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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\$200,000,000 6.875% SENIOR NOTES DUE 2018**

Reference is made to the announcement of the Company dated January 30, 2013 in relation to the proposed issuance of the Notes.

On January 30, 2013, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with BofA Merrill Lynch, Deutsche Bank, HSBC, Goldman Sachs and Morgan Stanley in connection with the issuance of the Notes.

The Company intends to use the net proceeds (i) to repay substantially all of the Group's existing indebtedness to Minsheng Bank; and (ii) for capital expenditure, 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\$195 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 January 30, 2013 in relation to the proposed issuance of the Notes.

The Board is pleased to announce that on January 30, 2013, the Company and the Subsidiary Guarantors (as defined below) entered into a purchase agreement with BofA Merrill Lynch, Deutsche Bank, HSBC, Goldman Sachs and Morgan Stanley in connection with the issuance of the US\$200,000,000 6.875% senior notes due 2018 (the "Notes") by the Company (the "Purchase Agreement").

## **THE PURCHASE AGREEMENT**

Date: January 30, 2013

### **Parties to the Purchase Agreement**

- (a) the Company as the issuer;
- (b) MIE New Ventures Corporation, Palaeontol Coöperatief U.A., Palaeontol B.V., Emir-Oil LLC, MIE Jurassic Energy Corporation, Asia Power Energy Corporation, Asia Dynamic Energy Corporation, Pan-China Resources Limited, MI Energy Corporation, Gobi Energy Limited and Riyadh Energy Limited (the "Subsidiary Guarantors");
- (c) BofA Merrill Lynch;
- (d) Deutsche Bank;
- (e) HSBC;
- (f) Goldman Sachs; and
- (g) Morgan Stanley.

In relation to the offer and sale of the Notes, BofA Merrill Lynch and Deutsche Bank are the joint global coordinators, and BofA Merrill Lynch, Deutsche Bank, HSBC, Goldman Sachs and Morgan Stanley are the joint bookrunners and joint lead managers.

The Notes will only be offered outside the United States to non-U.S. persons in compliance with Regulation S of 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\$200,000,000 which will mature on February 6, 2018, unless earlier redeemed pursuant to the terms thereof.

#### *Offering Price*

The offering price of the Notes will be 100% of the principal amount of the Notes.

#### *Interest*

The Notes will bear interest at a rate of 6.875% per annum, payable semi-annually in arrears on February 6 and August 6 of each year, commencing on August 6, 2013.

#### *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 all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law); (4) *pari passu* in right of payment with the US\$400 million 9.75% senior notes due 2016 (the "Existing Notes") except to the extent of the collateral securing the Existing Notes; (5) guaranteed by the Senior Guarantors on a senior basis, subject to certain limitations; (6) guaranteed by Senior Subordinated Subsidiary Guarantors on a senior subordinated basis, subject to certain limitations; (7) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries; and (8) effectively subordinated in right of payment to certain secured debt of the Subsidiary Guarantors permitted to be incurred under the indenture to the extent of any security that secures the Existing Notes.

#### *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 (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 February 6, 2016 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 February 6 of any year set forth below:

<b>Period</b>	<b>Redemption Price</b>
2016	103.4375%
2017	101.71875%

- (b) At any time prior to February 6, 2016, 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 February 6, 2016, 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 106.875% 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 Initial Purchasers' discounts, fees, commissions and other estimated expenses payable in connection with the Notes, will be approximately US\$195 million.

The Company intends to use the net proceeds (i) to repay substantially all of the Group's existing indebtedness to Minsheng Bank and (ii) for capital expenditure, 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:

"Board"	the board of Directors of the Company
"BofA Merrill Lynch"	Merrill Lynch International
"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
"connected person(s)"	has the meaning ascribed to it under the Rules Governing the Listing of Securities on the Stock Exchange
"Deutsche Bank"	Deutsche Bank AG, Singapore Branch
"Directors"	the directors of the Company
"Goldman Sachs"	Goldman Sachs (Asia) L.L.C.

“Group”	the Company and its subsidiaries
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“Initial Purchasers”	BofA Merrill Lynch, Deutsche Bank, HSBC, Goldman Sachs and Morgan Stanley
“Minsheng Bank”	China Minsheng Banking Corporation Limited, Head Office and China Minsheng Banking Corporation Limited, Hong Kong Branch
“Morgan Stanley”	Morgan Stanley & Co. International plc
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States” or “U.S.”	the United States of America

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

Hong Kong, January 31, 2013

*As at the date of this announcement, the Board comprises (1) the executive Directors namely Mr. Zhang Ruilin, Mr. Zhao Jiangwei, Mr. Forrest Lee Dietrich and Mr. Allen Mak; (2) the non-executive Director namely Mr. Wang Sing (Mr. Tsang Chi Kin 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.*