MIE HOLDINGS CORPORATION
MI能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1555)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Reference is made to the announcement of MIE Holdings Corporation (the "**Company**", together with its subsidiaries, the "**Group**") dated April 23, 2019 in relation to the annual results of the Group for the year ended December 31, 2018 (the "**2018 Annual Results Announcement**") and the annual report of the Group for the year ended December 31, 2018 (the "**2018 Annual Report**"). Unless otherwise defined, terms used herein shall bear the same meanings as defined in the 2018 Annual Results Announcement and 2018 Annual Report.

In addition to the information provided in the 2018 Annual Results Announcement and 2018 Annual Report, the Board would like to provide further information in relation to the disclaimer of opinion (the "**Audit Qualification**") issued by the auditor of the Company (the "**Auditor**") in relation to the consolidated financial statements of the Group for the year ended December 31, 2018.

DETAILS OF THE AUDIT QUALIFICATION AND MANAGEMENT'S VIEW ON THE AUDIT QUALIFICATION

As detailed in Note. 2.1.1 to the consolidated financial statements for the year ended December 31, 2018 ("**Note 2.1.1**")(as set out in the 2018 Annual Results Announcement), conditions existed such to indicate the existence of material uncertainties which may cast significant doubt regarding the Group's ability to continue as a going concern. In view of such circumstances, the Management of the Group (the "**Management**") had assessed the Group's current liquidity, performance and available sources of financing in considering the Group's ability to continue as a going concern. The Management has also taken or will continue to implement the measures as further detailed in Note 2.1.1 to mitigate the Group's liquidity pressure and improve the conditions of cash flow, and on the assumption of successful and continued implementation of such measures, and taking into account the

Group's cash flow projections which covers a period of not less than 12 months from December 31, 2018, the Management and also the Directors are satisfied that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis. The Management and Directors are of the view that the Group will, based on the action plan devised (as further detailed below in this announcement), have sufficient cash resources to satisfy future working capital and other financing requirements as and when they fall due in the next twelve months from the reporting date.

The consolidated financial statements have thus been prepared on a going concern basis, the validity of which however depends on the outcome of the following measures, including: (i) successful completion of Maple Marathon Disposal in the near future so that the net cash proceeds will be made available to the Group for fulfilment of its obligations; and that the term loan owed by Maple Marathon will be retained by Far East Energy for repayment in accordance with the disposal agreement such that the Group does not need to obtain additional sources of financing to repay such loan upon the due date; (ii) the holder of the Public Notes not exercising the Put Option prior to the completion of the Maple Marathon Disposal, in order not to trigger earlier redemption of the Public Notes and certain other Private Notes; (iii) the lender of the On Demand Borrowing due to be repaid on 1 February 2020 not exercising its contractual right to demand early immediate payment; (iv) the Group's ability to continuously comply with the terms and conditions of all the outstanding borrowings and financing agreements and to successfully negotiate with the lenders to obtain waivers or to revise the existing terms and conditions as and when needed such that the existing borrowings and financing will continue to be available to the Group; and (v) the Group's ability to generate operating cash flows and obtain additional sources of financing, other than those mentioned above, to finance the Group's oil development and production businesses and other funding needs.

As set out in the 2018 Annual Results Announcement, due to the potential interaction of the multiple uncertainties regarding the action plan of the Company and the possible cumulative effect on the consolidated financial statements, it is not possible for the Auditor to form an opinion on the consolidated financial statements. Accordingly, the Auditor issued the Audit Qualification.

AUDIT COMMITTEE'S VIEW ON THE AUDIT QUALIFICATION

The audit committee of the Company (the "**Audit Committee**") had critically reviewed the Audit Qualification and also the Management's position and action plan of the Group to address the Audit Qualification. The Audit Committee is in agreement with the Management with respect to the Audit Qualification and the Group's ability to continue as a going concern, and in particular the actions or measures to be implemented by the Management or the Group. The Audit Committee's views are based on (i) a critical review of (a) the Management's action plan to address the Audit Qualification (and the assumption of successful and continued implementation), and (b) a review of the Group's cash flow projections which covers a period of not less than 12 months from December 31, 2018, and also (ii) discussions between the Audit Committee, the Auditor and the Management regarding the Audit Qualification. The Audit Committee is also of the view that the Management should continue its efforts in implementing the actions and measures set out in the action plan below with the intention of mitigating the Group's liquidity pressure and removing the Audit Qualification.

ACTION PLAN OF THE GROUP TO ADDRESS THE AUDIT QUALIFICATION AND IMPACT OF THE AUDIT QUALIFICATION ON THE COMPANY'S FINANCIAL POSITION

Details of the action plan of the Group to address the Audit Qualification

In order to address the uncertainties which may cast doubt regarding the Group's ability to continue as a going concern, and with a view to removing the Audit Qualification, the Company had taken and intends to continue to implement the measures as further detailed in Note 2.1.1 to mitigate the liquidity pressure and to improve its cash flows, including:

(i) the implementation of the Exchange Offer. Noteholders representing approximately 84% of the total principal amount outstanding at December 31, 2018 accepted the Exchange Offer. In accordance with the related terms and conditions, the Company issued new senior notes in the principal amount of US$248.4 million bearing annual interest at 13.750% due on April 12, 2022, made a cash payment of approximately US$26.1 million (equivalent to approximately RMB183.1 million) to such holders on April 15, 2019, and the corresponding 2019 Notes were cancelled accordingly. The Company had settled the remaining 2019 Notes with principal plus accrued interest totalling US$52.6 million (equivalent to approximately RMB369.0 million) upon maturity on April 25, 2019. To fund the Exchange Offer and repayment of the remaining 2019 Notes upon maturity, the Company also issued the Private Notes on April 12, 2019;

(ii) the entering into of an agreement with Far East Energy to dispose of the Group's 100% equity interest in Maple Marathon (the "**Maple Marathon Disposal**"). The long stop date for the Maple Marathon Disposal has been extended to September 30, 2019. Based on discussion between the Board and Far East Energy, due to the delay of potential lenders' review process, macroeconomic difficulties in the credit markets in Asia and significant price volatility in the energy sector, in particular continued constrained natural gas prices in Canada, additional time was required by Far East Energy to obtain sufficient financial resources for completion of the Maple Marathon Disposal. Far East Energy has indicated to the Board that it is currently in discussion with several financial institutions and expects to be able to complete the Maple Marathon Disposal by August 30, 2019;

(iii) continued efforts of the Company's management in persuading the holder of the Public Notes to delay any exercise of the Put Option until the Group has the financial resources to repay the Public Notes. The Public Notes are redeemable on January 26, 2021, and the related exercise date of the Put Option for redemption is any date on or after March 15, 2019 until maturity. The Management has been having on-going communications with the holder of the Public Notes regarding the Company's plan of redemption upon completion of the Maple Marathon Disposal. There has been no indication of intention by the holder to exercise the Put Option of the Public Notes, which would also trigger mandatory redemption of the Private Notes, prior to completion of the Maple Marathon Disposal. The Management currently plans to redeem the Public Notes upon completion of the Maple Marathon Disposal, which is expected to take place by August 30, 2019;

(iv) on-going efforts of the management of the Company to convince the lender of the On-Demand Borrowing to delay the exercise of its contractual right to demand early immediate repayment until the scheduled repayment date. The On-Demand Borrowing is scheduled to be repaid in full on February 1, 2020 (the "**Scheduled Repayment Date**"). The Management will continue its ongoing efforts in convincing the lender of the On-Demand Borrowing not to exercise its contractual right to request the Company for early immediate repayment of the principal amount and any accrued interest prior to the Scheduled Repayment Date. Based on latest communications, there is no indication that the lender has any current intention to exercise its right to demand immediate repayment. Further, the lender has not indicated any disagreement with the Company nor any intention to demand repayment prior to the Scheduled Repayment Date; and

(v) continued generation of operating cash flows and active seeking of other alternative financing, including borrowings and proceeds from disposal of assets or business, to finance the settlement of its existing financial obligations and future operating and capital expenditures. The Management is confident that the Group will be able to dispose of non-core assets and refinance senior indebtedness on reasonable terms, but given the disposal of non-core assets and refinancing requires on-going negotiations and communication with various counterparties, it is difficult to ascertain an exact timeframe:

   (a) the Company is currently in discussion with financial institutions and potential investors regarding alternative avenues of financing, whether debt or equity (including placing of the Company's shares), for the Group. The Management believes that alternative financing will provide additional liquidity to the Group. The Company will provide further update(s) to the Shareholders as appropriate when definitive agreements are executed; and

   (b) the Company is currently in the course of identifying potential buyers regarding the disposal of its Kazakhstan operations or oilfield(s) (being a non-core asset of the Group). As such disposal would require government approvals, shareholders' approval and joint venture partner approval, all of which are time consuming, the Management is unable to ascertain a concrete timetable at this stage.

Furthermore, the Management believes that the Group has the ability to comply with the terms and conditions of all the outstanding borrowings and financing agreements and to successfully negotiate with the lenders to obtain waivers or to revise the existing terms and conditions as and when needed such that the existing borrowings and financing will continue to be available to the Group.

Impact of the Audit Qualification on the Company's financial position

As set out in the 2018 Annual Results Announcement, should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these adjustments has not been reflected in the consolidated financial statements of the Group for the year ended December 31, 2018.

Removal of the Audit Qualification

Based on the Company's discussion with the Auditor, the Board is given to understand that if all of the above plans or actions (as detailed in Note. 2.1.1) had been completed as at December 31, 2018, the Audit Qualification would not have been issued. The Auditor has advised the Management that as the Audit Qualification relates to a going concern issue, in preparing the financial statements for the year ending December 31, 2019, the Directors are responsible for assessing the Company's ability to continue as a going concern and the appropriateness of preparing the Group's consolidated financial statements on a going concern basis, based on the conditions and circumstances as at December 31, 2019. In accordance with the International Standards on Auditing ("**ISA**"), the Auditor needs to obtain sufficient appropriate audit evidence regarding the appropriateness of the Management's use of the going concern basis of accounting in the preparation of the Group's financial statements, and to conclude, based on the audit evidence obtained, whether a material uncertainty exists regarding the Company's ability to continue as a going concern.

The Management's assessment of the Company's ability to continue as a going concern as at December 31, 2019 would need to take into consideration of the then conditions and circumstances and also include cash flow projections covering a period of not less than 12 months from December 31, 2019. As such, the Auditor is unable to ascertain whether the Audit Qualification can be removed in the next financial year based purely on the Company's action plans (as detailed in Note 2.1.1), given sufficient appropriate audit evidence is yet to be obtained regarding the Management's future assessment as at December 31, 2019.

Therefore, assuming all the above plans or actions can be completed as planned and satisfactory completion of review of the Management's assessment of the Company's going concern, together with sufficient and appropriate evidence, the Audit Qualification is expected to be removed in connection with the audit of the consolidated financial statements of the Group for the year ending December 31, 2019.

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

Hong Kong, June 6, 2019

As at the date of this announcement, the Board comprises (1) the executive directors namely Mr. Zhang Ruilin and Mr. Zhao Jiangwei; (2) the non-executive director namely Ms. Xie Na; and (3) the independent non-executive directors namely Mr. Mei Jianping, Mr. Jeffrey Willard Miller and Mr. Guo Yanjun.