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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 NINE MONTHS 2016 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 operation update for the first nine months of 2016 (“**Current Period**” or “**9M2016**”) to its shareholders and potential investors.

SUMMARY

Our 9M2016 operational performance reflects the FY2016 business plan and budget set forth and approved by the Board at the beginning of the year. The Group continues to focus on prudent control of operating costs and capital expenditures. Consistent with this approach, no new drilling was done in the China oil projects during 9M2016, and consequently, as compared to 9M2015, the Group’s 9M2016 average daily operated and net oil and gas production decreased by 10.9% and 9.1% respectively. The Group’s average daily net oil production was 9,285BOPD, which is within the 2016 annual guidance range, but down 9.2% compared to 9M2015 due primarily to natural decline as no new development wells were drilled since 2H2014. The Group’s average realized oil price was US\$34.69/bbl, representing a decrease of 28.4% versus 9M2015. The Group’s average daily net gas production was 5,574MSCF/day, which is below the 2016 annual guidance range and down 8.2% compared to 9M2015. The Group’s average realized gas price was US\$0.82/MSCF, representing a decrease of 25.4%. The following table provides an overview of the Group’s key operational metrics for the Current Period. Additional details about the Group’s operating results by segment can be found in the table at the end of this announcement.

	9M2016	9M2015	% Change	2016 Guidance
Average Daily Operated Production (barrels of oil equivalent/day)	18,617	20,898	(10.9)%	
Average Daily Net Production (barrels of oil equivalent/day)	10,214	11,233	(9.1)%	
Average Daily Net Oil Production (barrels/day)	9,285	10,221	(9.2)%	9,240–10,540
Average Daily Net Gas production (Mcf/day)	5,574	6,072	(8.2)%	6,100–7,100
Average realized oil price (USD/barrel)	34.69	48.47	(28.4)%	
Average realized gas price (USD/Mcf)	0.82	1.10	(25.4)%	
Total Wells Drilled	2	3	(33.3)%	2

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) Operated Production means total production from all assets operated by the Group
- (3) Net Production means entitled production from all assets operated by the Group

CHINA OPERATIONS (JILIN PROVINCE: DAAN AND MOLIQING)

During 9M2016, total gross operated production for our two China oil projects, Daan and Moliqing, decreased 13.4% to 14,303BOPD, as compared to 9M2015, as a result of the natural decline of the production from old wells, as well as the fact that no new wells were drilled for the China oil projects in 9M2016. Total net production allocated to the Group decreased by 13.7% to 5,915BOPD.

The average realized oil price (i.e. Daqing oil price FOB at Dalian port) for our China oil projects decreased by 30.6% to US\$34.36/bbl in 9M2016 from US\$49.53/bbl in 9M2015.

KAZAKHSTAN OPERATIONS (EMIR-OIL)

During 9M2016, average daily oil production for Emir-Oil increased to 3,328BOPD, which is up 0.6% as compared to 9M2015, and slightly below the 2016 annual guidance range of 3,600–4,200BOPD. The average gas production of Emir-oil decreased 7.5% to 5,508MSCF/day during Current Period, which is also below the 2016 annual guidance of 6,000–7,000MSCF/day.

As of September 30, 2016, Emir-Oil operated a total of 50 wells, of which 16 wells were producing. As per the requirements under the exploration license, Emir-Oil completed the drilling of two exploration wells, Dolinnoe-8 and Yessen-3, in 3rd quarter this year. From the well logging data, Dolinnoe-8 and Yessen-3 indicating oil and gas shows thickness of

104.0m and 108.8m, respectively. Emir-Oil will carry out further testing on these two wells including production flow in 4th quarter this year. Relating to the extension of contract period of the exploration license currently expiring on 9 January 2017, Emir-Oil has made good progress on this matter and is on schedule to obtain the extension in late 2016 or early 2017.

The average realized oil price for Emir-Oil was US\$35.27/barrel in 9M2016, a decrease of 23.7% compared to US\$46.24/barrel in 2015, with export sales comprising 90% of total sales volume. The average realized export price was US\$37.55/barrel while the average realized domestic price was US\$14.75/barrel. Average realized gas price was US\$0.77/MSCF for 9M2016, a decrease of 24.8% compared to US\$1.03/MSCF for 9M2015.

USA OPERATIONS (CONDOR)

There were no drilling activities during 9M2016 in the US. The Group's subsidiary, Condor Energy Technology LLC, operates 5 horizontal wells in the Niobrara project. For 9M2016, the average daily net oil and gas production was 42BOPD and 65MSCF/day, respectively, and average realized oil and gas price was US\$35.89/bbl and US\$2.13/MSCF, respectively.

OTHER MATTERS

On 20 July 2016, the Company completed the disposal of the entire issued share capital of Asia Gas & Energy Ltd. (holding company for the Group's 51% equity interest in Sino Gas & Energy Limited) for US\$208,173,719. The transaction includes the transfer of US\$91.3 million of shareholder's loan to the buyer. Following the completion, Asia Gas & Energy Ltd. ceased to be a subsidiary of the Company.

On 5 September 2016, the Company executed an amendment agreement to extend the longstop date of the sales and purchase agreement entered into with Reach Energy Berhad dated 5 March 2016 relating to the disposal of its 60% equity interest in Palaeontol B.V. until 10 November 2016.

On 30 September 2016, the Company completed the acquisition of approximately 37.5% of equity interests in Journey Energy Inc. ("**Journey**") for a consideration of C\$33,846,602 (approximately US\$26 million). Following the completion, the Journey will be accounted for as an associate of the Company using equity accounting method. Journey is listed on the Toronto Stock Exchange and is principally engaged in the exploration and production of conventional, oil-weighted assets in western Canada (stock code: TSX: JOY). Based on the assessments provided by the independent reserve consultant, GLJ Petroleum Consultants, the proved ("**1P**") oil and gas reserve at the year end of 2015 was about 29 million barrels of oil equivalents ("**boe**"), of which approximately 55% was oil and NGLs, while the proved + probable ("**2P**") oil and gas reserve was about 50 million boe, of which about 58% was oil and NGLs. For the second quarter of 2016, Journey produced approximately 8,600 boe/day (54% liquids).

PetroBroad Copower Limited completed the drilling of PY10-4-3 well in the third quarter and the drilling results of the well are currently being evaluated.

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 equities of the Company.

Appendix: Operational data comparison between 9M2016 and 9M2015

Items	9M2016	9M2015	Increased/ (decreased)	Increased/ (decreased) %	2016 Guidance
1. Crude Oil: Production & Realized Price					
1.1. Average daily operated production (barrels/day)	17,686	19,881	(2,195)	(11.0)%	
China oilfields (Daan/Moliqing)	14,303	16,513	(2,210)	(13.4)%	
Kazakhstan (Emir-Oil)	3,328	3,308	20	0.6%	
US (Condor)	55	60	(5)	(7.6)%	
1.2. Average daily net production (barrels/day)	9,285	10,221	(936)	(9.2)%	9,240–10,540
China oilfields (Daan/Moliqing)	5,915	6,853	(938)	(13.7)%	5,600–6,300
Kazakhstan (Emir-Oil)	3,328	3,308	20	0.6%	3,600–4,200
US (Condor)	42	60	(18)	(29.3)%	40
1.3. Average realized price (US\$/bbl)	34.69	48.47	(13.78)	(28.4)%	
China oilfields (Daan/Moliqing)	34.36	49.53	(15.17)	(30.6)%	
Kazakhstan (Emir-Oil)	35.27	46.24	(10.97)	(23.7)%	
US (Condor)	35.89	42.71	(6.82)	(16.0)%	
2. Natural Gas: Production & Realized Price					
2.1. Average daily operated production (MSCF/day)	5,589	6,101	(512)	(8.4)%	
Kazakhstan (Emir-Oil)	5,508	5,954	(446)	(7.5)%	
US (Condor)	81	147	(66)	(44.9)%	
2.2. Average daily net production (MSCF/day)	5,574	6,072	(498)	(8.2)%	6,100–7,100
Kazakhstan (Emir-Oil)	5,508	5,954	(446)	(7.5)%	6,000–7,000
US (Condor)	65	118	(53)	(44.7)%	100
2.3. Average realized price (US\$/MSCF)	0.82	1.10	(0.28)	(25.4)%	
Kazakhstan (Emir-Oil)	0.77	1.03	(0.26)	(24.8)%	
US (Condor)	2.13	2.95	(0.82)	(27.7)%	

Items	9M2016	9M2015	Increased/ (decreased)	Increased/ (decreased) %	2016 Guidance
3. Total wells drilled	2	3	(1)	(33.3)%	2
China oilfields (Daan/Moliqing)	—	—	—	—	—
Kazakhstan (Emir-Oil)	2	3	(1)	(33.3)%	2
US (Condor)	—	—	—	—	—

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

Hong Kong, October 28, 2016

As at the date of this announcement, the Board comprises (1) the executive Directors namely Mr. Zhang Ruilin, Mr. Zhao Jiangwei, Mr. Andrew Sherwood Harper and Mr. Tian Hongtao; (2) the non-executive Director namely Ms. Xie Na; and (3) the independent non-executive Directors namely Mr. Mei Jianping, Mr. Jeffrey W. Miller and Mr. Guo Yanjun.