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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 HALF YEAR 2014 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 2014 first half year (“Current Period” or “1H2014”) operations update to its shareholders and potential investors.

SUMMARY

During 1H2014, the Group’s average daily operated and net oil and gas production continued to grow. Due largely to the contribution of Emir-Oil in Kazakhstan, the Group’s average daily net oil and gas production increased by 15.5% and 20.7% respectively, as compared to the same period of 2013.

In addition, the Group made significant progress towards certain key operational objectives during the Current Period. In particular, the Kazakhstan government has officially approved the construction of Emir-Oil’s Central Processing Facility (“CPF”). The extension of the Emir-Oil’s ADEK exploration contract is also moving forward smoothly. The China Reserve Report (“CRR”) for the east block of the Sino Gas & Energy Ltd (“SGE”) Linxing production sharing contract (“PSC”) area, located in Shanxi province of China, has been officially approved by the relevant authorities. Moreover, significant progress has been made on the well testing program, as the first horizontal well TB-1H and another new vertical well TB-26 in the Linxing block have achieved encouraging gas test results.

The following table provides an overview of the Group's key operational metrics for 1H2014. Additional details about the Group's operating results by area are provided in the table at the end of this announcement.

	1H2014	1H2013	% Change	2014 Guidance
Average Daily Operated Production (barrels of oil equivalent/day)	28,001	26,926	4.0%	
Average Daily Net Production (barrels of oil equivalent/day)	17,583	15,183	15.8%	
Average Daily Net Oil Production (barrels/day)	16,558	14,334	15.5%	15,300–16,300
Average Daily Net Gas production (Mcf/day)	6,152	5,096	20.7%	6,400–7,400
Average realized oil price (USD/barrel)	96.02	99.18	(3.2%)	
Average realized gas price (USD/Mcf)	1.38	1.43	(3.8%)	
Total Wells Drilled	161	109	47.7%	232

Notes:

- (1) For reference purpose only, barrels of oil equivalent is calculated using the conversion factor of 6 Mscf of natural gas being equivalent to one barrel of oil
- (2) Gross production includes production from all assets operated by the Group
- (3) Net production includes entitlement from all assets operated by the Group

CHINA OPERATIONS

Oil Projects (Jilin Province: Daan, Moliqing, Miao 3; Hebei Province: Kongnan)

Whilst the average daily operated oil production decreased by 5.8% to 19,628 BOPD for our Daan, Moliqing and Miao 3 projects in Jilin province, China, the net production attributed to the Group increased by 1.7% to 9,992 BOPD. A total of 140 wells were drilled in 1H2014 for the above projects.

Average realized oil price for 1H2014 (i.e. Daqing oil price FOB at Dalian port) for our Jilin province projects (Daan, Moliqing, Miao 3) approximates US\$104.54/bbl, compared to US\$105.46/bbl in 1H2013.

For our Kongnan project, 3 wells were drilled during 1H2014, which completes the entire drilling plan for 2014. Average daily operated and net oil production for Kongnan project increased respectively by 22.2% and 27.5% to 1,911 BOPD and 1,187 BOPD, whilst average realized CINTA oil price slightly decreased by 2.0% to US\$104.78/bbl during the Current Period.

Gas Projects (Shanxi Province: Linxing and Sanjiaobei)

SGE has also made significant progress on several important operational aspects. Firstly, the CRR for Linxing East has received official approval from the Chinese authorities, whilst the preparation of CRRs for Linxing West and Sanjiaobei is also underway and expected to be submitted by the end of 2014. CRR approval represents the first critical milestone in the process of achieving commercial production in the Linxing and Sanjiaobei PSCs. Following CRR approval, the next key milestone will be the submission of the Overall Development Plan (“ODP”). SGE has already commenced preparation of the Linxing East ODP, which is expected to be finalized by the end of 1H2015 for further submission to China United Coalbed Methane Corporation Ltd and the relevant Chinese government authorities for approval.

In respect of gas well testing, the first horizontal well TB-1H and the new vertical well TB-26 in Linxing block have achieved encouraging test results. For TB-1H, flow testing has resulted in gas flow rate of 4.93 million cubic feet (approximately 140,000 cubic meters per day) per day with stable tubing head pressure of 2,008 psi (or 14MPa) during 80 hours of testing in two stages. For TB-26, gas flow rate of 1.20 million cubic feet per day with stable tubing head pressure of 1,740 psi (or 12MPa) was achieved during testing. The absolute open flow or “AOF”¹ calculated for TB-1H was AOF 14.44 million cubic feet per day (approximately 409,000 cubic meters per day), and the AOF value calculated for TB-26 was 1.69 million cubic feet per day (approximately 48,000 cubic meters per day).

On pilot gas sales front, CNG sales has been resumed from July 2014 following reconfiguration of the CNG processing facility. Preparation of pilot gas pipeline sales is currently underway and in accordance with the schedule.

KAZAKHSTAN OPERATIONS (EMIR-OIL)

The strong momentum for Emir-Oil’s production growth carried forward from 2013 into 2014, as the average daily oil production for Emir-Oil increased by 52.5% from 3,454 BOPD in 1H2013 to 5,269 BOPD in 1H2014.

Overall average realized oil price for Emir-Oil was US\$78.04/barrel for 1H2014. Average realized export oil price (after deducting export sales discount of US\$20.99/barrel) and domestic oil price were US\$88.19/barrel and US\$39.71/barrel respectively, compared to US\$85.73/barrel (export) and US\$41.98/barrel (domestic) realized for 1H2013. The reason for the drop in overall average realized oil price for Emir-Oil was due to the decrease in export:domestic sales mix from 85:15 for 1H2013 to 79:21 during the Current Period.

¹ *The absolute open flow or AOF potential of a well is the calculated rate at which the well would produce against zero back pressure. It is used as a measure of gas well performance as it quantifies the ability of a reservoir to deliver gas to the wellbore. The AOF values provided thereto are for reference purpose only.*

The average gas production was 5,871Mcf/day, representing an increase of 22.4% compared to 4,795Mcf/day over the same period of 2013. Average realized gas price was US\$1.15/Mcf for 1H2014, a decrease of 14.9% compared to US\$1.35/Mcf for 1H2013.

As of June 30, 2014, Emir-Oil operated a total of 42 wells, of which 26 wells were producing and 12 wells were shut-in or to be repaired. Also, 4 wells were waiting to be put into production. In 1H2014, 3 new wells were drilled by Emir-Oil, including 2 development wells and 1 exploration well.

Regarding the extension of the ADEK exploration contract, Emir-Oil continues to liaise with the Kazakhstan Ministry of Oil and Gas and has made good progress. As for the construction of CPF, its preliminary design has been officially approved. This is the most critical approval of all approvals required for the CPF construction process. Emir-Oil is now preparing the detailed design of the CPF and subsequently will open the tendering process for the construction of the facilities. The actual construction work is scheduled to commence around 3Q2014.

USA OPERATIONS (CONDOR)

There were no drilling activities during 1H2014 in the US. The Group's subsidiary, Condor, operates 5 horizontal wells in the Niobrara project. For 1H2014, the average daily net oil and gas production was 110 BOPD and 281Mcf/day, respectively, and average realized oil and gas price was US\$89.27/barrel and US\$6.79/Mcf, respectively.

GENERAL MATTERS

Shareholders and potential investors of the Company should note that the Company prepared the summary preliminary operating and production price data based on the most current information available to management. Some numbers in the above mentioned updates may be subject to final review and audit adjustments and inconsistent with the final results. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

Appendix: Operation data comparison between 1H2014 and 1H2013

Items	1H2014	1H2013	Increased/ (decreased)	Increased/ (decreased) %	2014 Guidance
1. Crude Oil: Production & Realized Price					
1.1. Average daily operated production (barrels/day)	26,961	26,047	914	3.5%	
China oilfields (Daan/Moliqing/ Miao 3/Kongnan)	21,538	22,392	(854)	(3.8%)	
Kazakhstan (Emir-Oil)	5,269	3,454	1,815	52.5%	
US (Condor)	153	201	(47)	(23.5%)	
1.2. Average daily net production (barrels/day)	16,558	14,334	2,224	15.5%	15,300–16,300
China oilfields (Daan/Moliqing/ Miao 3/Kongnan)	11,179	10,754	425	4.0%	10,000–10,500
Kazakhstan (Emir-Oil)	5,269	3,454	1,815	52.5%	5,200–5,600
US (Condor)	110	125	(15)	(12.3%)	100–200
1.3. Average realized price (US\$/bbl)	96.02	99.18	(3.16)	(3.2%)	
China oilfields (Daan/Moliqing/ Miao 3/Kongnan)	104.56	105.59	(1.03)	(1.0%)	
Kazakhstan (Emir-Oil)	78.04	79.04	(1.00)	(1.3%)	
US (Condor)	89.27	90.15	(0.88)	(1.0%)	
2. Natural Gas: Production & Realized Price					
2.1. Average daily operated production (MCF/day)	6,243	5,275	968	18.3%	
China, Shanxi (Linxing/Sanjaobei)	—	—	—	—	
Kazakhstan (Emir-Oil)	5,871	4,795	1,076	22.4%	
US (Condor)	372	481	(108)	(22.5%)	
2.2. Average daily net production (MCF/day)	6,152	5,096	1,056	20.7%	6,400–7,400
China, Shanxi (Linxing/Sanjaobei)	—	—	—	—	1,000–1,500
Kazakhstan (Emir-Oil)	5,871	4,795	1,076	22.4%	5,000–5,400
US (Condor)	281	301	(20)	(6.5%)	400–500

Items	1H2014	1H2013	Increased/ (decreased)	Increased/ (decreased) %	2014 Guidance
2.3. Average realized price (US\$/MCF)	1.38	1.43	(0.05)	(3.8%)	
China, Shanxi (Linxing/Sanjaobei)	—	—	—	—	
Kazakhstan (Emir-Oil)	1.15	1.35	(0.20)	(14.9%)	
US (Condor)	6.79	6.54	0.26	3.9%	
3. Total wells drilled	161	109	52	47.7%	232
China oilfields (Daan/Moliqing/ Miao 3/Kongnan)	143	91	52	57.1%	163
China, Shanxi (Linxing/Sanjaobei)	15	13	2	15.4%	59
Kazakhstan (Emir-Oil)	3	5	(2)	(40.0%)	8
US (Condor)	—	—	—	—	2

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

Hong Kong, 23 July, 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.