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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)

ISSUANCE OF US\$500,000,000 7.50% SENIOR NOTES DUE 2019

Reference is made to the announcement of the Company dated April 7, 2014 in relation to the proposed issuance of the Notes.

On April 15, 2014, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Bank of America Merrill Lynch, Deutsche Bank, HSBC, J.P. Morgan, Morgan Stanley and UBS in connection with the issuance of the Notes.

The Company intends to use the net proceeds of the Notes (i) to redeem in full the 2016 Notes and fund the related redemption costs, including a call premium of US\$19.5 million and (ii) the remaining balance for capital expenditures, working capital and general corporate purposes. The estimated net proceeds of the issuance of the Notes, after deduction of underwriting fees, discounts and commissions and other estimated expenses payable in connection with the issuance of the Notes, will amount to approximately US\$486 million.

As closing under the Purchase Agreement is subject to the fulfillment of a number of conditions precedent as set forth therein, the offer and issue of the Notes may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

Reference is made to the announcement of the Company dated April 7, 2014 in relation to the proposed issuance of the Notes.

The Board is pleased to announce that on April 15, 2014, the Company and the Subsidiary Guarantors (as defined below) entered into a purchase agreement with Bank of America Merrill Lynch, Deutsche Bank, HSBC, J.P. Morgan, Morgan Stanley and UBS in connection with the issuance of the US\$500,000,000 7.50% senior notes due 2019 (the “Notes”) by the Company (the “Purchase Agreement”).

THE PURCHASE AGREEMENT

Date: April 15, 2014

Parties to the Purchase Agreement

- (a) The Company as the issuer;
- (b) The Subsidiary Guarantors;
- (c) Bank of America Merrill Lynch;
- (d) Deutsche Bank;
- (e) HSBC;
- (f) J.P. Morgan;
- (g) Morgan Stanley; and
- (h) UBS.

In relation to the offer and sale of the Notes, Deutsche Bank and Bank of America Merrill Lynch are acting as the joint global coordinators and Bank of America Merrill Lynch, Deutsche Bank, HSBC, J.P. Morgan, Morgan Stanley and UBS are acting as the joint bookrunners and joint lead managers.

The Notes will only be offered (i) in the United States to qualified institutional buyers in reliance on the exemption from the registration requirements under Rule 144A of the U.S. Securities Act of 1933, as amended (the “Securities Act”), and (ii) outside the United States in compliance on Regulation S under the Securities Act. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed to any connected persons of the Company.

Principal terms of the Notes

Notes offered

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$500,000,000 which will mature on April 25, 2019, unless earlier redeemed pursuant to the terms thereof.

Offering Price

The offering price of the Notes will be 98.98% of the principal amount of the Notes.

Interest

The Notes will bear interest at a rate of 7.50% per annum, payable semi-annually in arrears on April 25 and October 25 of each year, commencing on October 25, 2014.

Ranking of the Notes

The Notes are (1) general senior obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) at least pari passu in right of payment with the (i) US\$400 million 9.75% senior notes due 2016 (the “2016 Notes”), except to the extent of the collateral securing the 2016 Notes, (ii) the US\$200 million 6.875% senior notes due 2018 (the “2018 Notes”) and (iii) with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law); (4) guaranteed by the Senior Guarantors on a senior basis, subject to certain limitations; (5) guaranteed by Senior Subordinated Subsidiary Guarantors on a senior subordinated basis, subject to certain limitations; (6) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries; and (7) effectively subordinated in right of payment to certain secured debt of the Subsidiary Guarantors permitted to be incurred under the indenture governing the Notes to the extent of such security.

Events of default

The following events are defined as events of default under the indenture governing the Notes:

- (a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (b) default in the payment of interest on any Notes when the same becomes due and payable, and such default continues for a period of 30 days;
- (c) default in the performance or breach of the provisions of certain covenants, the failure by the Company to make or consummate an offer to purchase in a prescribed manner, or the failure by the Company to create, or cause certain of its subsidiaries to create, a first priority lien on the collateral (subject to any permitted collateral liens) in accordance with a certain covenant;
- (d) the Company or certain of its subsidiaries defaults in the performance of or breaches any other covenant or agreement in the indenture governing the Notes or under the Notes and such default or breach continues for a period of 30 consecutive days after written notice of such default or breach to the Company by the trustee or the holders of 25% or more in aggregate principal amount of the Notes;
- (e) there occurs with respect to any indebtedness of the Company or certain of its subsidiaries having an outstanding principal amount of US\$10.0 million or more in the aggregate for all such indebtedness of all such persons, whether such indebtedness now exists or shall hereafter be created, (i) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its stated maturity and/or (ii) a failure to pay principal of when the same becomes due;
- (f) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such persons to exceed US\$10.0 million (or the Dollar Equivalent thereof) (in excess of amounts which the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (g) certain events of bankruptcy or insolvency described in the indenture governing the Notes with respect to the Company or any of its significant subsidiaries or certain subsidiaries; or
- (h) any Subsidiary Guarantor denies or disaffirms its obligations under its guarantee or, except as permitted by the indenture governing the Notes, any such guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an event of default (other than an event of default in the case of bankruptcy or insolvency) occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding may declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable.

Covenants

The Notes, the indenture governing the Notes and the guarantees provided by the Subsidiary Guarantors will limit the Company's ability and the ability of certain of its subsidiaries to, among other things (and subject to certain qualifications and exceptions):

- (a) incur additional indebtedness and issue preferred stock;
- (b) make investments or other restricted payments;
- (c) pay dividends or make other distributions or repurchase or redeem capital stock;
- (d) guarantee indebtedness;
- (e) enter into certain transactions with affiliates;
- (f) create liens;
- (g) enter into sale and leaseback transactions;
- (h) sell assets;
- (i) enter into agreements that restrict certain of the Company's subsidiaries' ability to pay dividends;
- (j) issue and sell capital stock of certain of the Company's subsidiaries;
- (k) effect a consolidation or merger; and
- (l) engage in different business activities.

Optional Redemption

The Notes may be redeemed in the following circumstances:

- (a) At any time on or after April 25, 2017 the Company may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to (but excluding) the redemption date, if redeemed during the 12-month period commencing on April 25 of any year set forth below:

| Period | Redemption Price |
|---------------|-------------------------|
| 2017 | 103.750% |
| 2018 | 101.875% |

- (b) At any time prior to April 25, 2017, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes, plus the applicable premium as of, and accrued and unpaid interest, if any, to (but excluding) the redemption date.
- (c) In addition, at any time prior to April 25, 2017, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 107.50% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but excluding) the redemption date, provided that at least 65% of the aggregate principal amount of the Notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

As closing under the Purchase Agreement is subject to the fulfillment of a number of conditions precedent as set forth therein, the offer and issue of the Notes may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

Proposed use of proceeds

The Company estimates that the net proceeds of the Notes, after deducting the underwriting fees, discounts and commissions and other estimated expenses payable in connection with the issuance Notes, will be approximately US\$486 million.

The Company intends to use the net proceeds of the Notes (i) to redeem in full the 2016 Notes and fund the related redemption costs, including a call premium of US\$19.5 million and (ii) the entire remainder thereafter for capital expenditures, working capital and general corporate purposes.

The above is based on the Company's current intention subject to market conditions and other factors.

Listing

Application has been made to the Singapore Exchange Securities Trading Limited and approval in-principle has been received for listing of the Notes. Admission of the Notes to the Singapore Exchange Securities Trading Limited is not to be taken as an indication of the merits of the Company, its subsidiaries or the Notes. No listing of the Notes has been sought in Hong Kong.

The Notes have been rated “B+” by Standard & Poor’s Rating Services and “B” by Fitch Ratings.

DEFINITIONS

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

| | |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “2016 Notes” | the US\$400,000,000 9.75% senior notes due 2016 issued by the Company on May 12, 2011 |
| “2018 Notes” | the US\$200,000,000 6.875% senior notes due 2018 issued by the Company on February 6, 2013 |
| “Bank of America Merrill Lynch” | Merrill Lynch International |
| “Board” | the board of Directors of the Company |
| “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 |
| “Deutsche Bank” | Deutsche Bank AG, Singapore Branch |
| “Directors” | the directors of the Company |
| “Group” | the Company and its subsidiaries |
| “HSBC” | The Hongkong and Shanghai Banking Corporation Limited |
| “Initial Purchasers” | Bank of America Merrill Lynch, Deutsche Bank, HSBC, J.P. Morgan, Morgan Stanley and UBS |
| “J.P. Morgan” | J.P. Morgan Securities plc |
| “Morgan Stanley” | Morgan Stanley & Co. International plc |
| “Non-Guarantor Subsidiaries” | Condor Energy Technology LLC and Camel Oil and Gas Technical Services (Tianjin) Limited |

| | |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Notes” | U.S. dollar denominated senior notes issued by the Company and guaranteed by some of its subsidiaries |
| “Securities Act” | the United States Securities Act of 1933, as amended |
| “Senior Guarantors” | MI Energy Corporation, MIE New Ventures Corporation, Palaeontol Coöperatief U.A., Palaeontol B.V., Emir-Oil, LLP., MIE Jurassic Energy Corporation, Asia Dynamic Energy Corporation, Pan-China Resources Limited and Miao Three Energy Limited. |
| “Senior Subordinated Subsidiary Guarantors” | Gobi Energy Limited and Riyadh Energy Limited |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subsidiary Guarantors” | MI Energy Corporation, MIE New Ventures Corporation, Palaeontol Coöperatief U.A., Palaeontol B.V., Emir-Oil, LLP., MIE Jurassic Energy Corporation, Asia Dynamic Energy Corporation, Pan-China Resources Limited, Miao Three Energy Limited, Gobi Energy Limited and Riyadh Energy Limited |
| “UBS” | UBS AG, Hong Kong Branch |
| “United States” or “U.S.” | the United States of America |

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

Hong Kong, April 16, 2014

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. Andrew Harper; (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.