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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)

MAJOR TRANSACTION RELATING TO THE ACQUISITION OF ALL OF THE ISSUED AND OUTSTANDING PARTICIPATION INTERESTS OF EMIR-OIL, LLC AND DISCLOSEABLE TRANSACTION RELATING TO A CO-INVEST RIGHT GRANTED TO ACAP LIMITED AND RESUMPTION OF TRADING

THE ACQUISITION

The Purchaser and the Seller entered into the Purchase Agreement on February 14, 2011, pursuant to which the Purchaser conditionally agreed to acquire, and the Seller conditionally agreed to sell all right, title and interest in and to the Interests and all right, title and interest in and to the Seller Loans for an aggregate consideration of US\$170 million (subject to adjustment).

As at the date of this announcement, the Target Company owns a 100% undivided interest in the Existing Exploration Contract, which allows the Target Company to conduct exploration drilling and oil production in the contracted area in the Mangistau Oblast in the southwestern region of the Republic of Kazakhstan until January 2013. The contracted area under the Existing Exploration Contract is approximately 850 square kilometers and comprises four existing oilfields (namely, the Askaz, Dolinnoe, Emir and Kariman oilfields) and six identified prospects with hydrocarbon potential, which has proved reserves, proved + probable reserves and proved + probable + possible reserves of approximately 22.7 million, 92.2 million and 127.6 million barrels of oil equivalent, respectively¹. Based on the consideration of US\$170 million, the EV/BOE for proved reserves and proved + probable reserves is US\$7.49 and US\$1.84, respectively. The reserves are considered as low-risk reserves as the reserve bearing area has all been covered by 3D seismic data which can justify the reservoir structure of reserve calculation. There are currently 24 existing wells in the contracted area with no dry holes drilled. Furthermore, the contracted area with its existing production and significant proved + probable reserves for further development, together with established infrastructure of gas pipeline, gas processing plant, oil processing and transportation facilities, provides a favourable basis for future development and production.

¹ These reserve figures take into account proved + probable reserves, and proved + probable + possible reserves of approximately 59,170MMscf and 90,597MMscf of gas, respectively.

Under the terms of the Existing Exploration Contract, the Target Company has the right to sell all oil and natural gas produced in the contracted area and the exclusive right to apply for and negotiate a Production Contract. One of the primary conditions in order for Closing to occur is that the Target Company must have obtained Production Contracts from the Ministry of Oil and Gas on behalf of the Republic of Kazakhstan in relation to three of the four existing oilfields under the Existing Exploration Contract, and the Seller has further undertaken in the Purchase Agreement to assist the Purchaser in applying for a Production Contract for the remaining oilfield under the Existing Exploration Contract.

As Closing is subject to the fulfillment of a number of conditions precedent which are detailed in this announcement, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with Listing Rule 14.07 of the Listing Rules is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and thus requires the Shareholders' approval. As far as the Company is aware, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition, the Purchase Agreement, the Seller's Option and the transactions contemplated thereunder. The Acquisition, the Purchase Agreement, the Seller's Option and the transactions contemplated thereunder were approved by the Controlling Shareholder, who holds 53.6% of the issued share capital of the Company, by way of written shareholders' approval on February 14, 2011 in accordance with Listing Rule 14.44. In addition, TPG (including TPG Star Energy Ltd and TPG Star Energy Co-Invest LLC) and Harmony Energy Limited, holding approximately 8.7% and 9% of the issued share capital of the Company respectively, have also approved the Acquisition, the Purchase Agreement, the Seller's Option and the transactions contemplated thereunder by way of written shareholders' approval.

A circular containing, among other things, further details of the Acquisition, financial information of the Target Company, a competent person's report and a valuation report will be dispatched to the Shareholders as soon as practicable in compliance with the Listing Rules. In addition, the Company has applied for a waiver in relation to the date of dispatch of the circular pursuant to Listing Rule 14.41(a) as additional time is required to prepare the financial information of the Target Company, the competent person's report and the valuation report. It is currently expected that the circular will be dispatched to the Shareholders on or about April 29, 2011.

THE CO-INVEST RIGHT

Pursuant to the Engagement Letter, Acap Limited has agreed to provide general consulting services to the Company in relation to the Acquisition. Pursuant to the Engagement Letter, conditional upon Closing, the Company has granted Acap Limited a right to co-invest (the "Co-Invest Right") with the Company or its associates for up to 9.9% of the assets acquired in the Acquisition and held by the Company or its associates as at the exercise of the Co-Invest Right, on the same terms and conditions under the Purchase Agreement. The Co-Invest Right may be exercised by Acap Limited upon Closing or at any time within 36 months from Closing. The grant of the Co-Invest Right constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on February 15, 2011 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 with effect from 2:30 p.m. on February 15, 2011.

INTRODUCTION

The Purchaser and the Seller entered into the Purchase Agreement on February 14, 2011, pursuant to which the Purchaser conditionally agreed to acquire, and the Seller conditionally agreed to sell all right, title and interest in and to the Interests and all right, title and interest in and to the Seller Loans for an aggregate consideration of US\$170 million (subject to adjustment). The principal terms of the Acquisition are set out below.

THE ACQUISITION

The Purchase Agreement

Date

February 14, 2011

Parties

Seller: BMB Munai, Inc.

Purchaser: Palaeontol B.V., a wholly-owned subsidiary of the Company

Guarantor: the Company as guarantor of Palaeontol B.V.

The principal activity of the Seller is to operate the Target Company, and its common stock is traded on the NYSE Amex. As at the date of this announcement, the Target Company is the sole operating subsidiary of the Seller and is wholly-owned by it. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller and its ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

Pursuant to the Purchase Agreement, the Purchaser conditionally agreed to acquire, and the Seller conditionally agreed to sell all right, title and interest in and to the Interests and the Seller Loans, free and clear of all liens. After the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company. As of the date of this announcement, the Target Company owns a 100% undivided interest in the Existing Exploration Contract, which allows the Target Company

² These reserve figures take into account proved + probable reserves, and proved + probable + possible reserves of approximately 59,170MMscf and 90,597MMscf of gas, respectively.

to conduct exploration drilling and oil production in the contracted area in the Mangistau Oblast in the southwestern region of the Republic of Kazakhstan until January 2013. The contracted area under the Existing Exploration Contract is approximately 850 square kilometers and comprises four existing oilfields (namely, the Azkaz, Dolinnoe, Emir and Kariman oilfields) and six identified prospects with hydrocarbon potential, which has proved reserves, proved + probable reserves and proved + probable + possible reserves of approximately 22.7 million, 92.2 million and 127.6 million barrels of oil equivalent², respectively. Under the terms of the Existing Exploration Contract, the Target Company has the right to sell all oil and natural gas produced in the contracted area and the exclusive right to apply for and negotiate a Production Contract. One of the primary conditions in order for Closing to occur is that the Target Company must have obtained Production Contracts from the MOG in relation to three of the four existing oilfields under the Existing Exploration Contract, and the Seller has further undertaken in the Purchase Agreement to assist the Purchaser in applying for a Production Contract for the remaining oilfield under the Existing Exploration Contract. Further details of the Interests are set out in the section headed “Information on the Target Company” below.

Consideration

Pursuant to the Purchase Agreement, the Purchaser will acquire from the Seller all right, title and interest in and to the Interests and all right, title and interest in and to the Seller Loans for an aggregate consideration of US\$170 million (subject to adjustment) (the “Consideration”). Certain adjustments will be made to the Consideration both at and after Closing, the cumulative effect of which will be to reconcile certain specified changes to the Target Company’s balance sheet occurring between December 31, 2010 and the Closing Date. Such adjustments will decrease the Consideration by the sum of (without duplication) (a) any cash payments made by the Target Company to the Seller or its affiliates between December 31, 2010 and the Closing Date, (b) any liabilities incurred by the Target Company outside of the ordinary course of business between December 31, 2010 and the Closing Date, (c) any indebtedness of the Target Company incurred between December 31, 2010 and the Closing Date and (d) any off-balance liabilities incurred by the Target Company between December 31, 2010 and the Closing Date and (e) all expenses of the Target Company incurred in connection with the Acquisition between December 31, 2010 and the Closing Date. The Consideration of US\$170 million (subject to adjustment) is to be wholly satisfied by the Company in cash.

The Company currently intends to finance the Acquisition using net proceeds from the initial public offering of the Shares on the Stock Exchange allocated for the expansion of the Company’s operations by acquiring interests in other oilfields or participating in cooperation or joint venture projects in relation to the development of oilfields, bank borrowings, debt financing and/or internal resources.

Basis of the consideration

The Consideration was determined after arm’s length negotiations between the parties and with reference to numerous considerations, including without limitation, current production rate, cash flow, historical financial information of the Target Company and in particular, the economic value of the oil and gas reserves within the contracted area under the Existing Exploration Contract.

Conditions precedent of the Purchase Agreement

Closing of the Acquisition is conditional upon fulfillment or waiver (to the extent waivable) of, *inter alia*, the following conditions:

1. No order or decree issued by a court of competent jurisdiction or laws in any such jurisdiction shall have been in effect that prohibits the consummation of the Acquisition.
2. No proceedings shall be pending by any governmental authority that restrains or prohibits the consummation of the Acquisition, or renders unenforceable any material provision of the Purchase Agreement.
3. The parties shall have received the consent of the Agency of the Republic of Kazakhstan for Competition Protection (Antimonopoly Agency) for the consummation of the Acquisition.
4. The parties shall have received (i) the consent of the MOG to the transfer of the Interests under the Purchase Agreement; and (ii) the waiver of the priority right of the Government of the Republic of Kazakhstan to purchase the Interests in accordance with the laws of the Republic of Kazakhstan.
5. The Seller's shareholders' approval of the Acquisition, the Purchase Agreement and the transactions contemplated therein shall have been obtained.
6. The Purchaser's shareholders' approval of the Acquisition, the Purchase Agreement and the transactions contemplated therein shall have been obtained.
7. The Shareholders' approval of the Acquisition, the Purchase Agreement and the transactions contemplated therein shall have been obtained.
8. The Purchase Agreement and other transactions contemplated therein shall have been approved by the Stock Exchange in accordance with the Listing Rules.
9. The Seller shall deliver to the Purchaser (i) by no later than March 31, 2011, a competent person's report prepared in accordance with the Listing Rules; (ii) by no later than March 31, 2011, audited financial statements of the Target Company for the three financial years ended March 31, 2008, 2009 and 2010 and the nine-month period ended December 31, 2010 and comparable unaudited financial statements of the Target Company for the nine-month period ended December 31, 2009, prepared in accordance with International Financial Reporting Standards (the "IFRS Financial Statements"); and (iii) a working capital forecast for the Target Company for the 12-month period immediately following the date of delivery of the IFRS Financial Statements.
10. The Purchaser shall have received documentary evidence satisfactory to it that the Target Company has complied with specific Kazakhstan laws and regulations and certain provisions under the Existing Exploration Contract.
11. The Target Company shall have delivered to the Purchaser a written waiver of its preemptive right under applicable Kazakhstan law with respect to the sale of the Interests.

12. The Purchaser and the Seller shall have executed, delivered and notarized the act of transfer and all other necessary transfer documents required under the laws of the Republic of Kazakhstan, the Purchaser shall have approved, executed and notarized the charter, and the Seller shall have caused the act of transfer, the charter and all other required documents necessary for the transfer of the ownership of the Interests to the Purchaser to have been submitted to and, in the case of the charter, registered with the applicable office of the Ministry of Justice.
13. The Purchaser shall have received a valid work permit from the Ministry of Labor and Social Protection of the Republic of Kazakhstan for the appointment of a designee of the Purchaser as the new general manager of the Target Company effective as of Closing.
14. The Seller shall have registered with the National Bank of the Republic of Kazakhstan the assignment of the Seller Loans from the Seller to the Purchaser or an affiliate of the Purchaser.
15. The Target Company shall have entered into and duly registered a Production Contract with the MOG for production of petroleum for each of Kariman, Dolinnoe and Askaz.
16. The Seller shall have received all necessary approvals regarding transactions involving equity or equity-linked securities, shares of capital stock of the Seller and trading of any such shares from the MOG.
17. The Purchaser shall have received the legal opinions of the U.S. counsel and the Kazakhstan counsel to the Seller, each dated as of the Closing Date.
18. The Seller shall have obtained all consents (or waivers thereof) and made all notifications and filings required to be obtained or made by the Target Company in connection with the Acquisition, the Purchase Agreement and the transactions contemplated thereunder.
19. The Purchaser shall have received documentary evidence satisfactory to it of the Target Company's ownership of the assets as set out in the Purchase Agreement.
20. The Purchaser shall have received evidence of cancellation of a barter agreement in form and substance satisfactory to the Purchaser.
21. The Seller's noteholders' approval shall have been obtained.

Closing

To the extent permitted by applicable law, conditions precedent (1) to (8) above can be waived by either the Purchaser or the Seller on its own behalf and conditions precedent (9) to (21) above can be waived by the Purchaser. Currently, neither the Company nor the Purchaser expects the Purchaser to waive any of the key conditions precedent under the Purchase Agreement, including the obtaining of production contracts for each of Kariman, Dolinnoe and Askaz (conditions precedent 15 above) and the assignment of the Seller Loans (conditions precedent 14 above). Subject to all conditions precedent being fulfilled or waived (to the extent waivable), Closing shall take place on August 15, 2011, or, if certain specific regulatory conditions are the only conditions that remain unfulfilled then, no later than November 14, 2011.

As Closing is subject to the fulfillment of a number of conditions precedent which are detailed above, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

Seller’s option to require the Company to provide debt financing

In the event that Closing does not occur on or before the Closing Date and on the Closing Date the condition precedent for obtaining production contracts for each of Kariman, Dolinnoe and Askaz in accordance with the Purchase Agreement has been fully satisfied and the Seller is not in material breach of its representations, warranties, covenants or agreements under the Purchase Agreement, the Seller shall have the right to require the Company to provide debt financing equal to US\$5 million (the “Seller’s Option”). In accordance with the Purchase Agreement, the Seller’s Option may be exercised whereby the Seller will issue to the Company convertible senior notes at a purchase price equal to par value on substantially the same terms and conditions that govern the Notes as set out in “Information on the Target Company” below and will rank pari passu with the Notes.

Based on a principal amount of US\$5 million and assuming full conversion at the initial conversion price of US\$7.2094 per share, the common shares the Company will hold will represent approximately 1.24% of the existing shares of the Seller and approximately 1.23% of the common shares of the Seller as enlarged by the issue of the conversion shares. Based on a principal amount of US\$5 million and assuming full conversion at the initial conversion price of US\$2.00 per share, the common shares the Company will hold will represent approximately 4.48% of the existing shares of the Seller and approximately 4.29% of the common shares of the Seller as enlarged by the issue of the conversion shares.

INFORMATION ON THE TARGET COMPANY

Republic of Kazakhstan

Kazakhstan is the ninth largest country in the world. Located in Central Asia, it is situated on the northwest shore of the Caspian Sea and shares its borders with China, Russia, Uzbekistan, and Kyrgyzstan.

The following is a map of Kazakhstan and its neighbouring countries:

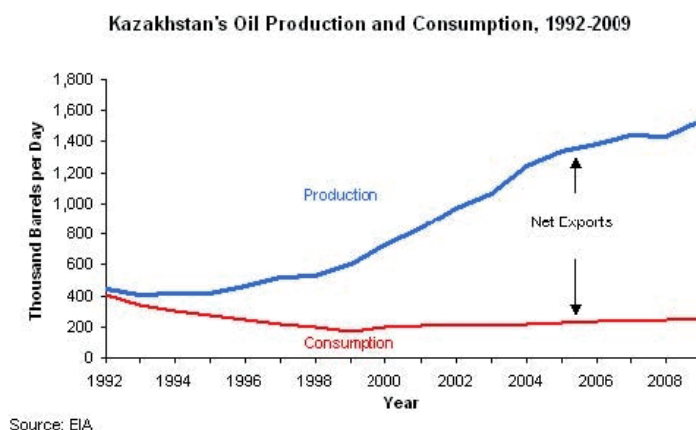
Table 1



* Contracted area under the Existing Exploration Contract.

Kazakhstan has the largest proven oil reserves base in the Caspian Sea region and is the second largest oil producer within Central Asia. As of January 1, 2010, it had a proven oil reserves base of 30 billion barrels. Kazakhstan's oil production has been increasing rapidly since the early 1990s and has more than doubled in the past decade. Kazakhstan's oil production accounted for more than half of the region's oil and gas production, producing approximately 1.54 million and 1.57 million barrels per day in 2009 and 2010, respectively. The growing petroleum industry in Kazakhstan accounts for more than 30% of the country's gross domestic product and more than half of its export revenues. According to Business Monitor International's oil and gas industry report published in January 2010, it is forecasted that oil and gas liquids production in Kazakhstan will increase by 50% between 2009 and 2019. In its report, Business Monitor International has ranked Kazakhstan in first place in its upstream business environment rating, and has observed that the country's oil and gas production outlook, early stage of development of its oilfields, high production to reserves ratios and competitive landscape are very favorable to the country. Because of its strong macroeconomic performance and financial health, Kazakhstan became the first country comprising the former Soviet republic to repay all of its debt to the International Monetary Fund (IMF) in 2000, 7 years ahead of schedule. In September 2002, Kazakhstan became the first country in the former Soviet Union to receive an investment-grade credit rating from a major international credit rating agency.³ The following is a chart setting out the oil production and consumption in Kazakhstan during the period from 1992 to 2009:

Table 2⁴



Kazakhstan's main oil reserves are located in the western part of the country and comprise the five largest onshore oilfields in the country, namely, Mangistau, Tengiz, Karachaganak, Aktobe and Uzen. The Mangistau region in Kazakhstan has numerous productive oilfields, including oilfields that are contracted for and operated by leading Chinese oil and gas companies, such as CNPC/PetroChina. Other Chinese companies active in Kazakhstan includes CNOOC (中國海洋石油總公司), CITIC (中國國際信託投資公司), China Zhenhua Oil Co., Ltd (中國振華石油控股有限公司) and Sinochem (中國化工進出口公司). The region's infrastructure is well-developed, allowing extracted oil to be conveniently and economically transported to the Black Sea by pipelines, to the Mediterranean Sea by barge and pipeline, to Batumi and Georgia by barge and rail and to the PRC by pipeline. The recently-completed 1,384 mile Kazakhstan-China oil pipeline makes exporting oil to the PRC especially attractive.⁵

³ Source: U.S. State Department's website

⁴ Source: U.S. Energy Information Administration's website.

⁵ Source of information in relation to Kazakhstan: (a) a brief summary analysis on the energy sector of Kazakhstan published by the US Department of Energy in November 2010, and (b) a report on Kazakhstan's oil and gas industry published by Business Monitor International Ltd. in January 2010.

Target Company

The Target Company is an entity organized under the laws of the Republic of Kazakhstan on March 20, 2002 and is the sole operating subsidiary of the Seller and wholly-owned by it as at the date of this announcement. In September 2007, the Seller issued the Notes. The Notes are currently due on July 13, 2012 and have an interest rate of 9.0% per annum on the outstanding principal amount, payable semi-annually in arrears on January 13 and July 13 of each year. The Notes are presently convertible into the Seller's common shares at an initial conversion price of US\$7.2094 per share, subject to certain adjustments. The terms of the Notes are, however, subject to amendment pursuant to a restructuring as discussed below.

The holders of the Notes were entitled to a put right as of July 13, 2010, requiring the Seller to redeem the Notes. Because the Seller would have been unable to repay the Notes at July 13, 2010, the Seller has engaged in ongoing negotiations with the noteholders to restructure the Notes. The Seller is restructuring the Notes pursuant to which the terms of the Notes will be amended to, among other things, (i) increase the coupon rate to 10.75%, (ii) require the Seller to make a US\$1.0 million cash payment towards the principal balance of the Notes, which will result in an adjusted principal amount of US\$61.4 million after giving effect to the restructuring, (iii) extend the maturity date to July 13, 2013, (iv) grant the noteholders a new put option, exercisable one year prior to the new maturity date, (v) reduce the conversion price of the notes to US\$2.00 per share, (vi) provide additional covenant restrictions by the Seller, including a prohibition on paying dividends on shares of the Seller's common stock and on the pledge or disposal of assets, (vii) provide for semi-annual principal amortization payments of 30% of the Seller's excess cash flow, and (viii) allow the noteholders to appoint a member to the board of the directors of the Seller and the board of directors or similar body of the Target Company. If the Acquisition is consummated, the Seller expects to redeem the Notes.

Certain aspects of the restructuring of the Notes will be subject to Seller's stockholder approval and may be subject to the regulatory approval of the MOG. If such regulatory approval is required and not obtained, the noteholders will have an additional put option. The Seller and the noteholders are continuing to work towards definitive documents to restructure the Notes upon the terms disclosed above and upon other additional terms.

The principal business activity of the Target Company is oil and natural gas exploration and production in Kazakhstan. Pursuant to the Existing Exploration Contract, the Target Company can conduct exploration drilling and oil production in the contracted area in the Mangistau Oblast in the southwestern region of the Republic of Kazakhstan until January 2013. The contracted area under the Existing Exploration Contract is approximately 850 square kilometers, of which the reserve bearing area has been covered by 3D seismic studies, and comprises four existing oilfields and six identified prospects with hydrocarbon potential, including (a) the ADE Block, including the Askaz, Dolinnoe and Emir oilfields, (b) the Southeast Block, including the Kariman oil and gas field and the unexplored Borly and Yessen structures, and (c) the Northwest Block, including areas to the north and west of the exploration territory extending towards the Caspian Sea. Under the terms of the Existing Exploration Contract, the Target Company has the right to sell all oil and natural gas produced in the contracted area during the term of the Existing Exploration Contract and the exclusive right to apply for and negotiate a Production Contract.

Based on Chapman Petroleum Engineering’s evaluation as of July 1, 2010, four resource prospects in the contracted area (namely, East Saura 2, East Saura, North Aidai and West Aksaz) have estimated prospective resources of approximately 171.0 million barrels of oil on an unrisks basis and 51.3 million barrels of oil on a risks basis.

According to the management accounts of the Target Company prepared in accordance with US GAAP, the Target Company recorded the following unaudited net profit for the financial years ended March 31, 2009 and 2010:

Table 4

	Financial year ended March 31, 2009	Financial year ended March 31, 2010
Before taxation and extraordinary items (US\$ millions)	40.5	21.4
After taxation and extraordinary items (US\$ millions)	41.6	23.0

Based on the management accounts of the Target Company prepared in accordance with US GAAP, the unaudited net asset value of the Target Company was approximately US\$107.8 million and US\$115.1 million as of March 31, 2010 and September 30, 2010, respectively. The amounts outstanding under the Seller Loans were US\$149.0 million and US\$146.8 million as of March 31, 2010 and September 30, 2010, respectively.

The Target Company prepares its financial statements in accordance with US GAAP the accounting standards of which may be significantly different from IFRS. Among others, the Target Company uses full cost method of accounting for oil and gas properties. Hence, the net asset value and net profit of the Target Company as disclosed above would decrease if the Target Company prepares its financial statements under IFRS and the Company’s accounting policies. The accountant’s report on the financial information of the Target prepared in accordance with IFRS will be included in the circular to be dispatched to the Shareholders in accordance with the Listing Rules.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is one of the leading independent upstream oil companies operating onshore in the PRC as measured by gross production under production sharing contracts. The Group operates the Daan, Moliqing and Miao 3 oilfields in the Songliao Basin, PRC’s most prolific oil-producing basin, under three separate production sharing contracts with PetroChina, the largest oil company in China. 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.

Kazakhstan, as set out in the section headed “Information on the Target Company” above, has the largest oil reserves in the Caspian Sea region and is the second largest oil producer within Central Asia. It is expected that Kazakhstan will continue to lead the region in oil production, driven by production growth from existing fields and the development of recently discovered fields. The U.S. Department of Energy has forecasted that Kazakhstan will double its current oil production, demonstrating great potential in the oil and gas industry.

As a neighbour country to the PRC, Kazakhstan is strategically important for the PRC in the supply of energy. The Chinese and Kazakhstan governments enjoy good relations and the Chinese government has been encouraging Chinese companies to invest in Kazakhstan. In 2010, the gross oil production of oilfields operated by Chinese companies in Kazakhstan reached approximately 600,000 barrels of oil per day, accounting for approximately 38% of Kazakhstan's daily oil production in 2010. The potential in oil and gas industry in Kazakhstan and the good government relations between the PRC and Kazakhstan makes Kazakhstan an excellent investment location for the Group. By expanding the Group's operations into Central Asia, the Acquisition will enhance the Group's position as an international oil and gas company.

As set out in the Prospectus, the Group had net proved reserves of 29.4 million barrels, net proved + probable reserves of 47.7 million barrels, and net proved + probable + possible reserves of 61.2 million barrels as at June 30, 2010 and net production averaged at 10,042 barrels per day for the first half of 2010. Taking into consideration the Target Company's reserves as set out earlier in this announcement, the Group's total proved reserves, total proved + probable reserves and total proved + probable + possible reserves will increase by approximately 77% to 52.1 million barrels, 193% to 139.9 million barrels and 209% to 188.8 million barrels, respectively, after the Acquisition. Further, the Group's average production rate per day will increase by approximately 22% after taking into account the Target Company's production of approximately 2,170 barrels per day for the quarter ended September 30, 2010. The Target Company's assets are located in the oil rich basin in western Kazakhstan, which will form a strong base for the Group's international expansion strategy, in particular within and around the Central Asia region. The Target Company's assets allow for exploration upside as several prospects have been identified based on 3D seismic data. In addition, the reserves are considered as low-risk reserves as the reserve bearing area has all been covered by 3D seismic data which can justify the reservoir structure of reserve calculation. There are currently 24 existing wells in the contracted area with no dry holes drilled. Furthermore, the contracted area with its existing production with significant proved + probable reserves for further development, together with established infrastructure of gas pipeline, gas processing plant, oil processing and transportation facilities, provides a favourable basis for future development and production.

Furthermore, the Target Company's assets are already generating good revenues and cash flow. The Company believes that by combining the strong production rate, cash flow and well-trained workforce of the Target Company with the Group's strong management team and expertise in advanced drilling and production technologies, it will be able to increase oil production in the existing wells currently operated by the Target Company, and operate such wells more efficiently and more cost-effectively. In particular, as the contracted area is a multizone oil reservoir which is similar to the three oilfields in the Jilin Province operated by the Group, the Group can utilize its expertise and advanced technologies in multizone oil reservoirs to increase production and profits after the Acquisition.

The Target Company's assets are located close to a large joint venture oilfield project between CNPC/PetroChina and KazaMunaiGas (KMG), which is producing around 100,000 barrels of oil per day. Given the close proximity of the Target Company's assets and the joint venture oilfield of CNPC/PetroChina and KazaMunaiGas (KMG), the Group believes there is great potential and synergies for the Target Company's assets after the Acquisition. Taking into account CNPC/PetroChina's investments in Kazakhstan, the good relationship between CNPC/PetroChina and the Group in the PRC would also provide more synergies on the Group's operation of the contracted area. Further, there are currently many Chinese oil drilling and oilfield servicing and construction companies operating in Kazakhstan such as CNPC Great Wall Drilling Company Ltd. (中國石油長

城鑽探工程分公司), CNPC Xibu Drilling Engineering Company Ltd (中國石油西部鑽探工程有限公司), Drilling Company of Zhongyuan Petroleum Exploration Bureau (中原油田鑽井四公司), BGP, INC, China National Petroleum Corporation (中國石油集團東方地球物理勘探有限責任公司), CNPC logging services and CNPC pipeline companies. Given the Group's relationships with many Chinese oil drilling and oilfield servicing and construction companies in the PRC, the Group plans to leverage its relationships and experience working with Chinese oilfield drilling, servicing and construction companies and work together with such service providers in Kazakhstan.

Based on the Consideration of US\$170 million (without taking into account any adjustment), the EV/BOE for proved reserves, and proved + probable reserves is US\$7.49 and US\$1.84, respectively.

The following table sets out the economic value before income tax of the Target Company's reserves as of April 1, 2010, as estimated by Chapman Petroleum Engineering:

Table 5⁸

Reserves (000 barrels of oil equivalent)	Cumulative cash flow discounted at 5%/year (US\$ thousand)	Cumulative cash flow discounted at 10%/year (US\$ thousand)	Cumulative cash flow discounted at 15%/year (US\$ thousand)
Total proved	539,482	422,121	345,934
Total proved + probable	1,462,481	1,002,286	756,272
Total proved + probable + possible	1,945,348	1,299,755	956,332

Having considered the above, the Directors (including the independent non-executive Directors) consider that the terms of the Purchase Agreement and the transactions contemplated thereunder (including the Acquisition and the Seller's Option) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with Listing Rule 14.07 of the Listing Rules is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and thus requires the Shareholders' approval. As far as the Company is aware, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition, the Purchase Agreement, the Seller's Option and the transactions contemplated thereunder. The Acquisition, the Purchase Agreement, the Seller's Option and the transactions contemplated thereunder were approved by the Controlling Shareholder, who holds 53.6% of the issued share capital of the Company, by way of written shareholders' approval on February 14, 2011 in accordance with Listing Rule 14.44. In addition, TPG (including TPG Star Energy Ltd and TPG Star Energy Co-Invest LLC) and Harmony Energy Limited, holding approximately 8.7% and 9% of the issued share capital of the Company respectively, have also approved the Acquisition, the Purchase Agreement, the Seller's Option and the transactions contemplated thereunder by way of written shareholders' approval.

⁸ Source: reserve report as of March 31, 2010 prepared by Chapman Petroleum Engineering, an independent appraisal firm from Canada.

“Business Day”	a day, other than a Saturday or Sunday or any other day on which commercial banking institutions in New York City, Beijing, Almaty or Hong Kong are not open for the transaction of normal banking business
“Closing”	closing of the Acquisition and the other transactions as contemplated under the Purchase Agreement
“Closing Date”	the date of the Closing as set out in the Purchase Agreement
“CNPC”	China National Petroleum 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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	Far East Energy Limited, a company incorporated in Hong Kong and the Company’s controlling shareholder, holding 1,414,600,000 Shares representing approximately 53.6% of the issued share capital of the Company
“Director(s)”	the director(s) of the Company
“Engagement Letter”	an engagement letter entered into between the Company and Acap Limited on February 1, 2011, as amended by a supplemental letter dated February 14, 2011
“Equipment”	all wells presently in use, shut-in or temporarily abandoned, pipelines, processing plants, electricity lines, treaters, dehydrators, tanks, pumps, compressors, equipment, machinery, fixtures, vehicles, material stocks and other tangible use property and improvements on the areas subject to either the Existing Exploration Contract or any Production Contract or used or held for use in connection with such contracts or any operations related thereto or production therefrom
“Existing Exploration Contract”	the contract for the exploration of hydrocarbons on the “Aksaz-Dolinnaya-Emir” Area in Tubkaraganskii Raion in Mangystau Oblast between the Agency of the Republic of Kazakhstan for Investments, and “Zhanaozenkii Remontno-mechanicheskii Zavod” Limited Liability Partnership, being the contractor, dated June 9, 2000 and as amended from time to time
“EV/BOE”	enterprise value per barrel of oil equivalent
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	the International Financial Reporting Standards

“Independent Third Parties”	independent third party(ies) who is (are) not connected person(s) of the Company and is (are) independent of the Company and connected persons of the Company
“Interests”	all the issued and outstanding participation interests of the Target Company
“KMG”	Kazmunaigaz, Kazakhstan’s national oil and gas company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MMscf”	million standard cubic foot
“MOG”	the Ministry of Oil and Gas of the Republic of Kazakhstan
“Notes”	the 5.0% convertible senior notes due 2012 issued by the Seller pursuant to an indenture dated September 19, 2007 (as amended or supplemented)
“PRC”	the People’s Republic of China (excluding Hong Kong, Macau and Taiwan)
“Production Contract”	any agreement between the MOG and the Target Company for the performance of the production of hydrocarbons from any of Dolinnoe, Askaz, Kariman or Emir as provided for under the Existing Exploration Contract
“Prospectus”	the prospectus issued by the Company dated December 1, 2010 in relation to the initial public offering of the Company on the Main Board of the Stock Exchange
“Purchase Agreement”	the participation interest purchase agreement dated February 14, 2011 entered into by the Seller, the Purchaser and the Company as guarantor of the Purchaser
“Purchaser”	Palaeontol B.V., a company organized under the laws of the Netherlands and a wholly-owned subsidiary of the Company
“Seller”	BMB Munai, Inc., a Nevada corporation, which is an Independent Third Party
“Seller Loans”	loans made by the Seller to the Target Company pursuant to certain loan agreements as identified in the Purchase Agreement, including all principal, interest and other amounts payable with respect thereto
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of US\$0.001 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Emir-Oil, LLC, an entity organized under the laws of the Republic of Kazakhstan, an Independent Third Party
“US GAAP”	Generally Accepted Accounting Principles (United States)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board
Mr. Zhang Ruilin
Chairman

Hong Kong, February 15, 2011

As at the date of this announcement, our executive Directors are Mr. Zhang Ruilin (Chairman), Mr. Zhao Jiangwei, Mr. Forrest L. Dietrich and Mr. Allen Mak, our non-executive Director is Mr. Wang Sing and our independent non-executive Directors are Mr. Mei Jianping, Mr. Jeffrey W. Miller and Mr. Cai Rucheng.