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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 NINE MONTH 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 operation update for the first nine months of 2015 (“Current Period” or “9M2015”) to its shareholders and potential investors.

SUMMARY

As compared to the same period in 2014, the Group’s 9M2015 average daily operated and net oil and gas production decreased by 22.9% and 31.7% 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 can be found in the table at the end of this announcement.

	9M2015	9M2014	% Change	2015 Guidance
Average Daily Operated Production (barrels of oil equivalent/day)	21,492	27,892	(22.9%)	
Average Daily Net Production (barrels of oil equivalent/day)	11,531	16,884	(31.7%)	
Average Daily Net Oil Production (barrels/day)	10,222	15,888	(35.7%)	9,800–11,100
Average Daily Net Gas production (Mcf/day)	7,856	5,977	31.4%	9,600–10,100
Average realized oil price (USD/barrel)	48.47	94.34	(48.6%)	
Average realized gas price (USD/Mcf)	1.10	1.47	(25.4%)	
Total Wells Drilled	17	186	(90.9%)	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) 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

Oil Projects (Jilin Province: Daan, Moliqing)

During the Current Period, total gross operated production for our two China oil projects, Daan and Moliqing, decreased by 23.6% to 16,513 BOPD, as compared to the same period in 2014 (excluding the production of Kongnan and Miao 3 in 9M2014). Total net production allocated to the Group decreased by 35.7% to 6,853 BOPD (excluding the production of Kongnan and Miao 3 in 9M2014). The total net production of 6,853 BOPD is within the 2015 annual guidance range of 6,700–7,000 BOPD previously provided. Consistent with our 2015 operational plan and our annual guidance, no wells were drilled for the China oil projects in 9M2015.

The average realized oil price (i.e. Daqing oil price FOB at Dalian port) for our China oil projects decreased by 52.1% to US\$49.53/bbl in 9M2015 from US\$103.45/bbl in 9M2014.

Gas Projects (Shanxi Province: Linxing and Sanjiaobei)

The total gross operated gas production for the Sino Gas and Energy Limited (“SGE”) project was 3,565 MSCF/day (or 100 thousand cubic meters/day) during 9M2015. The second central gathering station (“CGS”) for SGE, Linxing CGS, was put into operation in October 2015. Linxing CGS has gas gathering capacity of 17,650 MSCF/day (or 500 thousand cubic meters/day), and together with Sanjiaobei CGS which has capacity of 7,060 MSCF/day (or 200 thousand cubic meters/day), total gas gathering capacity for SGE has increased to 24,700 MSCF/day (or 700 thousand cubic meters/day). Currently, eight wells have been connected to the Linxing CGS, including the first horizontal well TB-1H, and we expect more wells to be connected in the near future. Of the eight wells connected, 6 wells are in production with daily production of approximately 7,000 MSCF/day (or 200 thousand cubic meters/day). The added gathering capacity from the Linxing CGS and the many new wells coming into production will allow the SGE project to significantly increase production over the coming months.

During the Current Period, SGE completed 14 wells. As of 22 October 2015, the number of completed wells has increased to 17, including 3 exploration wells, 12 pilot test wells and 2 horizontal wells, TB-3H and TB-4H, both of which are located in the Linxing West Block. TB-3H has lateral section of 1,051 meters and logs have indicated excellent development potential, while TB-4H has lateral section of 1,184 meters and is adjacent to TB-3H. Currently, SGE is also preparing to drill a new horizontal well TB-5H also located nearby TB-3H. These horizontal wells are expected to begin production in the first half of 2016, greatly boosting the sales potential of Linxing CGS.

As of 22 October 2015, SGE has completed the testing of 23 wells, with average test production rate of 762.8 MSCF/day (or 21,600 cubic meters/day) and a maximum test production rate of 1,914 MSCF/day (or 54,200 cubic meters/day). In particular, 4 wells saw very positive results, achieving production between 1,010 MSCF/day (or 28,600 cubic meters/day) and 1,914 MSCF/day (or 54,200 cubic meters/day) without fracturing. Three wells in the promising TB-26 area to the north of the new Linxing CGS had test rates ranging from 1,010 MSCF/day to 1,872 MSCF/day (or 28,600 to 53,000 cubic meters/day). The maximum test production rate of 1,914 MSCF/day (or 54,200 cubic meters/day) was recorded at the SJB23-D1 well in the northwest part of the Sanjiaobei block, just to the west of the Sanjiaobei CGS.

KAZAKHSTAN OPERATIONS (EMIR-OIL)

The average daily oil production for Emir-Oil decreased by 35.6% from 5,135 BOPD in 9M2014 to 3,308 BOPD in 9M2015, 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\$46.24/barrel in 9M2015. The average realized export price (after deducting export sales and marketing commission of US\$6.17/barrel) was US\$50.96/barrel, and the average domestic price was US\$12.06/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.

The average gas production of Emir-oil was 5,954 MSCF/day during Current Period, representing an increase of 3.5% compared to 5,754 MSCF/day for the same period of 2014. Average realized gas price was US\$1.03/MSCF for 9M2015, a decrease of 19.2% compared to US\$1.28/MSCF for 9M2014.

As of September 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 are awaiting to be put into production. In 9M2015, no new wells were spudded by Emir-Oil. North Kariman-1, the second exploration well drilled in the North Kariman block commenced testing at the end of September 2015, and during the first 82 hours, it produced about 830 cubic meters of oil, which corresponds to a rate of 1,520 BOPD, representing another high production well, following right after the successful North Kariman-2 well. The success at North Kariman-1 and North Kariman-2 further enhances the reserve base for Emir-Oil, and more importantly, it also makes the integration of the North Kariman block into the Kariman Production License more realistic and likely. 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. Emir-Oil has received the approval for testing of the Aidai-1 well at the end of September 2015 and it is now in testing.

USA OPERATIONS (CONDOR)

There were no drilling activities during 9M2015 in the US. The Group's subsidiary, Condor Energy Technology LLC, operates 5 horizontal wells in the Niobrara project. For 9M2015, the average daily net oil and gas production was 60 BOPD and 118 MSCF/day, respectively, and average realized oil and gas price was US\$42.71/barrel and US\$2.95/MSCF, respectively.

OTHER UPDATES

On October 28, 2015 the Company completed a top-up equity placement, pursuant to which 6 independent investors subscribed 276,300,000 shares at HK\$0.90 per Share, representing approximately 9.58% of enlarged share capital of the Company. Aggregate gross and net proceeds from the subscription were HK\$248,670,000 and approximately HK\$245,000,000 (equivalent to approximately US\$32 million) respectively.

In addition, in October 2015, the Company has utilized approximately RMB42 mm from its China Construction Bank facility ("CCB Facility") as general working capital. The total credit line granted by CCB is RMB540 million. The Company is currently working with CCB in respect of the renewal of the outstanding CCB Facility before its expiry by end of this year.

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 9M2015 and 9M2014

Items	9M2015	9M2014	Increased/ (decreased)	Increased/ (decreased) %	2015 Guidance
1. Crude Oil: Production & Realized Price					
1.1. Average daily operated production (barrels/day)	19,881	26,884	(7,002)	(26.0%)	
China oilfields (Daan/Moliqing/Miao 3/Kongnan) ¹	16,513	21,614	(5,102)	(23.6%)	
Kazakhstan (Emir-Oil)	3,308	5,135	(1,827)	(35.6%)	
US (Condor)	60	134	(74)	(54.9%)	
1.2. Average daily net production (barrels/day)	10,222	15,888	(5,666)	(35.7%)	9,800–11,100
China oilfields (Daan/Moliqing/Miao 3/Kongnan)	6,853	10,657	(3,804)	(35.7%)	6,700–7,000
Kazakhstan (Emir-Oil)	3,308	5,135	(1,827)	(35.6%)	3,000–4,000
US (Condor)	60	95	(35)	(36.4%)	100
1.3. Average realized price (US\$/bbl)	48.47	94.34	(45.87)	(48.6%)	
China oilfields (Daan/Moliqing/Miao 3/Kongnan) ¹	49.53	103.45	(53.92)	(52.1%)	
Kazakhstan (Emir-Oil)	46.24	75.54	(29.30)	(38.8%)	
US (Condor)	42.71	87.96	(45.34)	(51.5%)	
2. Natural Gas: Production & Realized Price					
2.1. Average daily operated production (MSCF/day)	9,666	6,049	3,617	59.8%	
China, Shanxi (Linxiing/Sanjaobei)	3,565	—	3,565	—	
Kazakhstan (Emir-Oil)	5,954	5,754	200	3.5%	
US (Condor)	147	295	(148)	(50.3%)	
2.2. Average daily net production (MSCF/day)	7,856	5,977	1,879	31.4%	9,600–10,100
China, Shanxi (Linxiing/Sanjaobei)	1,784	—	1,784	—	4,500–5,000
Kazakhstan (Emir-Oil)	5,954	5,754	200	3.5%	5,000
US (Condor)	118	223	(105)	(47.0%)	100
2.3. Average realized price (US\$/MSCF)	1.10	1.47	(0.37)	(25.4%)	
China, Shanxi (Linxiing/Sanjaobei)	—	—	—	—	
Kazakhstan (Emir-Oil)	1.03	1.28	(0.25)	(19.2%)	
US (Condor)	2.95	6.76	(3.81)	(56.4%)	

Items	9M2015	9M2014	Increased/ (decreased)	Increased/ (decreased) %	2015 Guidance
3. Total wells drilled	17	186	(169)	(90.9%)	32
China oilfields (Daan/Moliqing/ Miao 3/Kongnan) ¹	—	150	(150)	(100.0%)	—
China, Shanxi (Linxing/ Sanjiaobei)	14	32	(18)	(56.3%)	29
Kazakhstan (Emir-Oil)	3	4	(1)	(25.0%)	3
US (Condor)	—	—	—	—	—

¹ 9M2014 totals include Kongnan and Miao 3, two China oil assets divested in 4Q2014.

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

Hong Kong, 30 October, 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.