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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

DISCLOSEABLE TRANSACTION RELATING TO ACQUISITION OF 51% INTEREST IN SINO GAS & ENERGY LIMITED

AND

RESUMPTION OF TRADING

ACQUISITION OF 51% INTEREST IN SINO GAS & ENERGY LIMITED

The Board announces that on 25 June 2012, the Purchaser, the Company (as the Purchaser's guarantor), the Seller and the Target Company entered into the Purchase and Subscription Agreement, pursuant to which the Purchaser agreed to purchase from the Seller the Existing Target Shares and subscribe for the New Target Shares and the Loan Note.

The aggregate amount of the consideration payable by the Purchaser for the Existing Target Shares, the New Target Shares and the Loan Note is US\$100 million (approximately HK\$780 million).

Immediately after Completion, the Purchaser will hold 51% of the share capital of the Target Company and the Target Company will become a subsidiary of the Company. At Completion, the Purchaser, the Seller and the Target Company will enter into the Shareholders' Agreement whereby the parties will agree on the terms and conditions upon which the Target Company is to be owned, controlled and financed.

As the highest applicable percentage ratio (as defined in Chapter 14 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 25 June 2012 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 1:00 p.m. on 27 June 2012.

INTRODUCTION

The Board announces that on 25 June 2012, the Purchaser, the Company (as the Purchaser's guarantor), the Seller and the Target Company entered into the Purchase and Subscription Agreement, pursuant to which the Purchaser agreed to purchase from the Seller the Existing Target Shares and subscribe for the New Target Shares and the Loan Note.

At Completion, the Purchaser, the Seller and the Target Company will enter into the Shareholders' Agreement whereby the parties will agree on the terms and conditions upon which the Target Company is to be owned, controlled and financed.

PURCHASE AND SUBSCRIPTION AGREEMENT

Date

25 June 2012

Parties

- (1) the Seller, namely Sino Gas & Energy Holdings Limited;
- (2) the Target Company, namely Sino Gas & Energy Limited;
- (3) the Company, as guarantor of the Purchaser's payment obligation and other obligations under the Purchase and Subscription Agreement; and
- (4) the Purchaser, namely Asia Power Energy Corporation, an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target Company, the Seller and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons as defined under the Listing Rules.

Assets to be acquired

The Purchaser will acquire the Existing Target Shares and the New Target Shares, together forming 51% of the share capital of the Target Company at Completion.

The Existing Target Shares are ordinary shares while the New Target Shares are converting redeemable preference shares. The salient terms of issue of the converting redeemable preference shares of the Target Company are set out in the paragraph headed “Salient terms of issue of the converting redeemable preference shares of the Target Company” below.

For further information of the principal activities and assets of the Target Company, please refer to the paragraphs headed “Information on the Target Company and its assets” and “Reasons for and benefits of the Acquisition” below.

Consideration

The aggregate amount of the consideration payable by the Target Company for the Existing Target Shares, the New Target Shares and the Loan Note is US\$100 million (approximately HK\$780 million) comprising (a) US\$10 million (approximately HK\$78 million) for the Existing Target Shares payable in cash at Completion; and (b) US\$66,342,287 (approximately HK\$517.5 million) and US\$23,657,713 (approximately HK\$184.5 million) for the New Target Shares and the Loan Note payable in cash progressively and proportionally after Completion. If Purchaser fails to pay the deferred subscription price for the New Target Shares and Loan Note within a specified period, the Target Company shall automatically redeem for nil consideration the relevant New Target Shares which has not been fully paid accordingly.

The consideration was determined after arm’s length negotiations between the parties and with reference to numerous considerations, including without limitation, extensive exploration and appraisal work carried out by the Target Company with an investment of more than US\$63 million, extensive flow testing on wells with significant commercial gas flows, clear path to production with planned pilot production, being on the verge of conversion of existing resources into reserves with official reserve reports and overall development preparation underway, financial projections and high-growth Chinese unconventional gas industry and in particular, the economic value of the significant gas resources within the contracted area under the PSCs of the Target Company.

The Acquisition will be financed from the Group’s existing cash resources and/or bank financing.

Completion

Completion shall take place in Perth as soon as possible after the date of the Purchase and Subscription Agreement but not later than 6 July 2012 (or on such other date as the Seller and the Purchaser may agree).

If Completion does not occur within 15 Business Days of the date of the Purchase and Subscription Agreement as a result of a default of a party, the other party may terminate the Purchase and Subscription Agreement by 5 Business Days written notice to the defaulting party and upon such termination, the defaulting party must pay the non-defaulting party the termination payment of US\$2 million (approximately HK\$15.6 million).

Salient terms of issue of the converting redeemable preference shares of the Target Company

Issue Price

US\$0.3277413 per converting redeemable preference share

Escrow arrangement

Each converting redeemable preference share shall, upon issue, be held under an escrow deed, pursuant to which the holder shall not be permitted to dispose of or grant any security interest over its converting redeemable preference shares, unless and until they are released from the terms of the escrow deed. The converting redeemable preference shares in relation to which the outstanding issue price has been paid in accordance with cash calls by the Target Company shall be progressively released from the terms of the escrow deed on a 6 month basis.

Dividend

Each holder of the converting redeemable preference shares shall be entitled to the payment of a dividend on each fully paid converting redeemable preference shares equal to one hundred thousandth of the dividend declared and payable in respect of an ordinary share and such dividend shall rank in priority over ordinary shares for payment.

Voting

A holder of the converting redeemable preference shares has, in respect of each converting redeemable preference share, the same voting rights as a fully paid ordinary share of the Target Company.

Conversion

If any converting redeemable preference share ceases to be the subject of the escrow deed, that converting redeemable preference shares shall automatically convert into one fully paid ordinary share in the Target Company.

Other terms

Pursuant to the Purchase and Subscription Agreement, the Seller shall procure that on Completion all indebtedness owing immediately before Completion by the Target Company to the Seller or any other person is or has been satisfied in full together with all interest accruing on it up to (but excluding) Completion, except for certain amount payables and indebtedness set out in the Purchase and Subscription Agreement.

SHAREHOLDERS' AGREEMENT

Date

To be dated the date of Completion

Parties

- (1) the Seller;
- (2) the Target Company; and
- (3) the Purchaser.

Overall management

The overall direction and management of the Target Company will be vested in the board of directors of the Target Company.

Board composition

The board of directors of the Target Company will consist of seven directors. For so long as the Purchaser's equity proportion in the Target Company is 51%, the Purchaser will have the right to appoint, remove and replace four directors. For so long as the Seller's equity proportion in Target Company is 49%, the Seller will have the right to appoint, remove and replace three directors. For so long as the Purchaser's equity proportion in Target Company is more than 50%, the chairperson of the board of directors of Target Company will be appointed, removed and replaced by the Purchaser.

Board meetings

The quorum for meetings of the board of directors of the Target Company will be a majority of directors and at least one director appointed by each shareholder holding an equity proportion in the Target Company of more than 30%. Resolutions dealing with any matters other than the reserved matters shall be passed by a majority of votes cast by directors present and entitled to vote on that resolution.

Reserved matters

Unanimous approvals by all the directors of the Target Company will be required in respect of the following matters of the Target Company:

- adopt, vary or replace any annual budget, annual work program and budget, or overall development program; and
- enter into, vary or terminate any gas sales agreements.

Restrictions on disposal of securities and pre-emptive rights

A shareholder of the Target Company may only dispose of securities of the Target Company if (a) each other shareholder consents to the disposal; (b) the transferee is its Related Entity; (c) the disposal is required in accordance with the terms of the Shareholders' Agreement and the Purchase and Subscription Agreement as a result of, among others, the occurrence of an event of default specified under the Shareholders' Agreement or its failure to fulfil its funding obligations under the Shareholders' Agreement and the Purchase and Subscription Agreement; (d) the disposal is the granting of an encumbrance over such securities and the person with the benefit of the encumbrance has acknowledged in writing that it shall only

exercise any rights under such encumbrance in a manner consistent with the rights of the other parties under the Shareholders' Agreement; or (e) it has first offered to the other shareholder(s).

If the Target Company proposes to issue any securities, it must first offer to all of its shareholders.

Funding obligations

After the Purchaser has paid the full amount of subscription monies for subscription of the New Target Shares and the Loan Note, funds required by Target Company to meet its costs and expenses in accordance with its approved annual work program and budget shall be raised through cash calls issued to its shareholders and such funds shall be provided by its shareholders in proportion to their shareholder's equity interests in Target Company.

Dividends

Target Company must annually repay an amount of the Loan Note and distribute by way of dividend or other permissible distribution to its shareholders the maximum amount permissible by law and after allowing for retaining such capital as reasonably assess by its directors as required for its ongoing operations.

Others

As a principle, the Shareholders' Agreement also incorporated recommended approaches as used in the model agreement of the Association of International Petroleum Negotiators (AIPN) to deal with matters that would normally arise in oil and gas joint ventures.

INFORMATION ON THE SELLER

The Seller is an Australian Securities Exchange listed company, focused on exploration and development of unconventional gas assets in China's Ordos Basin through the Target Company.

INFORMATION ON THE TARGET COMPANY AND ITS ASSETS

The Target Company is an entity organized under the laws of Australia and is the sole operating subsidiary of the Seller and wholly-owned by it as the date of this announcement. The principal business activity of the Target Company is the exploration of unconventional gas assets in China pursuant to two PSCs, namely Linxing PSC and Sanjiaobei PSC, both of which are located on the eastern flank of the Ordos Basin. The contracted area is approximately 1,874 square kilometres for Linxing PSC and 1,124 square kilometres for Sanjiaobei PSC.

Pursuant to the Sanjiaobei PSC entered into with PetroChina CBM, the Target Company has a 100% interest in the PSC during the exploration period. PetroChina has the right to participate in the project at the point of reaching commercial development by paying its share of development and production costs. During the development and production period,

the interests in the Sanjiaobei PSC of the Target Company and PetroChina are 49% and 51% respectively. The Sanjiaobei PSC will expire in 2033 and an exploration period renewal is currently underway.

Pursuant to the Linxing PSC entered into with CUCBM (which is currently 50%-owned by CNOOC), the Target Company has a 100% interest in the PSC during the exploration period. CUCBM has the right to participate in the project at the point of reaching commercial development by paying its share of development and production costs. During the development and production period, the interests in the Linxing PSC of the Target Company, CUCBM and CBM Energy Associates (being an early participant) are 64.75%, 30% and 5.25% respectively. The Linxing PSC will expire in 2028 and the exploration period has been extended to 31 August 2013.

Under both PSCs, exploration costs are funded by the Target Company and are recoverable from future revenues in production. Once in the commercial development stage, each party recovers the joint operating expenses before the contractor, being the Target Company recovers its sunk exploration costs, the remainder is shared between the parties in proportion to their relevant interest. Currently, the Target Company is the sole operator under both PSCs.

The Target Company's PSC gas assets are located in the resource rich Ordos basin and cover approximately 3,000 square kilometres with existing gas discovery and significant exploration upside. The assets are close to Changqing oil field, China's second largest on-shore oil and gas field, which is producing around 347,000 barrels of oil and 2 billion cubic feet of gas per day. Nearby fields are:

- Changbei gas field operated by Shell under a PSC between PetroChina and Shell, currently producing 300 mmscf per day;
- Sulige gas field under a PSC between PetroChina and Total E&P Chine; and
- SinoPec's Tabamiao project.

It is an area where the Company believes there is great potential for significant commercial gas production. The map in Table 1 shows the contract area under the Sanjiaobei and Linxing PSCs relative to neighbouring oil and gas fields.

In the past, marketing gas in China has often been difficult. However, Sanjiaobei and Linxing blocks are located in a gas pipeline hub in central China with three existing major natural gas trunk lines transporting gas from west to east. The current natural gas wellhead price in the Changqing field is priced between US\$4.26–6.35/mscf which is very attractive when compared to many other areas in the world. Table 2 sets out a map showing the neighbouring gas fields and pipelines.

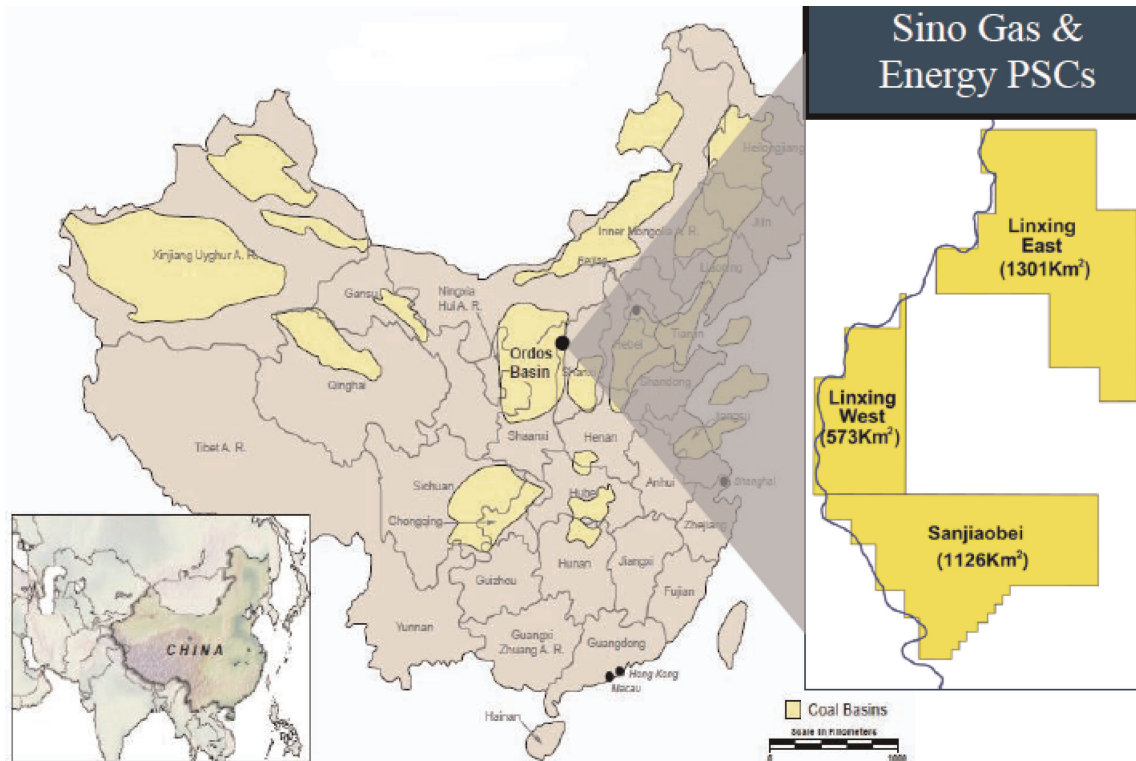


Table1 Location of Linxing and Sanjiaobei Blocks

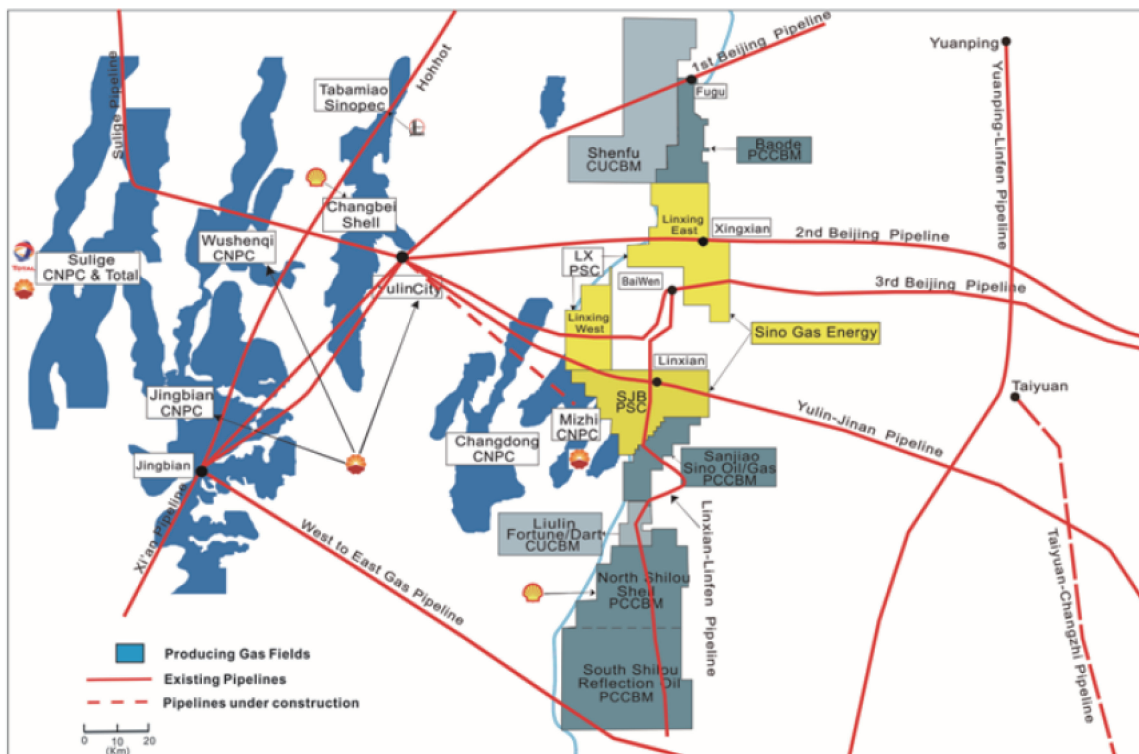


Table 2 Gas fields and Pipelines around Linxing and Sanjiaobei Blocks

The Target Company has drilled 13 wells all discovering gas, with an average well depth of around 2,100 meters. The well TB-07 drilled by the Target Company in 2010 flowed during test at 1.86 mmscf per day (equivalent to 300 BOE per day) before fracturing, marking a successful milestone for the project. It plans to move these PSCs toward commercial development by first obtaining the Chinese reserve reports and then approval of the overall development plans. Over the life of these PSCs, approximately US\$63.7 million has been expended building up a substantial resource base.

All the wells drilled by the Target Company are vertical wells, although there exists the potential to improve production performance through use of horizontal and multi-zone completion techniques.

A past public presentation by the Target Company indicated un-risked gas 2C contingent resources of 1.799 Tcf and midpoint prospective resources of 1.861 Tcf for 100% interest in these two PSCs at the beginning of 2012 (see Table 3 below). Our estimate of risked contingent resources (2C, 100%) is 0.97 Tcf.

Table 3 — Seller's Independent Reserve and Resources Estimate

Project	Area (Km ²)	Best	1P	2P	3P	2C	Mid-case
		Estimate (GIP) (Bcf)	Reserves (Bcf)	Reserves (Bcf)	Reserves (Bcf)	Mid-case Contingent (Bcf)	Mid-case Prospective (Bcf)
Linxing East	1,301	852	—	—	—	46	278
Linxing West	573	6,099	4	12	26	1,282	572
Sanjiaobei	<u>1,126</u>	<u>4,980</u>	<u>3</u>	<u>10</u>	<u>21</u>	<u>471</u>	<u>1,012</u>
Total	<u>3,000</u>	<u>11,931</u>	<u>7</u>	<u>22</u>	<u>47</u>	<u>1,799</u>	<u>1,861</u>

Source: RISC January 2012 & NSAI 2008. Figures are 100% project for the Linxing and Sanjiaobei PSCs. Target Company's share of the Linxing PSC is 64.75% and 49% of the Sanjiaobei PSC following SOE partner back-in.

While resources assessment by its nature contains uncertainty, the Company is confident of significant commercial production within the next few years.

According to its financial report for the year ended 31 December 2011 audited in accordance with Australian Auditing Standards, the Target Company made a loss for the year ended 31 December 2011 of A\$1,081,034 (approximately HK\$8.4 million) (31 December 2010: loss of A\$587,252 (approximately HK\$4.6 million)). The Target Company did not record any tax expense or extraordinary items for each of the two years ended 31 December 2011. The audited net assets of The Target Company as at 31 December 2011 were A\$986,030 (approximately HK\$7.7 million).

INFORMATION ON THE GROUP

The Group is an independent oil and gas company engaged in the exploration and production of crude oil and natural gas in China, Kazakhstan and USA. The Group operates the Daan, Moliqing and Miao 3 oilfields in the Songliao Basin under three separate production sharing contracts with PetroChina, the largest oil company in China. The Group also holds an exploration contract and three production contracts that allow the Group to

conduct exploration and production activities in the Mangistau province in the southwestern region of Kazakhstan. In addition, the Group pursues other development and production opportunities in China, and exploration, development and production opportunities internationally, both independently and in partnership with other major and independent oil companies.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Chinese natural gas market is growing rapidly, overtaking Japan in 2009 to become the biggest natural gas market in Asia. Total gas demand is expected to rise over 10 Tcf per annum by 2030. The following is a chart setting out the projection of China natural gas production and consumption from 2008 to 2035. Gas supply in China is serviced by domestic production and supplemented by increasingly substantial imports of Liquefied Natural Gas (LNG) from Australia, Indonesia, Qatar and pipeline gas from Central Asia. In an effort to reduce its reliance on coal, oil and imported LNG, Chinese government plans to invest heavily in unconventional natural gas within the domestic market.

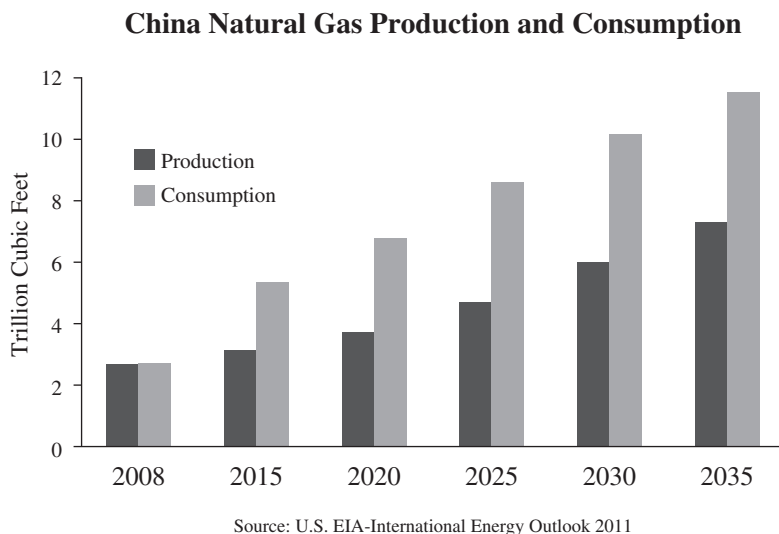


Table 4 China Natural Gas Production and Consumption Projection

Source: U.S. Energy Information Administration

As stated in the paragraphs headed “Purchase and Subscription Consideration” and “Information on the Target Company and its Assets”, a total of US\$63.7 million has been spent on the Linxing PSC and Sanjiaobei PSC. The Target Company has drilled 13 wells, all discovering gas. Extensive well testing has been done with significant commercial gas flows obtained. Hence, there is a clear path to commercial production. The Group is entering these projects at the point of converting the resources into reserves and preparing reserves reports to apply for overall development plans which will lead to commercial production.

The Acquisition represents an outstanding opportunity to gain access to the developing Chinese gas market at an attractive entry point capitalizing on the combination of a large scale project, strong management team and growing market with robust gas price. During 2012, the Group has commenced horizontal well drilling and multi-zone fracturing in North America and China. The horizontal, multi-zone fracture technology developed by the Group

in China and North America has significant potential to be applied in this project to enhance well rate and gas recovery. The Group's China development and operations experience plus the horizontal drilling and completion experience gained through its US and China projects provide additional leverage for the success of this Acquisition.

The Company is also setting up cooperation on non-exclusive basis with the Seller for exploring opportunities around the world for oil and gas projects.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition (including the terms under the Purchase and Subscription Agreement and the Shareholders' Agreement) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in Chapter 14 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 25 June 2012 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 1:00 p.m. on 27 June 2012.

DEFINITIONS

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

“A\$”	Australian dollars, the lawful currency of Australia
“Acquisition”	the acquisition of the Existing Target Shares from the Seller and subscription for the New Target Shares by the Purchaser pursuant to the terms and conditions of the Purchase and Subscription Agreement
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks are generally open in Perth, Australia, Hong Kong and the PRC for normal business
“CNOOC”	China National Offshore Oil Corporation
“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

“Completion”	completion of the Acquisition
“CUCBM”	China United Coal Bed Methane Co.
“Directors”	directors of the Company
“Existing Target Shares”	38,594,216 ordinary shares in the capital of the Target Company to be sold by the Seller to the Purchaser at Completion under the Purchase and Subscription Agreement, which, together with the New Target Shares, represent 51% of the share capital of the Target Company immediately after Completion
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Note”	a series of unsecured interest-free loan notes of an aggregate principal amount of US\$23,657,713 (approximately HK\$184.5 million) to be issued by the Target Company to the Purchaser
“mmscf”	million standard cubic feet
“mscf”	thousand standard cubic feet
“New Target Shares”	202,422,725 converting redeemable preference shares in the capital of the Target Company to be issued by the Target Company to the Purchaser at Completion under the Purchase and Subscription Agreement, which, together with the Existing Target Shares, represent 51% of the share capital of the Target Company immediately after Completion
“PetroChina”	PetroChina Company Limited
“PetroChina CBM”	PetroChina Coalbed Methane Company Limited
“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“PSC”	production sharing contract
“Purchaser”	Asia Power Energy Corporation, a company incorporated in the Cayman Islands, which is an indirect wholly-owned subsidiary of the Company

“Purchase and Subscription Agreement”	the purchase and subscription agreement dated 25 June 2012 and made between the Purchaser, the Company, the Seller and the Target Company relating to the Acquisition
“Related Entity”	in relation to a corporation, (a) a related body corporate of that corporation within the meaning of section 50 of the Corporations Act 2001(Cth); and (b) a trustee of any unit trust in relation to which that corporation, or any corporation referred to in (a), directly or indirectly (i) controls the right to appoint the trustee, (ii) is in a position to control the casting of, more than one half of the maximum number of votes that might be cast at a meeting of holders of units in the trust; or (iii) holds or is in a position to control the disposal of more than one half of the issued units of the trust
“Seller”	Sino Gas & Energy Holdings Limited (ACN 124 242 422), a public limited liability company incorporated under the laws of Perth, Australia, which is currently the owner of all the issued share capital of the Target Company
“Shell”	Shell China Exploration and Production Company Limited
“The Target Company”	Sino Gas & Energy Limited (ACN 115 316 599), a public limited liability company incorporated under the laws of Perth, Australia
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into between the Seller, the Target Company and the Purchaser at Completion relating to the ownership, control and financing of the Target Company
“Tcf”	trillion cubic feet
“US\$”	United States dollars, the lawful currency of the United States of America

The translations of A\$ into HK\$ and US\$ into HK\$ throughout this announcement are based on the exchange rates of A\$1.00 to HK\$7.80 and US\$1.00 to HK\$7.80 respectively, and are provided for illustrative purposes only.

By order of the Board
Zhang Ruilin
Chairman

Hong Kong, 27 June 2012

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 Law Cheuk Kin, Stephen 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.