

According to the Sproule Report, the Target Company had, as at December 31, 2014, proved reserves of approximately 103.5mmboe (42% liquids), proved and probable reserves of approximately 170.6mmboe (40% liquids) and NPV₁₀² economic value of such reserves before income tax of C\$1.6 billion (equivalent to approximately HK\$9.5 billion).

¹ Operating netback after derivatives; C\$14.68/boe excluding derivatives.

² NPV of reserves does not represent fair market value.

Below is a summary of the oil, NGLs and gas reserves of the Target Company as at December 31, 2014 extracted from the Sproule Report:

	Oil (MBbl)	NGLs (MBbl)	Gas (MMcf)	Total (Mboe)⁴
Proved				
Proved producing	15,164	7,799	194,693	55,412
Proved non-producing	304	818	19,975	4,451
Proved undeveloped	<u>11,171</u>	<u>7,899</u>	<u>147,669</u>	<u>43,681</u>
Total Proved	26,639	16,516	362,336	103,544
Probable	<u>13,598</u>	<u>11,731</u>	<u>250,508</u>	<u>67,081</u>
Total Proved and Probable	<u>40,237</u>	<u>28,247</u>	<u>612,844</u>	<u>170,625</u>

Below is a summary of the proved and probable reserves³ of the Target Company by region as at December 31, 2014 extracted from the Sproule Report:

Reserves by Region	Oil (MBbl)	NGLs (MBbl)	Gas (MMcf)	Sulphur (Mlt.)
Peace River	20,041	1,310	115,024	—
Edmonton	17,802	522	53,051	—
Deep Basin	2,298	23,465	305,442	—
Boyer	—	—	121,502	—
Kaybob	<u>96</u>	<u>2,950</u>	<u>17,827</u>	<u>127</u>
Total	<u>40,237</u>	<u>28,247</u>	<u>612,844</u>	<u>127</u>

Set out below are the commodity price assumptions used in the Sproule Report:

	WTI Oil (US\$/bbl)	Edmonton Oil (CAD/bbl)	AECO Gas (CAD/Mcf)
2014	—	—	—
2015	64.17	67.89	3.38
2016	76.67	83.52	3.83
2017	83.33	90.96	4.06
2018–2021	87.08–96.59	95.26–106.16	4.41–5.18
2022–2025	98.36–103.88	108.10–114.17	5.36–5.80
Thereafter	+1.8%/year	+1.8%/year	+1.8%/year

³ Gross reserves being the Target Company's working interest (operated and non-operated) share before deduction of royalties and without including any royalty interests of the Target Company.

⁴ A barrel of oil equivalent conversion ratio 6 Mcf:1 Bbl has been utilized and is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Financial information of the Target Company

Set out below is certain financial information of the Target Company extracted from the audited financial statements of the Target Company for the years ended December 31, 2013 and 2014, the unaudited financial statements of the Target Company for the six months ended June 30, 2015 prepared in accordance with IFRS and the related management's discussion and analysis of the financial results, all of which are published on the website of the Target Company.

Statement of Earnings (Loss)

<i>(C\$'000)</i>	For the six months ended June 30, 2015	For the year ended December 31, 2014	For the year ended December 31, 2013
INCOME			
Petroleum and natural gas revenue	174,760	610,896	475,562
Royalties	<u>(12,721)</u>	<u>(70,276)</u>	<u>(55,133)</u>
	162,039	540,620	420,429
Gain (loss) on financial derivatives			
— realized	42,277	(7,963)	(2,689)
— unrealized	<u>(35,062)</u>	<u>83,538</u>	<u>(11,735)</u>
	169,254	616,195	406,005
EXPENSES			
Operating	77,391	153,730	126,637
Transportation	10,205	21,993	20,520
General and administration	14,335	38,193	25,349
Share-based compensation	1,773	2,262	4,379
Interest	16,499	26,027	14,790
Accretion	5,340	10,508	6,110
Depletion and depreciation	118,687	234,829	170,696
Exploration	4	858	247
Loss (gain) on disposal of assets	4,739	(20,610)	(11,161)
Impairments	<u>—</u>	<u>400,000</u>	<u>13,000</u>
	248,973	867,790	370,567
EARNINGS (LOSS) BEFORE TAX	(79,719)	(251,595)	35,438
Capital and other taxes	—	—	88
Deferred income tax expense (recovery)	(6,765)	(61,200)	11,085
NET EARNINGS (LOSS)	(72,954)	(190,395)	24,265

Operating Netback & Funds Flow from Operations

	For the six months ended June 30, 2015		For the year ended December 31, 2014		For the year ended December 31, 2013	
	C\$'000	C\$/boe	C\$'000	C\$/boe	C\$'000	C\$/boe
Revenues	174,760	27.57	610,896	53.70	475,562	51.92
Royalties	<u>(12,721)</u>	<u>(2.01)</u>	<u>(70,276)</u>	<u>(6.18)</u>	<u>(55,133)</u>	<u>(6.02)</u>
	162,039	25.56	540,620	47.52	420,429	45.90
Realized gain/(loss) on derivatives	42,277	6.67	(7,963)	(0.70)	(2,689)	(0.29)
Transportation costs	(10,205)	(1.61)	(21,993)	(1.93)	(20,520)	(2.24)
Operating costs	<u>(77,391)</u>	<u>(12.21)</u>	<u>(153,730)</u>	<u>(13.51)</u>	<u>(126,637)</u>	<u>(13.83)</u>
Operating netback	116,720	18.41	356,934	31.38	270,583	29.54
General and administrative	(14,335)	(2.26)	(38,193)	(3.36)	(25,349)	(2.77)
Interest	(16,499)	(2.60)	(26,027)	(2.29)	(14,790)	(1.61)
Exploration expenses	(4)	—	(858)	(0.08)	(247)	(0.03)
Capital and other taxes	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(88)</u>	<u>(0.01)</u>
Funds flow from operations	<u>85,882</u>	<u>13.55</u>	<u>291,856</u>	<u>25.65</u>	<u>230,109</u>	<u>25.12</u>

	As at June 30, 2015 C\$'000	As at December 31, 2014 C\$'000	As at December 31, 2013 C\$'000
Net asset value attributable to shareholders of the Target Company (Shareholders' equity)	641,927	715,775	616,977

Senior management of the Target Company

Based on the information provided by the Target Company, key members of the management team of the Target Company and their biographies are as follows:

Mr. William E. Andrew — Chair and Chief Executive Officer

Mr. Andrew is a professional engineer with over 35 years of experience in oil and gas exploration and development focused in western Canada. Prior to joining Guide Exploration Ltd. (predecessor to the Target Company) in mid-2011 he was chief executive officer of Penn West Petroleum Limited. Mr. Andrew has a bachelor of engineering degree from the Technical University of Nova Scotia with a major in mining.

Mr. Dale A. Miller — President & Chief Operating Officer and Director

Mr. Miller has 30 years of oil and natural gas industry experience. He most recently acted as the president of Guide Exploration Ltd. (predecessor to the Target Company), and prior to that, vice-president and chief operating officer of an intermediate oil and gas company, Pace Oil and Gas Ltd.. Mr. Miller received a degree in petroleum engineering from the University of Tulsa.

Ms. Corine Bushfield — Senior Vice President & Chief Financial Officer

Ms. Bushfield is a chartered accountant with 20 years' experience in the oil and natural gas industry. Prior to joining the Target Company in March 2013, Ms. Bushfield worked for Encana Corporation in positions of increasing responsibility, most recently as vice president and assistant controller. Ms. Bushfield holds a bachelor of commerce degree from the University of Calgary and a designation as a chartered accountant from the Institute of Chartered Accountants of Alberta.

Mr. Dale Orton — Senior Vice President, Development

Mr. Orton is a professional engineer with 20 years of exploitation, production, operations, business development and acquisition experience. Prior to his employment with the Corporation, he held positions of increasing responsibility with Flowing Energy Corporation, KeyWest Energy Corporation, Velvet Exploration Ltd. and Renaissance Energy Ltd. Mr. Orton holds a bachelor of engineering degree from the University of Victoria and is a registered professional engineer in Alberta and in Saskatchewan.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As part of its strategy of creating value for its shareholders and investors, the Group constantly evaluates investment opportunities globally and is particularly drawn by Canada's vast oil and natural gas resources and an established energy sector. The volatility in recent global commodity prices has led the Group to critically evaluate different opportunities in upgrading its asset portfolio and diversifying risks. The Target Company possesses significant acreage (~40% undeveloped), an established and proven management team and has tremendous potential for growth. Furthermore, the Target Company's prolific assets have been able to generate positive EBITDA/netback under current oil and gas prices and the Target Company believes it will be able to self-finance its future capital expenditure via its own cashflows and financing capabilities. The Acquisition will also allow the Group to widen its global footprint and develop a more balanced oil and gas business portfolio, expand its operational capabilities and elevate its profile and image as an international energy company. Upon Completion and consolidation of the Target Company as subsidiary of the Company, the Acquisition will significantly enhance the Group's proved and probable reserves (on a barrel of oil equivalent basis) by more than 75% while the production guidance of the Group for the year 2015 will be enhanced by more than three times.

Based on the Consideration in the aggregate amount of C\$201.5 million (equivalent to approximately HK\$1.2 billion), the Acquisition represents multiples of C\$6.80 (EV⁵/2P), C\$33,672 (EV/Production) and 4.4x (EV/EBITDA⁶).

The Directors (including the independent non-executive Directors) are of the view that the terms of the Investment Agreement are fair and reasonable and the Acquisition is in the interest of the Company and the Shareholders as a whole.

⁵ EV (C\$1,160mm) is calculated as the sum of current diluted equity value (C\$258mm), Consideration (C\$201.5mm), drawn syndicated loan (C\$626mm) and outstanding convertible bonds (C\$75mm)

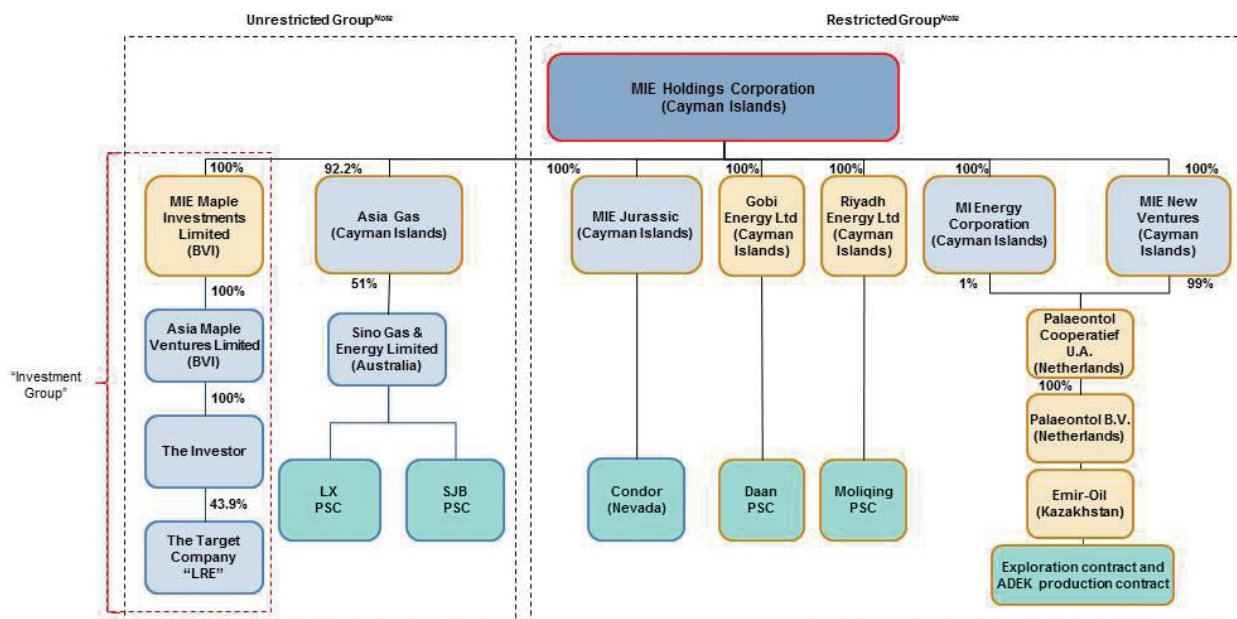
⁶ EBITDA (C\$267mm) is calculated as the sum of the Target Company's 2H2014 and 1H2015 EBITDA

INFORMATION ON THE GROUP

The Group is an independent oil and gas group engaged in the exploration and production of oil and gas in China, Kazakhstan and USA. The Group operates the Daan, and Moliqing oilfields in the Songliao under various separate production sharing contracts with PetroChina, the largest oil company in China; the Group holds a 51% stake in Sino Gas & Energy Limited that operates Linxing and Sanjiaobei unconventional gas assets located in the Ordos Basin under two separate production sharing contracts. The Group also holds an exploration contract and four production contracts that allow the Group to conduct exploration and production activities in the Mangistau province in the southwestern region of Kazakhstan. In addition, the Group pursues other oil and gas exploration, development and production opportunities internationally, both independently and in partnership with other major and independent oil companies.

INFORMATION ON THE INVESTOR

The Investor was incorporated in Hong Kong with limited liability. It is an investment holding company and is indirectly wholly-owned by the Company as at the date of this announcement. The following structure chart shows the shareholding structure of the Investor and the major subsidiaries and assets of the Group immediately upon Completion:



Note: “Unrestricted Group” and “Restricted Group” are as defined under the Company’s US\$200 million 6.875% Senior Notes due 2018 and US\$500 million 7.500% Senior Notes due 2019.

IMPLICATIONS UNDER THE LISTING RULES

Investment Agreement

As one or more of the Relevant Ratios in respect of the Acquisition is more than 25% but all of them are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and no Shareholder is therefore required to abstain from voting on the relevant resolution(s) if the Company were to convene a general meeting to approve the Acquisition. The Company has obtained the written approval of the Acquisition by Champion International Energy Limited, New Sun International Energy Limited, Orient International Energy Limited and Power International Energy Limited, which directly holds 399,070,000 Shares, 475,000,000 Shares, 399,070,000 Shares and 141,460,000 Shares, respectively, as at the date of this announcement, representing approximately 15.31%, 18.22%, 15.31% and 5.43% of the total number of Shares in issue, respectively. Each of them is a wholly-owned subsidiary of Far East Energy Limited, the ultimate holding company of the Company. Accordingly, the Company is not required to convene a general meeting to approve the Acquisition pursuant to Rule 14.44 of the Listing Rules.

GENERAL

The Circular containing, among other things, further details of the Acquisition, financial and other information on the Target Company and the Enlarged Group, will be despatched to the Shareholders for their information. Pursuant to Rule 14.41(a) of the Listing Rules, the Circular is required to be despatched to the Shareholders within 15 business days after publication of this announcement, that is, on or before August 26, 2015. In order to allow sufficient time to prepare the financial information and information on the oil and gas reserve of the Target Company for inclusion in the Circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules. Subject to the granting of such waiver by the Stock Exchange, the Circular is expected to be despatched to the Shareholders on or before October 31, 2015. Further announcement(s) will be made by the Company as and when appropriate.

Completion of the Acquisition is subject to the Conditions, which may or may not be fulfilled. The Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the Shares and other securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on August 3, 2015 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on August 5, 2015.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the proposed acquisition of the Sale Interests by the Investor from the Target Company pursuant to the Investment Agreement
“Board”	the board of Directors
“C\$”	Canadian Dollars, the lawful currency of Canada
“Circular”	the circular to be issued by the Company for the information of the Shareholders in accordance with the Listing Rules in respect of, among other things, the Acquisition and the Investment Agreement
“Company”	MIE Holdings Corporation (stock code: 1555), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the terms of the Investment Agreement
“Completion Date”	the date on which Completion takes place pursuant to the terms of the Investment Agreement
“Conditions”	the conditions to Completion under the Investment Agreement, being the Mutual Conditions, the Investor Conditions and the Target Company Conditions
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	C\$201.5 million (equivalent to approximately HK\$1.2 billion), being the aggregate amount of consideration payable for the Sale Interests under the Investment Agreement
“Director(s)”	the director(s) of the Company
“EBITDA”	earnings before interest, taxes, exploration expenses, and all non-cash items including depletion and depreciation, unrealized gain/loss on derivatives, gain/loss on sale of assets, accretion and share based compensation
“Enlarged Group”	the Group and the Target Company
“EV”	enterprise value

“Governance Agreement”	the governance agreement to be entered into between the Target Company, the Investor and the Company at Completion
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFRS”	the International Financial Reporting Standards
“Investment Agreement”	the investment agreement dated August 2, 2015 and entered into between the Target Company, the Investor and the Company in relation to the Acquisition
“Investor”	Maple Marathon Investments Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as at the date of this announcement
“Investor Conditions”	the conditions to which the obligation of the Investor to consummate the transactions contemplated under the Investment Agreement are subject, as set out in the section headed “Investment Agreement — Conditions to Completion — Investor Conditions” in this announcement
“Investor Financing”	sufficient financing on terms and conditions satisfactory to the Investor, for funding of the payment of the Consideration
“Investor Shareholder(s)”	the Company and any other person approved by the Target Company (in the circumstances required by the Investment Agreement) whom: <ul style="list-style-type: none"> (i) beneficially owns, or prior to the Completion Date will beneficially own, directly or indirectly, at least 20% of the issued and outstanding equity interests in the capital of the Investor; and (ii) has any of its equity securities listed on the Stock Exchange or another recognised stock exchange
“Investor Termination Fee”	the termination fee payable by the Investor to the Target Company under the Investment Agreement in the circumstances set out in the section headed “Investment Agreement — Termination — Investor Termination Fee” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mutual Conditions”	the conditions to which the respective obligations of the parties to the Investment Agreement to consummate the transactions contemplated under the Investment Agreement are subject, as set out in the section headed “Investment Agreement — Conditions to Completion — Mutual Conditions”
“NPV”	net present value of future net revenue
“Outside Date”	November 30, 2015, or such later date as the Target Company and the Investor may agree in writing
“Relevant Ratios”	the five ratios set out in Rule 14.07 of the Listing Rules
“Sale Interests”	155,000,000 units to be issued by the Target Company to the Investor pursuant to the Investment Agreement, with each unit consisting of (i) one Target Company Share, (ii) one-fifth of an 18-Month Warrant and (iii) one-fifth of a 24-Month Warrant
“Share(s)”	ordinary share(s) of US\$0.001 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Sproule Report”	the reserve report on the oil and gas reserves of the Target Company as at December 31, 2014 prepared by Sproule Associates Limited dated March 4, 2015
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Long Run Exploration Ltd., a company governed by the Business Corporations Act (Alberta), whose common shares are listed on the TSX under the ticker “LRE”
“Target Company Board”	the board of directors of the Target Company
“Target Company Conditions”	the conditions to which the obligation of the Target Company to consummate the transactions contemplated under the Investment Agreement are subject, as set out in the section headed “Investment Agreement — Conditions to Completion — Target Company Conditions” in this announcement
“Target Company Share(s)”	the common share(s) in the capital of the Target Company

“Target Company Termination Fee”	the termination fee payable by the Target Company to the Investor under the Investment Agreement in the circumstances set out in the section headed “Investment Agreement — Termination — Target Company Termination Fee” in this announcement
“Termination Events”	the circumstances under which the Investment Agreement may be terminated pursuant to the terms of the Investment Agreement, as set out in the section headed “Investment Agreement — Termination — Termination Events” in this announcement and each a “Termination Event”
“TSX”	Toronto Stock Exchange
“US\$”	United State dollars, the lawful currency of the United States of America
“18-Month Warrants”	the 31,000,000 warrants to be issued by the Target Company pursuant to the Investment Agreement entitling the holder thereof to purchase an aggregate of 31,000,000 Target Company Shares during an exercise period of 18 months from the Completion Date
“18-Month Warrants Shares”	the 31,000,000 Target Company Shares issuable upon exercise of the 18-Month Warrants
“24-Month Warrants”	the 31,00,000 warrants to be issued by the Target Company pursuant to the Investment Agreement entitling the holder thereof to purchase an aggregate of 31,000,000 Target Company Shares during an exercise period of 24 months from the Completion Date
“24-Month Warrants Shares”	the 31,000,000 Target Company Shares issuable upon exercise of the 24-Month Warrants
“%”	per cent.

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

Hong Kong, August 5, 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.

Unless the context requires otherwise, amounts denominated in C\$ have been converted into HK\$ at an exchange rate of C\$1:HK\$5.92159, for the purpose of illustration only. No representation is made that any amount in HK\$ or C\$ could have been or could be converted at the relevant dates at the above rate or at any other rates at all.