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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 FULL YEAR 2013 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 full year 2013 (“FY2013” or “Current Period”) operations update to its shareholders and potential investors.

SUMMARY

During the Current Period, the Group has smoothly achieved the production target established at the beginning of the year, with both oil & gas gross (or operated) production and net production increased compared to FY2012. It is also worth underscoring that the average daily oil production of Emir-Oil in Kazakhstan for FY2013 has reached 4,320 barrels per day (“BOPD”), which is in line with the upper limit of our FY2013 guidance of 3,800–4,400 BOPD; in addition, our Sino Gas project (“SGE”) in Shanxi Province, China has realized gas sales before year end 2013. We are pleased to see the new development trend of these two core assets, indicating our business has been successfully expanding.

The following table provides an overview of the Company's key operational metrics for FY2013. Additional details about the Company's operating results by area are provided in the table at the end of this announcement.

	FY2013	FY2012	% Change	FY2013 Guidance
Average Daily Operated Production (barrels of oil equivalent/day)	27,206	24,093	12.9%	
Average Daily Net Production (barrels of oil equivalent/day)	15,554	15,043	3.4%	
Average Daily Net Oil Production (barrels/day)	14,673	14,297	2.6%	14,300~15,400
Average Daily Net Gas production (Mscf/day)	5,287	4,477	18.1%	4,300~5,100
Average realized oil price (USD/barrel)	97.08	108.10	(10.2%)	
Average realized gas price (USD/Mscf)	1.44	1.17	14.4%	
Total Wells Drilled	145	454	(68.1%)	148

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 Company (excludes production from non-operated Eagle Ford asset held by White Hawk);
- (3) Net production includes entitlement from all assets operated by the Company (excludes the entitlement from non-operated Eagle Ford asset held by White Hawk).

CHINA OPERATIONS

Jilin Province (Daan, Moliqing and Miao 3)

During the Current Period, a total of 97 wells (including 4 horizontal wells) were drilled (and completed) in the Daan, Moliqing and Miao 3 oilfields, which is significantly reduced compared with 431 wells drilled in FY2012. Gross oil production was decreased slightly by 1.9% to 20,142 BOPD, compared to FY2012. The net production attributed to the Group decreased by 19.6% to 9,234 BOPD compared to FY2012, as a result of our strategic scale back in capital expenditures. Overall, total net crude oil production from Jilin operation amounts to 3.37 million barrels for FY2013, representing 96.7% of the mid-point of our FY2013 full-year guidance.

It is important to emphasize that the gross (operated) production from the Daan, Moliqing and Miao 3 oilfields only decreased slightly by less than 2% at the back of the strategic reduction in drilling activities for FY2013. The net production decrease for FY2013 is related to the sharing mechanism of production sharing contract ("PSC"). Pursuant to the

Daan, Moliqing and Miao 3 PSCs, the “cost recovery oil” is allocated 80:20 between foreign contractor and Chinese contractor, whilst the “profit oil” (after costs are fully recovered) is allocated 48:52. Accordingly in simple terms, the more capital expenditure a foreign contractor invests, the more cost recovery oil but less profit oil foreign contractor shall receive during the period. Note that it is “profit oil” that represents the project’s net free cash flow available to the foreign contractor. Hence, the Group strategically scaled back capital expenditures in Jilin oilfields in order to allocate free cashflow to our Emir-Oil and SGE projects for FY2013, and as a result, cost recovery oil from Jilin oilfields was lowered to about US\$89.88 million (2012: US\$261 million). Such decrease in cost recovery oil was partially offset by the increase in profit oil to approximately US\$219 million (2012: US\$152 million), translating into stronger free cash flow and EBITDA.

For FY2013, the average realized oil price (i.e. Daqing oil price FOB at Dalian port) for our Northeast China projects decreased by about US\$9.26/barrel to US\$104.25/barrel, compared to 2012.

Shanxi Province (Linxing and Sanjiaobei)

In late December 2013, the first truck of compressed natural gas (“CNG”) from the Linxing PSC was successfully transported to its offtaker via road, marking an important step towards large scale pilot production of our SGE project. Whilst pipeline natural gas sales (rather than CNG) represents the major sales mode/source for both Linxing and Sanjiaobei PSC, the installation of pipelines and other related infrastructure for the Linxing PSC is currently underway, setting the stage to commence larger scale of pilot production and gas sales later in FY2014.

Meanwhile, significant progress was achieved in FY2013 regarding the China Reserve Report (“CRR”). In November, 2013, the CRR in respect of Linxing East block passed the review of the relevant authority, and the final report was submitted for its approval. The CRRs for the Linxing West block and the Sanjiaobei block will be finished in FY2014 and submitted for approval.

For FY2013, total of 31 wells (30 vertical wells and 1 horizontal well) were drilled and completed in the Linxing and Sanjiaobei projects, and to date or as of 2013 year-end, a cumulative total of 58 wells have been drilled in this area. Since July 2012 when the Company became a shareholder of SGE, a total of 43 wells have been drilled and completed in Linxing and Sanjiaobei projects, and prior to that, 15 wells were drilled.

Tianjin City (Kongnan)

During the Current Period, 5 wells were drilled in the Kongnan project, and the average daily gross (operated) production and the average net production attributed to the Group were 1,623 BOPD and 974 BOPD respectively. The total net oil production amounts to about 0.35 million barrels, representing 108.2% of the mid-point of our 2013 full-year guidance.

In 2013, the average realized CINTA oil price was US\$105.32/barrel for the Kongnan project, and we are pleased with the stable cash flow and economic benefit of this project which we acquired in December 2012 for total consideration of US\$40 million.

KAZAKHSTAN OPERATIONS (EMIR-OIL)

During the Current Period, Emir-Oil's average daily oil production was 4,320 BOPD, which is an increase of 55.0% compared to 2,787 BOPD in 2012. Total oil production is about 1.58 million barrels, representing 105.4% of the mid-point of our 2013 full-year guidance. The rapid production growth further improves the profitability of Emir-Oil.

A particular production highlight for Emir-Oil and the Group was our first horizontal well in Kazakhstan, Kariman-113 ("K-113"), which showed a strong performance after being put into production since late August. The well's average daily production in 2013 was 1,336 BOPD, whilst the flowing pressure of the well still remained high. With a lateral length of 580m and oil flow without acid stimulation, producing at 1,500 to 1,830 BOPD, K-113's early production is about 3 to 6 times the early production from a typical vertical well in the Kariman block, indicating the tremendous potential and outstanding economic return from such technology know-how.

The overall average realized oil price for Emir-Oil was US\$79.66/barrel for FY2013. The average realized export oil price (after deducting export sales discount of US\$20.76/barrel) and domestic oil price were US\$87.84/barrel and US\$41.57/barrel respectively, compared to US\$90.10/barrel (export) and US\$50.65/barrel (domestic) realized for 2012.

For FY2013, the average gas production was 4,966 Mcf/day, an increase of 11.9% compared to 4,439Mcf/day in 2012. The average realized gas price was US\$1.34/Mcf, an increase of 14.4% compared to US\$1.17/Mcf in FY2012.

For FY2013, total of 10 new wells (8 development wells and 2 appraisal wells) were drilled in Emir-Oil, as of 2013 year-end, a total of 39 wells have been drilled in the Emir-Oil project.

Emir-Oil has made a significant step towards the construction of its new oil and gas processing station ("New Central Station"). In January 2014, the bidding with respect to the skid-mounted oil and gas processing equipment was finished. The bidding for the construction engineering shall commence immediately after the preliminary design report for the New Central Station project being approved by the Kazakhstan government. The construction of the project is expected to commence around 2nd quarter 2014. The New Central Station is scheduled for completion in 4Q 2014 to 1Q 2015, with capacity to process over 12,000 BOPD and 21 MMCFGPD, which is about double the oil processing capacity of the present facility (6,458 BOPD) and about 4 times the gas processing capacity of the present facility (5 MMCFGPD). The New Central Station and associated pipelines will help to "de-bottleneck" oil and gas production for Emir-Oil and allow production from eight wells which are currently shut-in due to the capacity limitations of the present processing facility. We expect oil production to ramp up quickly after completion of the New Central Station.

USA OPERATIONS (CONDOR AND WHITE HAWK)

In December, 2013, the Company successfully divested its entire 50% interests in White Hawk Petroleum LLC (“White Hawk”), which has 7.94% working interest in Texas Eagle Ford asset for total consideration of US\$2.60 million. The Group continues to operate the Niobrara shale oil project (with associated shale gas) in Colorado, which is held through our 80% owned subsidiary, Condor Energy Technology LLC (“Condor”).

For FY2013, total of 2 horizontal wells were drilled in Niobrara project and the total number of completed wells was increased to 5 as of year-end 2013. As we have successfully attained valuable experience in drilling and completing these 5 horizontal wells, our drilling costs are consistently being reduced and the return on investment has improved correspondingly. Moreover, such horizontal drilling technology is expected to be further enhanced throughout the Group’s other assets the Group’s other assets as exemplified by K-113 of Emir-Oil.

For FY2013, the Condor’s average daily net oil and gas production was 145 BOPD and 321Mcf/day respectively, and average realized oil and gas price was US\$91.49/barrel and US\$6.02/Mcf respectively. From 4Q2013, this project has achieved stable sales income and positive operating cash flow.

Oil Hedging

In order to protect against oil price downside risks, in November 2013, the Company entered into four oil hedging transactions with three banks in respect of the Group’s FY2014 production. Key terms of these transactions are provided in the table below.

Counter party	Monthly notional quantity (barrels)	Annual notional quantity (barrels)	Company bought put option at strike price (Brent oil price/barrel)	Company sold put option at strike price (Brent oil price/barrel)	Unit premium (US\$/barrel)	Total premium (US\$)
HSBC	80,000	960,000	79.80	90.00	1.00	960,000
Deutsche Bank AG	20,000	240,000	70.00	85.00	1.00	240,000
Deutsche Bank AG	60,000	720,000	70.00	85.00	0.99	712,800
JP Morgan	50,000	600,000	70.00	85.00	0.95	570,000
Total	210,000	2,520,000			0.99	2,482,800

The total premium of about US\$2.48 million representing the maximum exposure of potential expenses/losses for the Group, will be payable on a quarterly basis beginning in April 2014.

GENERAL MATTERS

Shareholders and potential investors of the shares 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 audit adjustments and inconsistent with the final results. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

Appendix: Operation data comparison between year 2013 and 2012

Items	FY2013	FY2012	Increased/ (decreased)	Increased/ (decreased) %	FY2013 Guidance
1. Crude Oil: Production & Realized Price					
1.1 Average daily operated production (barrels)	26,298	23,345	2,953	12.7%	
China, Jilin (Daan/Moliqing/Miao 3)	20,142	20,529	(387)	(1.9%)	
China, Tianjin (Kongnan)	1,623				
Kazakhstan (Emir-Oil)	4,320	2,787	1,533	55.0%	
US (Condor)	213	29	184	640.1%	
1.2 Average daily net production (barrels)	14,673	14,297	376	2.6%	14,300~15,400
China, Jilin (Daan/Moliqing/Miao 3)	9,234	11,487	(2,253)	(19.6%)	9,300~9,800
China, Tianjin (Kongnan)	974				900
Kazakhstan (Emir-Oil)	4,320	2,787	1,533	55.0%	3,800~4,400
US (Condor)	145	23	122	530.2%	300
1.3 Average realized price (US\$/bbl)	97.08	108.10	(11.02)	(10.2%)	
China, Jilin (Daan/Moliqing/Miao 3)	104.25	113.51	(9.26)	(8.2%)	
China, Tianjin (Kongnan)	105.32				
Kazakhstan (Emir-Oil)	79.66	85.91	(6.25)	(7.3%)	
US (Condor)	91.49	84.89	6.60	7.8%	

Items	FY2013	FY2012	Increased/ (decreased)	Increased/ (decreased) %	FY2013 Guidance
2. Natural Gas: Production & Realized Price					
2.1 Average daily operated production (Mcf)	5,443	4,486	957	21.3%	
China, Shanxi (Linxing/Sanjaobei)					
Kazakhstan (Emir-Oil)	4,966	4,439	527	11.9%	
US (Condor)	477	47	430	912.4%	
2.2 Average daily net production (Mcf)	5,287	4,477	810	18.1%	4,300~5,100
China, Shanxi (Linxing/Sanjaobei)					100~300
Kazakhstan (Emir-Oil)	4,966	4,439	527	11.9%	4,200~4,800
US (Condor)	321	38	284	751.7%	
2.3 Average realized price (US\$/Mcf)	1.44	1.17	0.27	23.2%	
China, Shanxi (Linxing/Sanjaobei)					
Kazakhstan (Emir-Oil)	1.34	1.17	0.17	14.4%	
US (Condor)	6.02				
3. Total Wells Drilled	145	454	(309)	(68.1%)	148
China, Jilin (Daan/Moliqing/Miao 3)	97	431	(334)	(77.5%)	97
China, Tianjin (Kongnan)	5				6
China, Shanxi (Linxing/Sanjaobei)	31	12	19	158.3%	32
Kazakhstan (Emir-Oil)	10	8	2	25.0%	11
US (Condor)	2	3	(1)	(33.3%)	2

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

Hong Kong, 28 January 2014

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 and Mr. Tao Tak Yin Dexter; (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.