

Table 2

Summary of Gross Reserves
January 1, 2016

MIE Holdings Corporation

Borly, Republic of Kazakhstan

Description		Current or Initial Rate STB/d	API Gravity (Deg)	EUR (MSTB)	Cumulative Production (MSTB)	Gross Reserves (MSTB)	Contract Reserves * (MSTB)	Reference
LIGHT & MEDIUM OIL								
Probable								
Probable Developed Non-Producing								
Borly-2ST1	Triassic T2Upper, T2A, T2B, T2C, T1	1,000	40	3,887	0	3,887	3,887	Tables 2a, 2b, 2c, 2d & 2e
	Total Probable Developed Non-Producing	1,000		3,887	0	3,887	3,887	
	Total Probable Developed	1,000		3,887	0	3,887	3,887	
Probable Undeveloped								
Location-1	Triassic T2Upper, T2A, T2B, T2C, T1	500	40	1,944	0	1,944	1,944	Analogy to Borly-2ST1 [1]
Location-2	Triassic T2Upper, T2A, T2B, T2C, T1	500	40	1,944	0	1,944	1,944	Analogy to Borly-2ST1 [1]
	Total Probable Undeveloped	1,000		3,887	0	3,887	3,887	
	Total Probable	2,000		7,774	0	7,774	7,774	
Possible								
Six Locations	Triassic T2Upper, T2A, T2B, T2C, T1	3,000	40	11,661	0	11,661	11,661	Analogy to Borly-2ST1 [1]
	Total Possible	3,000		11,661	0	11,661	11,661	
	Total Probable Plus Possible	5,000		19,435	0	19,435	19,435	

Note: [1] 50% Net Pay reduction.

* Reserves recoverable within the Term of the existing Production Contract.

Table 2 Cont.

Summary of Gross Reserves
January 1, 2019

MIE Holdings Corporation

Borly, Republic of Kazakhstan

Description		EUR (raw) (MMscf)	Cumulative Production (MMscf)	Gross Reserves (raw) (MMscf)	Gross Reserves (sales) (MMscf)	Contract Reserves (sales)* (MMscf)	Reference
SOLUTION GAS							
Probable							
Probable Developed Non-Producing							
Borly-26T1	Triassic T2Upper, T2A, T2B, T2C, T1	3,887	0	3,887	3,615	3,615	GOR : 1000 scf/STB
	Total Probable Developed Non-Producing	3,887	0	3,887	3,615	3,615	
	Total Probable Developed						
Probable Undeveloped							
Location-1	Triassic T2Upper, T2A, T2B, T2C, T1	1,944	0	1,944	1,807	1,807	GOR : 1000 scf/STB
Location-2	Triassic T2Upper, T2A, T2B, T2C, T1	1,944	0	1,944	1,807	1,807	GOR : 1000 scf/STB
	Total Probable Undeveloped	3,887	0	3,887	3,615	3,615	
	Total Probable	7,774	0	7,774	7,230	7,230	
Possible							
Six Locations	Triassic T2Upper, T2A, T2B, T2C, T1	11,661	0	11,661	10,845	10,845	GOR : 1000 scf/STB
	Total Possible	11,661	0	11,661	10,845	10,845	
	Total Probable Plus Possible	19,435	0	19,435	18,074	18,074	

Note: * Reserves recoverable within the Term of the existing Production Contract.

Table 3a

Summary of Anticipated Capital Expenditures
Development

January 1, 2016

MIE Holdings Corporation

Borly, Republic of Kazakhstan

Description	Date	Operation	Capital Interest %	Gross Capital M\$	Net Capital M\$
<u>Probable Developed</u>					
Pipeline and Central Processing Facilities	2016	Build Pipeline and Central Processing Facilities	100.0000	0	0
Borly-2ST1	2018	Complete, Tie-in and Place on Production	100.0000	500	500
		Total Probable Developed		500	500
<u>Probable Undeveloped</u>					
Location-1	2020	Drill, complete and Tie-in Well	100.0000	4,000	4,000
Location-2	2020	Drill, complete and Tie-in Well	100.0000	4,000	4,000
		Total Probable Undeveloped		8,000	8,000
		Total Probable		8,500	8,500
<u>Possible</u>					
Six Locations	2021-2022	Drill, complete and Tie-in Well	100.0000	24,000	24,000
		Total Possible		24,000	24,000
		Total Proved Plus Probable Plus Possible		32,500	32,500

Note: The above capital values are expressed in terms of current dollar values without escalation.

Table 3b
Summary of Anticipated Capital Expenditures
Abandonment and Restoration

January 1, 2016

MIE Holdings Corporation

Borly, Republic of Kazakhstan

<u>Description</u>	<u>Year</u>	<u>Well Parameters</u>	<u>Capital Interest %</u>	<u>Gross Capital M\$</u>	<u>Net Capital M\$</u>
Borly-2ST1		Oil well Abandonment and Restoration	100.0000	50	50
Two Locations		Oil well Abandonment and Restoration	100.0000	100	100
Six Locations		Oil well Abandonment and Restoration	100.0000	300	300
		Total Abandonment and Restoration		450	450

ADEK BLOCK (LICENCE AREA)
REPUBLIC OF KAZAKHSTAN
NORTH KARIMAN FIELD
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Figure 2: Log Analysis Presentation

- a) North Kariman-1, Middle Triassic T2
- b) North Kariman-2, Middle Triassic T2

Table 2: Summary of Gross Reserves

Summary of Reserves and Reservoir Parameters

Proved Developed Producing

- a) North Kariman-1, Middle Triassic T2B (Removed from this version)
- b) North Kariman-1, Middle Triassic T2C (Removed from this version)
- c) North Kariman-2, Middle Triassic T2B (Removed from this version)

Proved Undeveloped

- d) Location-1, Middle Triassic T2B (Removed from this version)
- e) Location-2, Middle Triassic T2B (Removed from this version)

Probable Developed

- f) North Kariman-1, Middle Triassic T2A (Removed from this version)
- g) North Kariman-2, Middle Triassic T2A (Removed from this version)
- h) North Kariman-2, Middle Triassic T2C (Removed from this version)

Probable Undeveloped

- i) Location-1, Middle Triassic T2C (Removed from this version)
- j) Location-2, Middle Triassic T2C (Removed from this version)

Possible

k) Location-2, Middle Triassic T2A (Removed from this version)

Figure 3: Production History Graphs

- a) North Kariman-1, Middle Triassic T2
- b) North Kariman-2, Middle Triassic T2
- c) Group Production Plot, Middle Triassic T2

Table 3: Summary of Anticipated Capital Expenditures

- a) Development
- b) Abandonment and Restoration

**ADEK BLOCK (LICENCE AREA)
REPUBLIC OF KAZAKHSTAN
NORTH KARIMAN FIELD
DISCUSSION**

Property Description

The Company owns a 100 percent working interest in a "Licence" and "Exploration Contract" referred to as the North Kariman Field which is located onshore in Kazakhstan in the Mangistau Oblast, approximately 50 kilometers from Aktau in the Republic of Kazakhstan (ROK).

The Licence originated in 1999 and the Exploration Contract was entered into on June 9, 2000 by a preceding company. The Licence and Contract Area were assigned to the Company on September 23, 2002.

The Licence and Exploration Contract granted the right to engage in exploration and development activities on the block. Originally the Exploration contract had a five year term but it has since been extended and now expires on January 9, 2017 (Addendum 11).

The Company has plans to submit an application for the "Production Contract", the terms of which would be negotiated. The Company has the right to produce and sell oil under the Law of Petroleum for the term of the existing Exploration Contract at a royalty rates presented on Table 1. Provided that the Company can show evidence of a commercial discovery, has fulfilled its minimum work commitments and presents a development plan acceptable to the MEMR, there is no reason to believe the Exploration and Production Contract would not be granted.

The Company has the right to produce and sell oil under the Law of Petroleum for the term of the existing Production Contract at Mineral Extraction Tax rates presented in Table 1.

Under the Production Contract, Mineral Extraction Tax rates are negotiated and vary depending on the annual production, Export Rent Tax depends on the market spot price. This year the spot price reference has been negotiated to correlate to Brent oil price.

There are two general forms of production contracts in Kazakhstan, production-sharing contracts and tax based contracts. The ADEK Block is governed under a tax based contract.

The North Kariman field is one of seven known fields already discovered on the ADEK Block. The Company has drilled well North Kariman-2, which was placed on production in 2012 at a production rate of 540 ST/d from one zone Middle Triassic T2B, also drilled and placed on production well North Kariman-1.

A map of the field, showing the well locations and reservoir structure is presented on Figures 1 and a brief description of the ownership is presented in Table 1.

Geology

The ADEK Block is located within the onshore Kazakhstan portion of the Middle Caspian Basin. The block is located within the Segendyk Depression, the western most of a series of east-west trending depressions called the South Mangyshlak Depressions. The Mangyshlak meganticline is to the north of these series of depressions and the Karabogaz Arch to the south. The sedimentary section in this area is Triassic to Tertiary in age with a thickness of over 4000 m. Most oil reserves in this sub-basin are in Middle Jurassic sandstone reservoirs within structural traps. However, Triassic carbonates are also important reservoir zones and the major zone of interest for the Company reserves in this report.

In the North Kariman area, the Company successful drilled an exploratory wildcat wells North Kariman-1 and 2, and discovered oil within Middle Triassic carbonate or T2, as shown on the log analysis illustrated in Figures 2. Pay in the well has been calculated from 3645 m to 3870 m. The reservoir zone is trapped in a fault bounded anticlinal structure as shown in the seismic structure map on the top of the Middle Triassic illustrated in Figures 1. Reserves have been determined for an area of 200 acres for this structure.

Petrophysical Data and Analysis

Russian GIS logs were run in the shallow formations and Baker Atlas logs over the carbonate.

The Chapman digital log analysis was made using HDS software over the carbonate reservoirs.

The Gamma Ray was used as a shale indicator in the Modified Simandoux water saturation equation with a carbonate selection for a, m, and n.

Sw cutoff was 50% along with a shale volume cutoff of 50%.

Net pay was identified in the carbonate reservoirs as shown in the interpreted log.

Reserves

Proved developed producing oil reserves of 1,694 MSTB and marketable solution gas reserves of 637 MMscf have been estimated for the Middle Triassic zones T2B and T2C in two producing wells: North Kariman-1 and North Kariman-2.

Proved Undeveloped oil reserves of 671 MSTB and marketable solution gas reserves of 241 MMscf have been assigned to the Middle Triassic T2B zone in two adjacent probable locations, as an analogy to the well North Kariman-2, but with drainage area of 60 acres.

Incremental probable developed oil reserves of 970 MSTB and marketable solution gas reserves of 359 MMscf have been estimated for wells North Kariman-1 and North Kariman-2 in the same intervals as the proved developed non-producing reserves based on an increased recovery factor.

Additional probable developed oil reserves of 2,468 MSTB and marketable solution gas reserves of 1,686 MMscf have been estimated for the Middle Triassic zones T2A and T2C in wells North Kariman-1 and North Kariman-2.

Probable undeveloped oil reserves of 1,650 MSTB and marketable solution gas reserves of 592 MMscf have been assigned to the Middle Triassic zones T2B and T2c in probable Locations 1 and 2, as an analogy to the wells North Kariman- 2, but with reduced drainage.

Possible oil reserves of 357 MSTB and marketable solution gas reserves of 128 MMscf have been assigned to the Middle Triassic T2A zone in Location-2.

A summary of the reserves for this area is presented in Table 2 and the reserve data and reservoir parameters for each interval are presented in Tables 2a through 2k.

Production

Well North Kariman-1 was placed on production in late 2013, and currently is producing at a rate of 824 STB/d.

Well North Kariman-2 was placed on production at an initial rate of 540 STB/d, and currently is producing at a rate of 473 STB/d.

For the proved undeveloped case we have assumed that new locations will be placed on production at a rate of 200 STB/d, from a single zone Middle Triassic T2B.

Production history graphs for individual wells and a Group Production Plot are presented on Figure 3.

Product Prices

Under the terms of the contract, a portion of production is required to satisfy the domestic market and the remaining is allowed to be exported. We have utilized an export/domestic sales split of 89% /11% for the purposes of this report based on the company's previous year's actual result.

The exported oil price is equivalent to Brent oil price, which has been estimated to be \$46.25/STB in 2016 for this project. The forecast Brent price has been based on the average forecast of two prominent consulting firms, Sproule and McDaniel.

The domestic price is legislated by the government, reduced by the Value Added Tax (VAT) of 12%, resulting in \$9.39/STB in 2016. This price is forecast to gradually increase related to Brent price.

A natural gas price of \$0.85/Mscf has been utilized for solution gas sales and assumed to be constant throughout the report.

Capital Expenditures

Total capital expenditures of \$21,631,000 have been estimated for the development of the proved, probable and possible reserves in this field as presented in Table 3a.

An average cost of \$4,000,000 has been used to drill, complete, equip and tie-in each new well based on historical information in this area. The Company advises that it has recently been experiencing lower costs than this overall, in which case this reflects some increase in value to the properties not considered in this report.

Abandonment and lease restoration costs of \$200,000 (\$50,000 per well) net of salvage have been included after the depletion of the reserves, as presented in Table 3b.

Operating Costs

Field fixed costs of \$296,000/well/year for existing wells and all new wells have been used for this evaluation based on Company 2015 revenue statements.

Our processing costs are estimated to be \$3.39/STB for all oil. Oil for export (89%) is subjected to Export Sales costs of 6.91/STB in 2016 and 5.41/STB in 2017 and after, transportation costs of \$8.06/STB in 2016 and 5.56/STB in 2017 and after.

Additionally, an export duty of \$8.00/STB (\$60.00/LT) is charged against the export oil.

Tax Consideration

Under the terms of the Production Contract, exports are subject to Export Rent Tax (ERT), Mineral Extraction Tax (MET), Corporate Income Tax (CIT) and Excess Profit Tax, which are based on the Tax Regulations of ROK and its values are presented in Table 1. Export oil is exempt from Value Added Tax (VAT).

Economics

The economic analysis for the Licence area has been conducted on the combined fields and is presented under a separate tab after the technical presentation of the properties.

Economic analyses have been prepared on a spread sheet format to appropriately account for the particulars of the Sales Cost, Transportation Discount, Export Duty, Export Rent Tax, Mineral Extraction Tax, Corporate Income Tax and Excess Profit Tax.

The cash flow forecasts have been prepared under a "Forecast Prices and Costs" assumption

Production gross revenue and capital forecasts have been established on a field level and integrated into this economic model to establish cash flows on a Contract area level.

Page 1 – Gross Production and Capital Forecast

Page 2 – Production Splits – Export and Domestic Sales Revenue, Expense, ERT and MET

Page 3 – Company Operating Cost and Cash Flow

Page 4 – Corporate Income Tax and Excess Profit Tax

The results of the economic analysis are presented on Table 4, Before Income Tax and Excess Profit Tax, Table 4T, After Corporate Income Tax and Excess Profit Tax

The individual analyses (4 pages/case) are presented on Tables 4a through 4j.

Table 1

Schedule of Lands, Interests and Royalty Burdens
January 1, 2016

MIE Holdings Corporation

North Kariman, Republic of Kazakhstan

Description	Rights Owned	Gross Acres	Appraised Interest Working %	Royalty %	Royalty Burdens	
					Basic %	Overriding %
Contract No.482, Addendum 11	[A]	N/A	100.0000	-	[1]	-

General Notes : [1] According to the New Tax Law of ROK:

Mineral Extraction Tax (MET, Oil and Natural Gas Liquid)

Annual Production		Mineral Extraction Tax for OIL, %	
tons	MSTB	Export	Domestic
up to 250,000	up to 2,072	5.00	2.50
up to 500,000	up to 4,145	7.00	3.50
up to 1,000,000	up to 8,289	8.00	4.00
up to 2,000,000	up to 16,578	9.00	4.50
up to 3,000,000	up to 24,868	10.00	5.00
up to 4,000,000	up to 33,157	11.00	5.50
up to 5,000,000	up to 41,446	12.00	6.00
up to 7,000,000	up to 58,024	13.00	6.50
up to 10,000,000	up to 82,892	15.00	7.50
over 10,000,000	over 82,892	18.00	9.00

Mineral Extraction Tax (MET, Natural Gas)

Annual Production		Mineral Extraction Tax for GAS, %	
10 ⁶ m ³	MMscf	Export	Domestic
up to 1000	up to 35,490	10.00	0.50
up to 2000	up to 70,980	10.00	1.00
over 2000	over 70,980	10.00	1.50

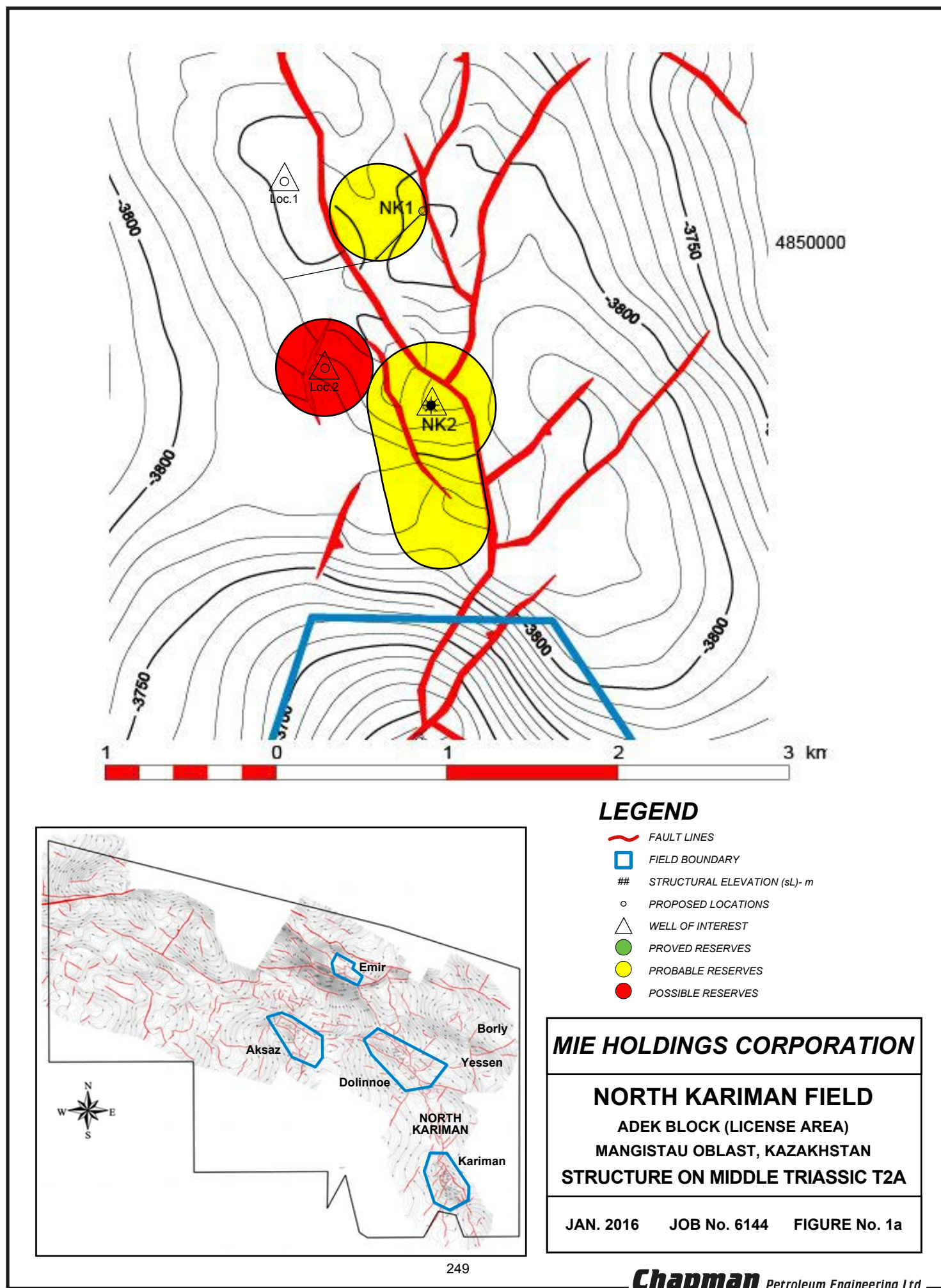
Export Rent Tax (ERT)

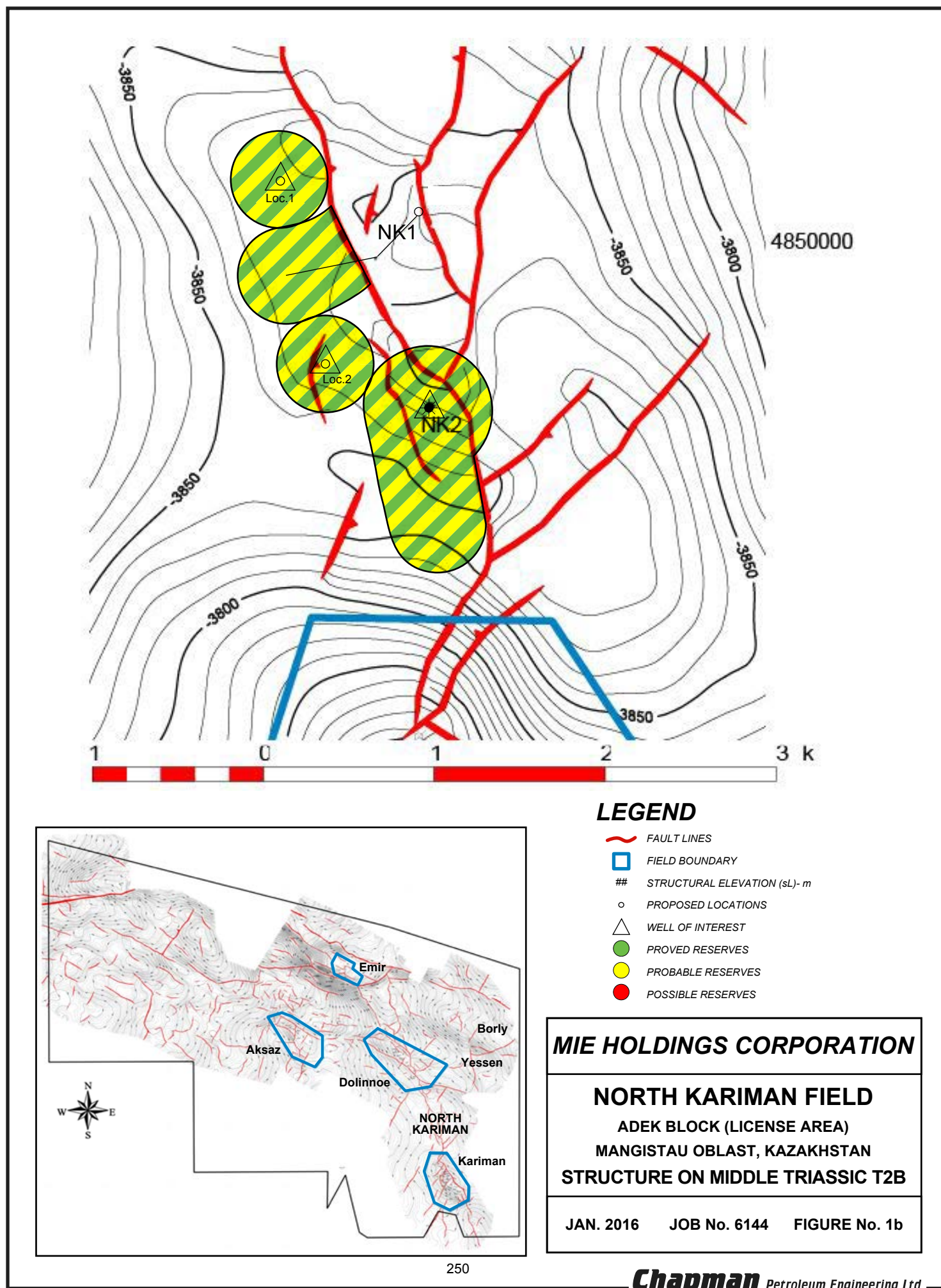
World Price (US\$/BBL)	Rate %
Up to 40, Including	0
Up to 50, Including	7
Up to 60, Including	11
Up to 70, Including	14
Up to 80, Including	16
Up to 90, Including	17
Up to 100, Including	19
Up to 110, Including	21
Up to 120, Including	22
Up to 130, Including	23
Up to 140, Including	25
Up to 150, Including	26
Up to 160, Including	27
Up to 170, Including	29
Up to 180, Including	30
Up to 190, Including	32
Up to 200, Including	32

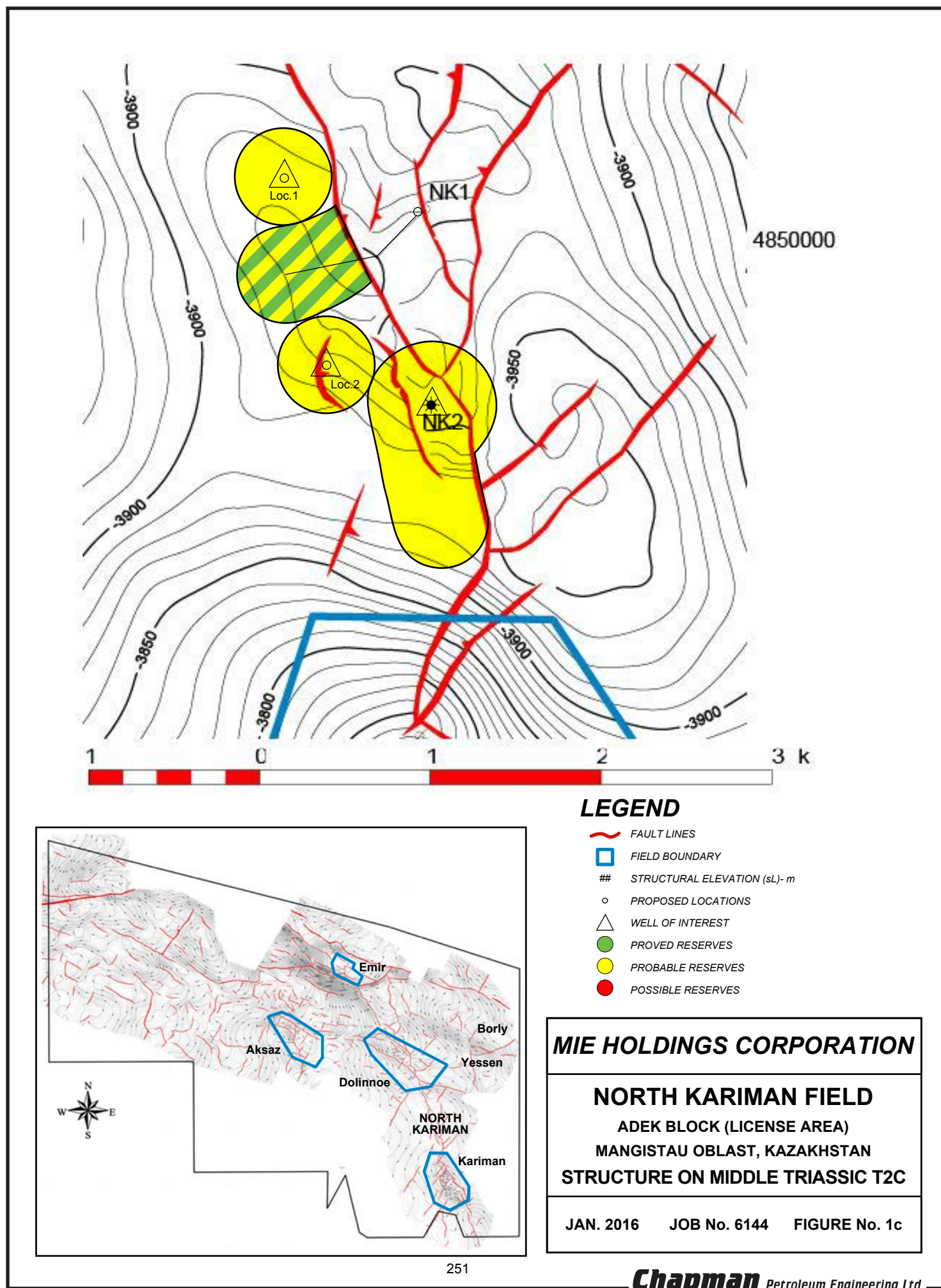
Corporate Income Tax

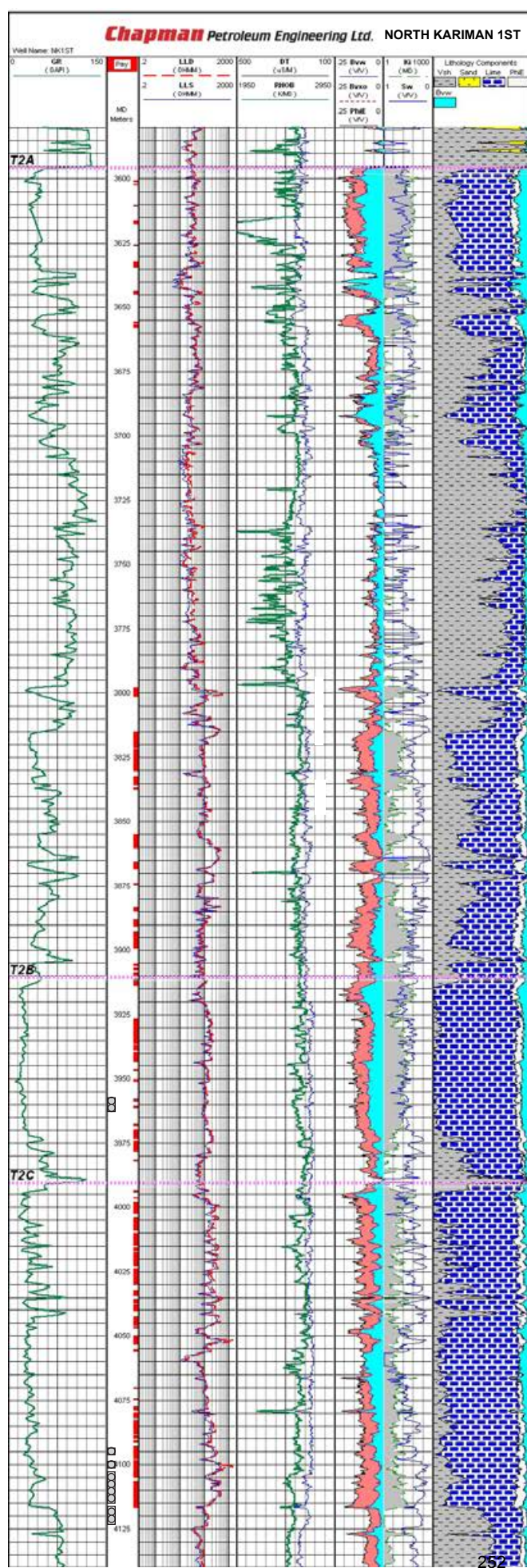
Corporate Income Tax, %
20

Rights Owned : [A] North Kariman Field located in block XXXVI-11-A.
Assumption: Contract expires on September 9, 2036.







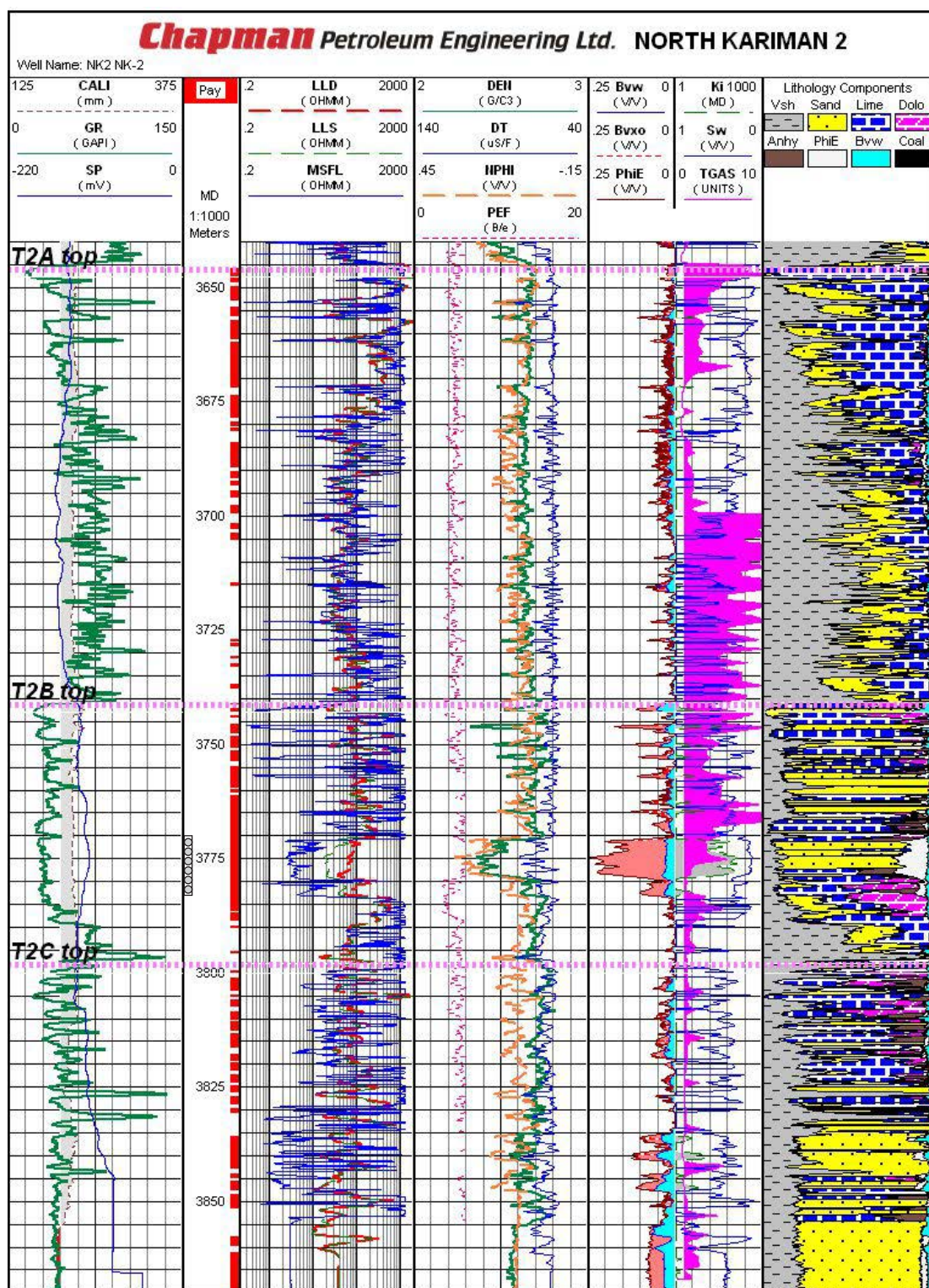


MIE HOLDINGS CORPORATION

**ADEK BLOCK
OIL WELL LOG ANALYSIS
MANGISTAU OBLAST, KAZAKHSTAN
NORTH KARIMAN-1ST
MIDDLE TRIASSIC T2**

JAN. 2016 JOB No. 6144 FIGURE No. 2a

Chapman Petroleum Engineering Ltd.



MIE HOLDINGS CORPORATION

**ADEK BLOCK
OIL WELL LOG ANALYSIS
MANGISTAU OBLAST, KAZAKHSTAN
NORTH KARIMAN-2
MIDDLE TRIASSIC T2**

JAN. 2016 JOB No. 6144 FIGURE No. 2b

Table 2								
Summary of Gross Reserves								
January 1, 2016								
MIE Holdings Corporation								
North Kariman, Republic of Kazakhstan								
Description		Current or Initial Rate STB/d	API Gravity (Deg)	EUR (MSTB)	Cumulative Production (MSTB)	Gross Reserves (MSTB)	Contract Reserves * (MSTB)	Reference
LIGHT & MEDIUM OIL								
Proved								
Proved Developed Producing								
North Kariman-1	Middle Triassic T2B & T2C	824	40	537	72	464	464	Decline, Tables 2a & 2b
North Kariman-2	Middle Triassic T2B	473	40	1,733	503	1,230	1,230	Decline, Figure 3b, Table 2c
	Total Proved Developed Producing	1,298		2,270	575	1,694	1,694	
Proved Undeveloped								
Location-1	Middle Triassic T2B	200	40	278	0	278	278	Table 2d
Location-2	Middle Triassic T2B	200	40	392	0	392	392	Table 2e
	Total Proved Undeveloped	400		671	0	671	671	
	Total Proved	1,698		2,940	575	2,365	2,365	
Probable								
Probable Developed Producing								
North Kariman-1	Middle Triassic T2B & T2C	(incr.) 0	40	184	0	184	184	Tables 2b & 2c
North Kariman-2	Middle Triassic T2B	(incr.) 0	40	786	0	786	786	Table 2a
	Total Probable Developed Producing	0		970	0	970	970	
Probable Developed Non-Producing								
North Kariman-1	Middle Triassic T2A	500	40	1,209	0	1,209	1,209	Table 2f
North Kariman-2	Middle Triassic T2A & T2C	800	40	1,277	0	1,277	1,277	Tables 2g & 2h
	Total Probable Developed Non-Producing	1,300		2,486	0	2,486	2,486	
	Total Probable Developed	1,300		3,456	0	3,456	3,456	
Probable Undeveloped								
Location-1	Middle Triassic T2B	(incr.) 150	40	363	0	363	363	Table 2d
Location-2	Middle Triassic T2B	(incr.) 150	40	386	0	386	386	Table 2e
Location-1	Middle Triassic T2C	150	40	300	0	300	300	Table 2i
Location-2	Middle Triassic T2C	400	40	601	0	601	601	Table 2j
	Total Probable Undeveloped	850		1,650	0	1,650	1,650	
	Total Probable	2,150		5,106	0	5,106	5,106	
	Total Proved Plus Probable	3,848		8,046	575	7,471	7,471	
Possible								
Location-2	Middle Triassic T2A	200	40	357	0	357	357	Table 2k
	Total Possible	200		357	0	357	357	
	Total Proved Plus Probable Plus Possible	4,048		8,403	575	7,828	7,828	

Note: * Reserves recoverable within the Term of the existing Production Contract.

Table 2 Cont.

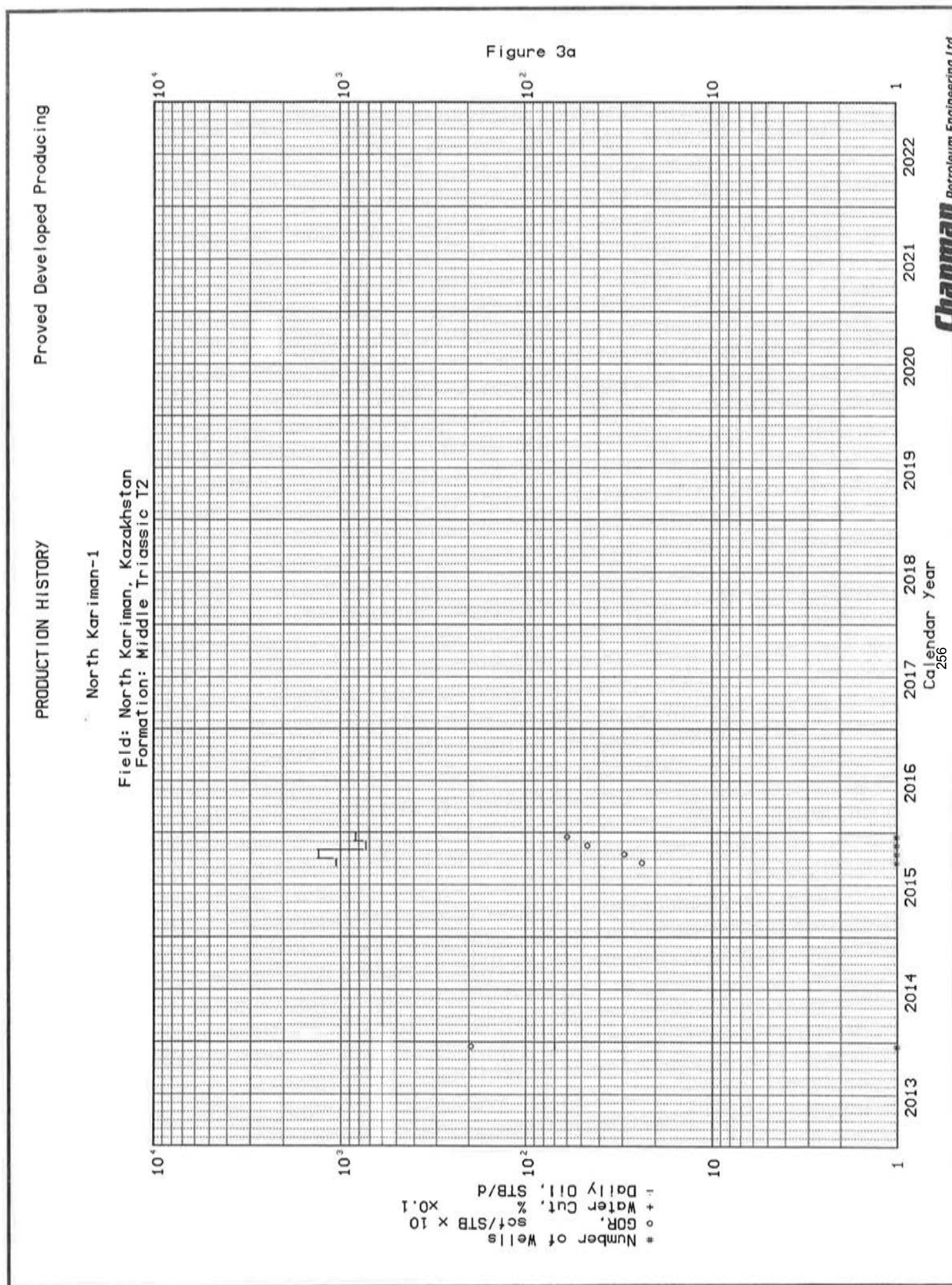
Summary of Gross Reserves
January 1, 2016

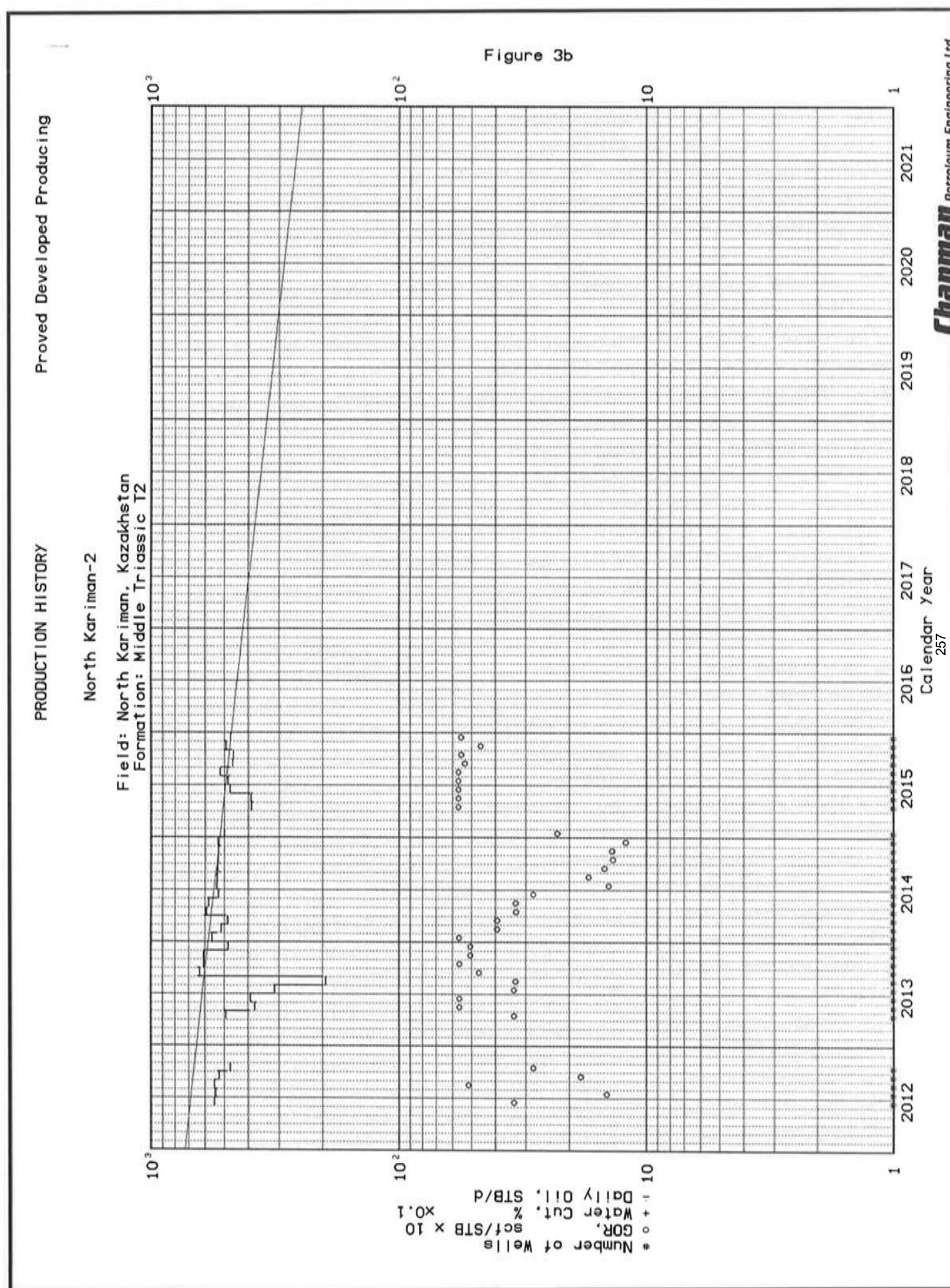
MIE Holdings Corporation

North Kariman, Republic of Kazakhstan

Description		EUR (raw) (MMscf)	Cumulative Production (MMscf)	Gross Reserves (raw) (MMscf)	Gross Reserves (sales) (MMscf)	Contract Reserves (sales)* (MMscf)	Reference
SOLUTION GAS							
<u>Proved</u>							
<u>Proved Developed Producing</u>							
North Kariman-1	Middle Triassic T2B	243	33	210	195	195	GOR : 452 scf/STB
North Kariman-2	Middle Triassic T2B	659	194	475	442	442	GOR : 386 scf/STB
	Total Proved Developed Producing	911	227	685	637	637	
<u>Proved Undeveloped</u>							
Location-1	Middle Triassic T2B	107	0	107	100	100	GOR : 386 scf/STB
Location-2	Middle Triassic T2B	151	0	151	141	141	GOR : 386 scf/STB
	Total Proved Undeveloped	259	0	259	241	241	
	Total Proved	1,170	227	944	878	878	
<u>Probable</u>							
<u>Probable Developed Producing</u>							
North Kariman-1	Middle Triassic T2B & T2C	83	0	83	77	77	GOR : 452 scf/STB
North Kariman-2	Middle Triassic T2B	303	0	303	282	282	GOR : 386 scf/STB
	Total Probable Developed Producing	387	0	387	359	359	
<u>Probable Developed Non-Producing</u>							
North Kariman-1	Middle Triassic T2A	546	0	546	508	508	GOR : 452 scf/STB
North Kariman-2	Middle Triassic T2A & T2C	493	0	493	458	458	GOR : 386 scf/STB
	Total Probable Developed Non-Producing	1,039	0	1,039	966	966	
	Total Probable Developed	2,426	0	2,426	2,325	2,325	
<u>Probable Undeveloped</u>							
Location-1	Middle Triassic T2B	140	0	140	130	130	GOR : 386 scf/STB
Location-2	Middle Triassic T2B	149	0	149	139	139	GOR : 386 scf/STB
Location-1	Middle Triassic T2C	116	0	116	106	106	GOR : 386 scf/STB
Location-2	Middle Triassic T2C	232	0	232	216	216	GOR : 386 scf/STB
	Total Probable Undeveloped	637	0	637	592	592	
	Total Probable	3,063	0	3,063	2,917	2,917	
	Total Proved Plus Probable	4,237	227	4,237	4,115	4,115	
<u>Possible</u>							
Location-2	Middle Triassic T2A	138	0	138	128	128	GOR : 386 scf/STB
	Total Possible	138	0	138	128	128	
	Total Proved Plus Probable Plus Possible	4,375	227	4,375	4,243	4,243	

Note: * Reserves recoverable within the Term of the existing Production Contract.





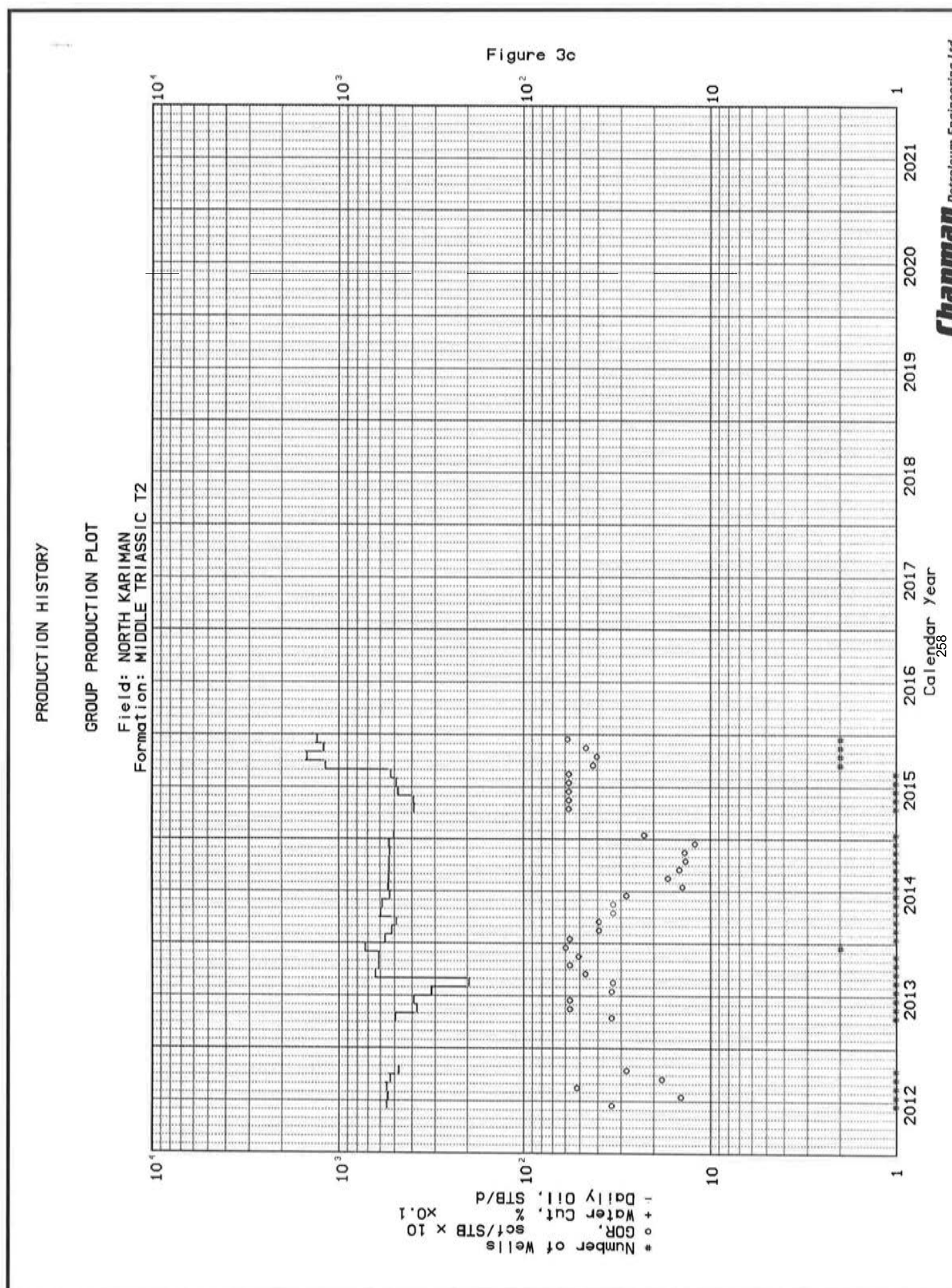


Table 3a

Summary of Anticipated Capital Expenditures
Development

January 1, 2016

MIE Holdings Corporation

North Kariman, Republic of Kazakhstan

Description	Date	Operation	Capital Interest %	Gross Capital M\$	Net Capital M\$
Proved					
Proved Undeveloped					
Location-1	2019	Drill, complete and Tie-in Well	100.0000	4,000	4,000
Location-2	2020	Drill, complete and Tie-in Well	100.0000	4,000	4,000
Total Proved Undeveloped				8,000	8,000
Total Proved				8,000	8,000
Probable					
Probable Developed Producing					
Pipeline and Central Processing Facilities	2016	Build Pipeline and Central Processing Facilities	100.0000	10,531	10,531
Total Probable Developed Producing				10,531	10,531
Probable Developed Non-Producing					
North Kariman-1	2021	Recomplete and Tie-in Additional Intervals	100.0000	400	400
North Kariman-2	2022	Recomplete and Tie-in Additional Intervals	100.0000	400	400
Total Probable Developed Non-Producing				800	800
Total Probable Developed				11,331	11,331
Probable Undeveloped					
Location-1	2023	Stimulate Producing Intervals	100.0000	400	400
Location-2	2024	Stimulate Producing Intervals	100.0000	400	400
Location-1	2025	Recomplete and Tie-in Additional Intervals	100.0000	500	500
Location-2	2026	Recomplete and Tie-in Additional Intervals	100.0000	500	500
Total Probable Undeveloped				1,800	1,800
Total Probable				13,131	13,131
Total Proved Plus Probable				21,131	21,131
Possible					
Location-2	2026	Stimulate Producing Intervals	100.0000	500	500
Total Possible				500	500
Total Proved Plus Probable Plus Possible				21,631	21,631

Note: The above capital values are expressed in terms of current dollar values without escalation.

Table 3b
Summary of Anticipated Capital Expenditures
Abandonment and Restoration

January 1, 2016

MIE Holdings Corporation

North Kariman, Republic of Kazakhstan

Description	Year	Well Parameters	Capital Interest %	Gross Capital M\$	Net Capital M\$
North Kariman-1		Oil well Abandonment and Restoration	100.0000	50	50
North Kariman-2		Oil well Abandonment and Restoration	100.0000	50	50
Two Locations		Oil wells Abandonment and Restoration	100.0000	100	100
Total Abandonment and Restoration				200	200

ADEK BLOCK (LICENCE AREA)
REPUBLIC OF KAZAKHSTAN
YESSEN FIELD
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Discussion

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 Geology
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 Product Prices
 Capital Expenditures
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 Tax
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Attachments

Table 1: Schedule of Lands, Interests and Royalty Burdens

Figure 1: Field Map and Structure Top

- a) Middle Triassic T2Upper
- b) Middle Triassic T2A
- c) Middle Triassic T2B
- d) Middle Triassic T2C
- e) Lower Triassic T1

Figure 2: Log Analysis Presentation

- a) Yessen-1, Middle Triassic T2Upper
- b) Yessen-1, Middle Triassic T2 and Lower Triassic T1
- c) Yessen-2, Middle Triassic T2Upper and T2A
- d) Yessen-2, Middle Triassic T2B and T2C

Table 2: Summary of Gross Reserves

Summary of Reserves and Reservoir Parameters

Proved Developed Non-Producing

- a) Yessen-1, Middle Triassic T2B (Removed from this version)
- b) Yessen-1, Middle Triassic T2C (Removed from this version)
- c) Yessen-2, Middle Triassic T2B (Removed from this version)
- d) Yessen-2, Middle Triassic T2C (Removed from this version)

Proved Undeveloped

- e) Location-1, Middle Triassic T2B (Removed from this version)
- f) Location-1, Middle Triassic T2C (Removed from this version)
- g) Location-2, Middle Triassic T2B (Removed from this version)
- h) Location-2, Middle Triassic T2C (Removed from this version)

Probable Developed

- i) Yessen-1, Middle Triassic T2Upper (Removed from this version)

- j) Yessen-1, Middle Triassic T2A (Removed from this version)
- k) Yessen-1, Lower Triassic T1 (Removed from this version)
- l) Yessen-2, Middle Triassic T2A (Removed from this version)

Probable Undeveloped

- m) Location-1, Middle Triassic T2Upper (Removed from this version)
- n) Location-1, Middle Triassic T2A (Removed from this version)
- o) Location-1, Lower Triassic T1 (Removed from this version)
- p) Location-2, Middle Triassic T2Upper (Removed from this version)
- q) Location-2, Middle Triassic T2A (Removed from this version)
- r) Location-2, Lower Triassic T1 (Removed from this version)
- s) Location-3, Middle Triassic T2B (Removed from this version)
- t) Location-3, Middle Triassic T2C (Removed from this version)
- u) Location-4, Middle Triassic T2B (Removed from this version)
- v) Location-4, Middle Triassic T2C (Removed from this version)

Possible

- w) Location-3, Middle Triassic T2A (Removed from this version)
- x) Location-4, Middle Triassic T2A (Removed from this version)
- y) Location-4, Lower Triassic T1 (Removed from this version)
- z) Location-5, Middle Triassic T2Upper (Removed from this version)
- aa) Location-5, Middle Triassic T2A (Removed from this version)
- ab) Location-5, Middle Triassic T2B (Removed from this version)
- ac) Location-5, Middle Triassic T2C (Removed from this version)
- ad) Location-5, Lower Triassic T1 (Removed from this version)
- ae) Location-6, Middle Triassic T2Upper (Removed from this version)
- af) Location-6, Middle Triassic T2A (Removed from this version)
- ag) Location-6, Middle Triassic T2B (Removed from this version)
- ah) Location-6, Middle Triassic T2C (Removed from this version)
- ai) Location-6, Lower Triassic T1 (Removed from this version)

Figure 3: Production History Graphs

- a) Yessen-1, Middle Triassic T2
- b) Yessen-2, Middle Triassic T2
- c) Group Production Plot, Middle Triassic T2

Table 3: Summary of Anticipated Capital Expenditures

- a) Development
- b) Abandonment and Restoration

**ADEK BLOCK (LICENCE AREA)
REPUBLIC OF KAZAKHSTAN
YESSEN FIELD
DISCUSSION**

Property Description

The Company owns a 100 percent working interest in a "Licence" and "Exploration Contract" referred to as the Emir Field which is located onshore in Kazakhstan in the Mangistau Oblast, approximately 50 kilometers from Aktau in the Republic of Kazakhstan (ROK).

The Licence originated in 1999 and the Exploration Contract was entered into on June 9, 2000 by a preceding company. The Licence and Contract Area were assigned to the Company on September 23, 2002.

The Licence and Exploration Contract granted the right to engage in exploration and development activities on the block. Originally the Exploration contract had a five year term but it has since been extended and now expires on January 9, 2017 (Addendum 11).

The Company has plans to submit an application for the "Production Contract", the terms of which would be negotiated. The Company has the right to produce and sell oil under the Law of Petroleum for the term of the existing Exploration Contract at a royalty rates presented on Table 1. Provided that the Company can show evidence of a commercial discovery, has fulfilled its minimum work commitments and presents a development plan acceptable to the MEMR, there is no reason to believe the Exploration and Production Contract would not be granted.

The Company has the right to produce and sell oil under the Law of Petroleum for the term of the existing Production Contract at Mineral Extraction Tax rates presented in Table 1.

Under the Production Contract, Mineral Extraction Tax rates are negotiated and vary depending on the annual production, Export Rent Tax depends on the market spot price. This year the spot price reference has been negotiated to correlate to Brent oil price.

There are two general forms of production contracts in Kazakhstan, production-sharing contracts and tax based contracts. The ADEK Block is governed under a tax based contract.

The Yessen field is one of seven known fields already discovered on the ADEK Block. The Company drilled well Yessen-1, which is expected to be placed on production in 2013.

A map of the field, showing the well locations and reservoir structure is presented on Figure 1 and a brief description of the ownership is presented in Table 1.

Geology

The ADEK Block is located within the onshore Kazakhstan portion of the Middle Caspian Basin. The block is located within the Segendyk Depression, the western most of a series of east-west trending depressions called the South Mangyshlak Depressions. The Mangyshlak meganticline is to the north of these series of depressions and the Karabogaz Arch to the south. The sedimentary section in this area is Triassic to Tertiary in age with a thickness of over 4000 m. Most oil reserves in this sub-basin are in Middle Jurassic sandstone reservoirs within structural traps. However, Triassic carbonates are also important reservoir zones and the major zone of interest for the Company reserves in this report.

In the Yessen area, the Company successful drilled an exploratory wildcat, well Yessen-1 and discovered oil in the Middle and Upper Triassic carbonate (T2 and T3), as shown on the log analysis illustrated in Figure 2. Pay in the well has been calculated from 3185 m to 3568 m. The reservoir zone is trapped in a fault bounded anticlinal structure as shown in the seismic structure map on the top of the Middle Triassic illustrated in Figure 1. Reserves have been determined for an area of 720 acres for this structure.

Petrophysical Data and Analysis

Russian GIS logs were run in the shallow formations and Baker Atlas logs over the carbonate.

The Chapman digital log analysis was made using HDS software over the carbonate reservoirs.

The Gamma Ray was used as a shale indicator in the Modified Simandoux water saturation equation with a carbonate selection for a, m, and n.

Sw cutoff was 40% along with a shale volume cutoff of 70%.

Net pay was identified in the carbonate reservoirs as shown in the interpreted log.

Reserves

Proved Developed Non-Producing oil reserves of 339 MSTB and marketable solution gas reserves of 104 MMscf have been estimated for the Middle Triassic T2B and T2C zones in wells Yessen-1 and Yessen-2, based on reservoir parameters determined from digital log analysis and production data from the wells, with assigned recovery factors and drainage areas.

Proved Undeveloped oil reserves of 123 MSTB and marketable solution gas reserves of 32 MMscf have been estimated for the Middle Triassic T2B and T2C zones in undeveloped locations 1 and 2, based on reservoir parameters determined from digital log analysis and production data from the adjacent wells.

Probable Developed Non-Producing oil reserves of 5,154 MSTB and marketable solution gas reserves of 1,600 MMscf have been estimated for the Middle and Lower Triassic zones in wells Yessen-1 and 2, based on reservoir parameters determined from digital log analysis and production data from the wells.

Probable undeveloped oil reserves of 1,641 MSTB and marketable solution gas reserves of 433 MMscf have been assigned for four adjacent locations based on the analogy to the existing well, and a gas-oil ratio of 284 scf/STB.

Possible oil reserves of 2,636 MSTB and marketable solution gas reserves of 696 MMscf have been assigned for four adjacent probable (incremental) and two step-out possible locations based on analogy to the existing well, and a gas-oil ratio of 284 scf/STB.

A summary of the reserves for this area is presented in Table 2 and the reserve data and reservoir parameters for each interval are presented in Tables 2a through 2ai.

Production

Well Yessen-1 commenced production in June of 2013 at an initial rate of 95 STB/d, and currently producing at a rate of 85 STB/d.

Well Yessen-2 commenced production in September of 2014 at an initial rate of 73 STB/d, and currently is producing at a rate of 100 STB/d.

For this report we are required to schedule rates in accordance with actual performance demonstrated to date. With a successful stimulation, rates of 300-800 STB/d might be achievable in the probable developed case, which would make the values presented in this report greatly conservative.

For probable undeveloped and possible locations, initial production rates from 75 to 250STB/d have been used.

Product Prices

Under the terms of the contract, a portion of production is required to satisfy the domestic market and the remaining is allowed to be exported. We have utilized an export/domestic sales split of 89% /11% for the purposes of this report based on the company's previous year's actual result.

The exported oil price is equivalent to Brent oil price, which has been estimated to be \$46.25/STB in 2016 for this project. The forecast Brent price has been based on the average forecast of two prominent consulting firms, Sproule and McDaniel.

The domestic price is legislated by the government, reduced by the Value Added Tax (VAT) of 12%, resulting in \$9.39/STB in 2016. This price is forecast to gradually increase related to Brent price.

A natural gas price of \$0.85/Mscf has been utilized for solution gas sales and assumed to be constant throughout the report.

Capital Expenditures

Total capital expenditures of \$29,800,000 have been estimated for the development of the proved, probable and possible reserves in this field as presented in Table 3a.

An average cost of \$4,000,000 has been used to drill, complete, equip and tie-in each new well based on historical information in this area.

Abandonment and lease restoration costs of \$400,000 (\$50,000 per well) net of salvage have been included after the depletion of the reserves, as presented in Table 3b.

Operating Costs

Field fixed costs of \$296,000/well/year for existing wells and all new wells have been used for this evaluation based on Company 2015 revenue statements.

Our processing costs are estimated to be \$3.39/STB for all oil. Oil for export (89%) is subjected to Export Sales costs of 6.91/STB in 2016 and 5.41/STB in 2017 and after, transportation costs of \$8.06/STB in 2016 and 5.56/STB in 2017 and after.

Additionally, an export duty of \$8.00/STB (\$60.00/LT) is charged against the export oil.

Tax Consideration

Under the terms of the Production Contract, exports are subject to Export Rent Tax (ERT), Mineral Extraction Tax (MET), Corporate Income Tax (CIT) and Excess Profit Tax, which are based on the Tax Regulations of ROK and its values are presented in Table 1. Export oil is exempt from Value Added Tax (VAT).

Economics

The economic analysis for the Licence area has been conducted on the combined fields and is presented under a separate tab after the technical presentation of the properties.

Economic analyses have been prepared on a spread sheet format to appropriately account for the particulars of the Sales Cost, Transportation Discount, Export Duty, Export Rent Tax, Mineral Extraction Tax, Corporate Income Tax and Excess Profit Tax.

The cash flow forecasts have been prepared under a "Forecast Prices and Costs" assumption

Production gross revenue and capital forecasts have been established on a field level and integrated into this economic model to establish cash flows on a Contract area level.

Page 1 – Gross Production and Capital Forecast

Page 2 – Production Splits – Export and Domestic Sales Revenue, Expense, ERT and MET

Page 3 – Company Operating Cost and Cash Flow

Page 4 – Corporate Income Tax and Excess Profit Tax

The results of the economic analysis are presented on Table 4, Before Income Tax and Excess Profit Tax, Table 4T, After Corporate Income Tax and Excess Profit Tax

The individual analyses (4 pages/case) are presented on Tables 4a through 4j.

Table 1

**Schedule of Lands, Interests and Royalty Burdens
January 1, 2016**

MIE Holdings Corporation

Yessen, Republic of Kazakhstan

Description	Rights Owned	Gross Acres	Appraised Interest Working %	Royalty %	Royalty Burdens	
					Basic %	Overriding %
Contract No.482, Addendum 11	[A]	N/A	100.0000	-	[1]	-

General Notes : [1] According to the New Tax Law of ROK:

Mineral Extraction Tax (MET, Oil and Natural Gas Liquid)

Annual Production		Mineral Extraction Tax for OIL, %	
tons	MSTB	Export	Domestic
up to 250,000	up to 2,072	5.00	2.50
up to 500,000	up to 4,145	7.00	3.50
up to 1,000,000	up to 8,289	8.00	4.00
up to 2,000,000	up to 16,578	9.00	4.50
up to 3,000,000	up to 24,868	10.00	5.00
up to 4,000,000	up to 33,157	11.00	5.50
up to 5,000,000	up to 41,446	12.00	6.00
up to 7,000,000	up to 58,024	13.00	6.50
up to 10,000,000	up to 82,892	15.00	7.50
over 10,000,000	over 82,892	18.00	9.00

Mineral Extraction Tax (MET, Natural Gas)

Annual Production		Mineral Extraction Tax for GAS, %	
10 ⁶ m ³	MMscf	Export	Domestic
up to 1000	up to 35,490	10.00	0.50
up to 2000	up to 70,980	10.00	1.00
over 2000	over 70,980	10.00	1.50

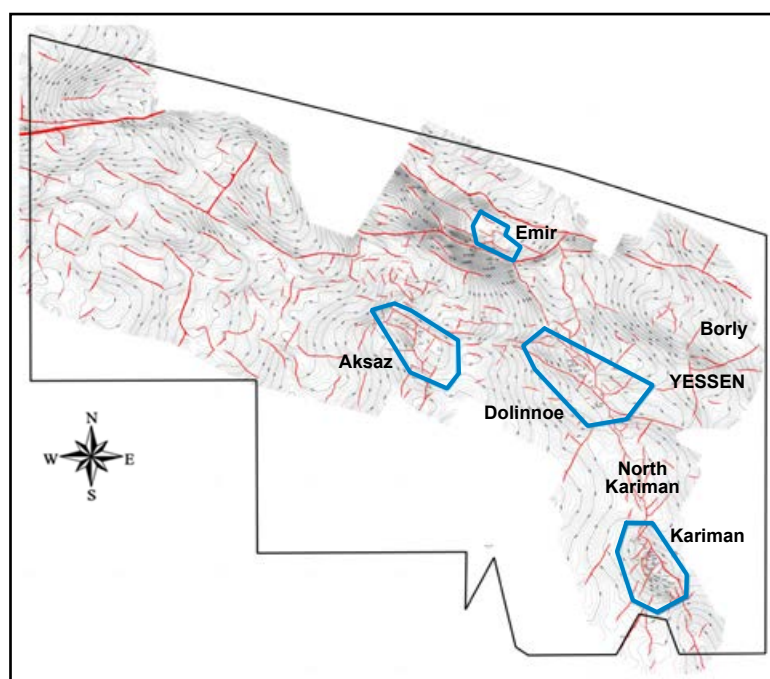
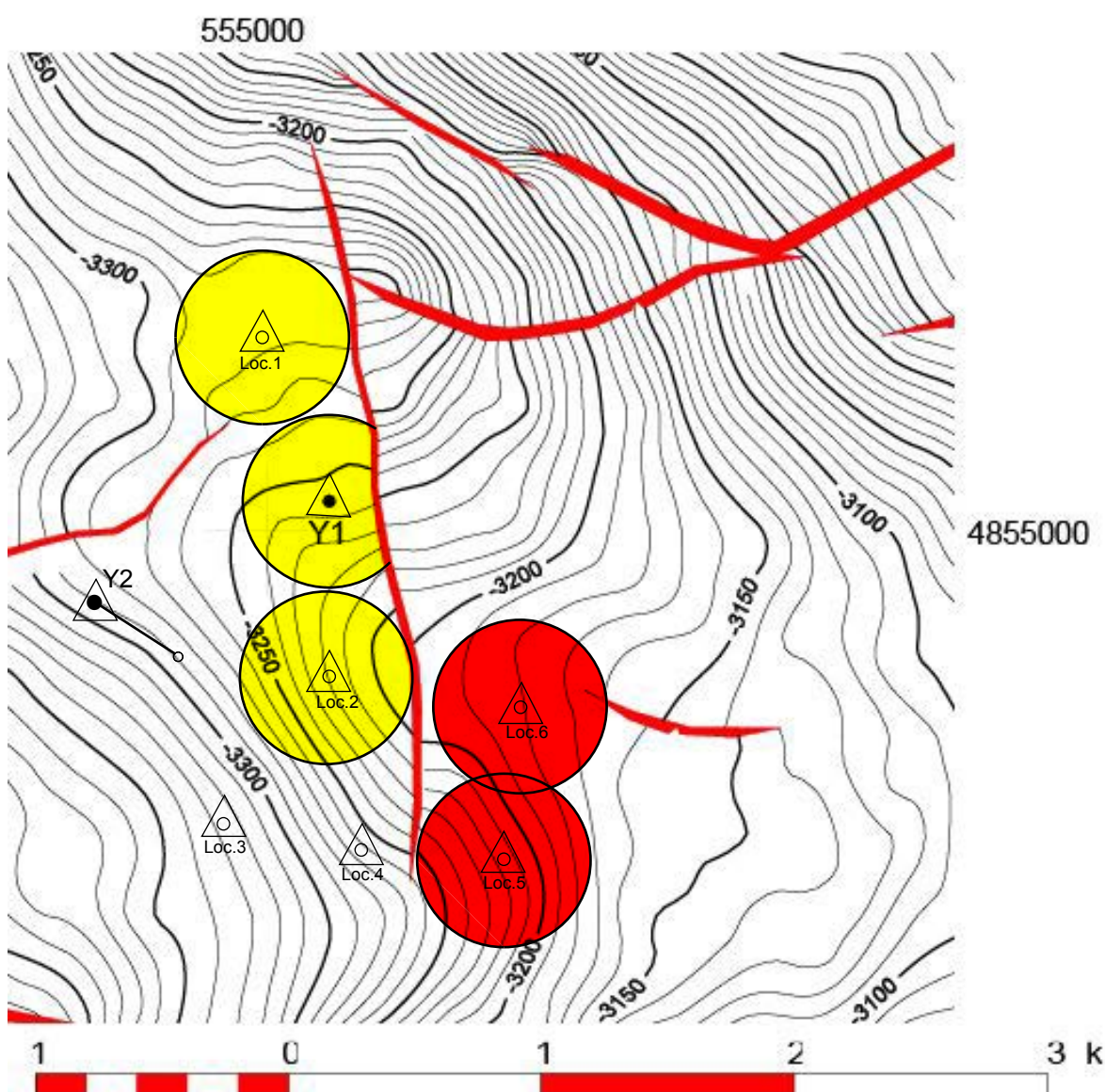
Export Rent Tax (ERT)

World Price (US\$/BBL)	Rate %
Up to 40, Including	0
Up to 50, Including	7
Up to 60, Including	11
Up to 70, Including	14
Up to 80, Including	16
Up to 90, Including	17
Up to 100, Including	19
Up to 110, Including	21
Up to 120, Including	22
Up to 130, Including	23
Up to 140, Including	25
Up to 150, Including	26
Up to 160, Including	27
Up to 170, Including	29
Up to 180, Including	30
Up to 190, Including	32
Up to 200, Including	32

Corporate Income Tax

Corporate Income Tax, %
20

Rights Owned : [A] Yessen Field located in block XXXVI-11-B.
Assumption: Contact expires on September 9, 2036.

**LEGEND**

- FAULT LINES
- FIELD BOUNDARY
- ## STRUCTURAL ELEVATION (sL)- m
- PROPOSED LOCATIONS
- △ WELL OF INTEREST
- PROVED RESERVES
- PROBABLE RESERVES
- POSSIBLE RESERVES

MIE HOLDINGS CORPORATION**YESSEN FIELD**

ADEK BLOCK (LICENSE AREA)

MANGISTAU OBLAST, KAZAKHSTAN

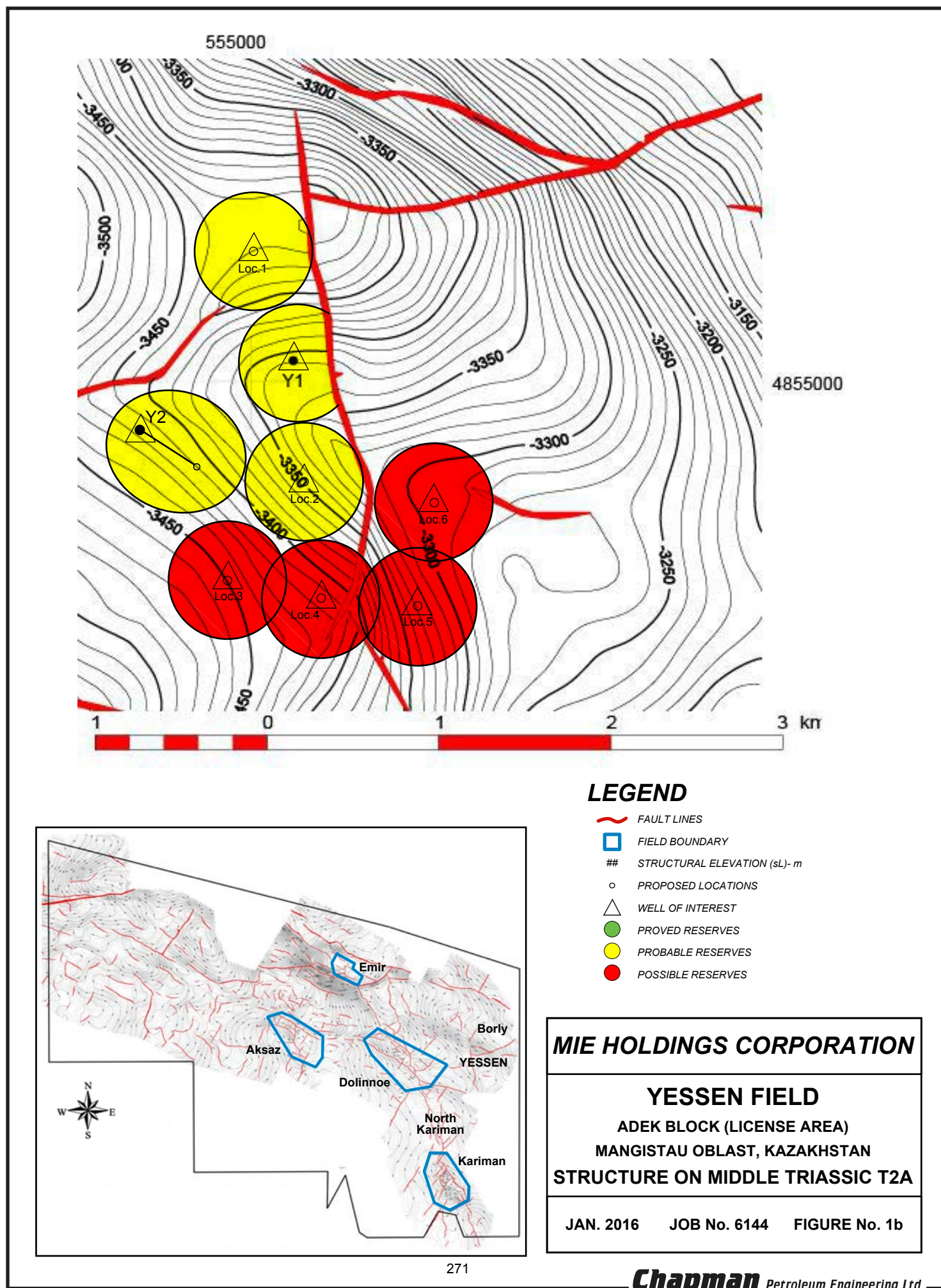
STRUCTURE ON MIDDLE TRIASSIC T2 UPPER

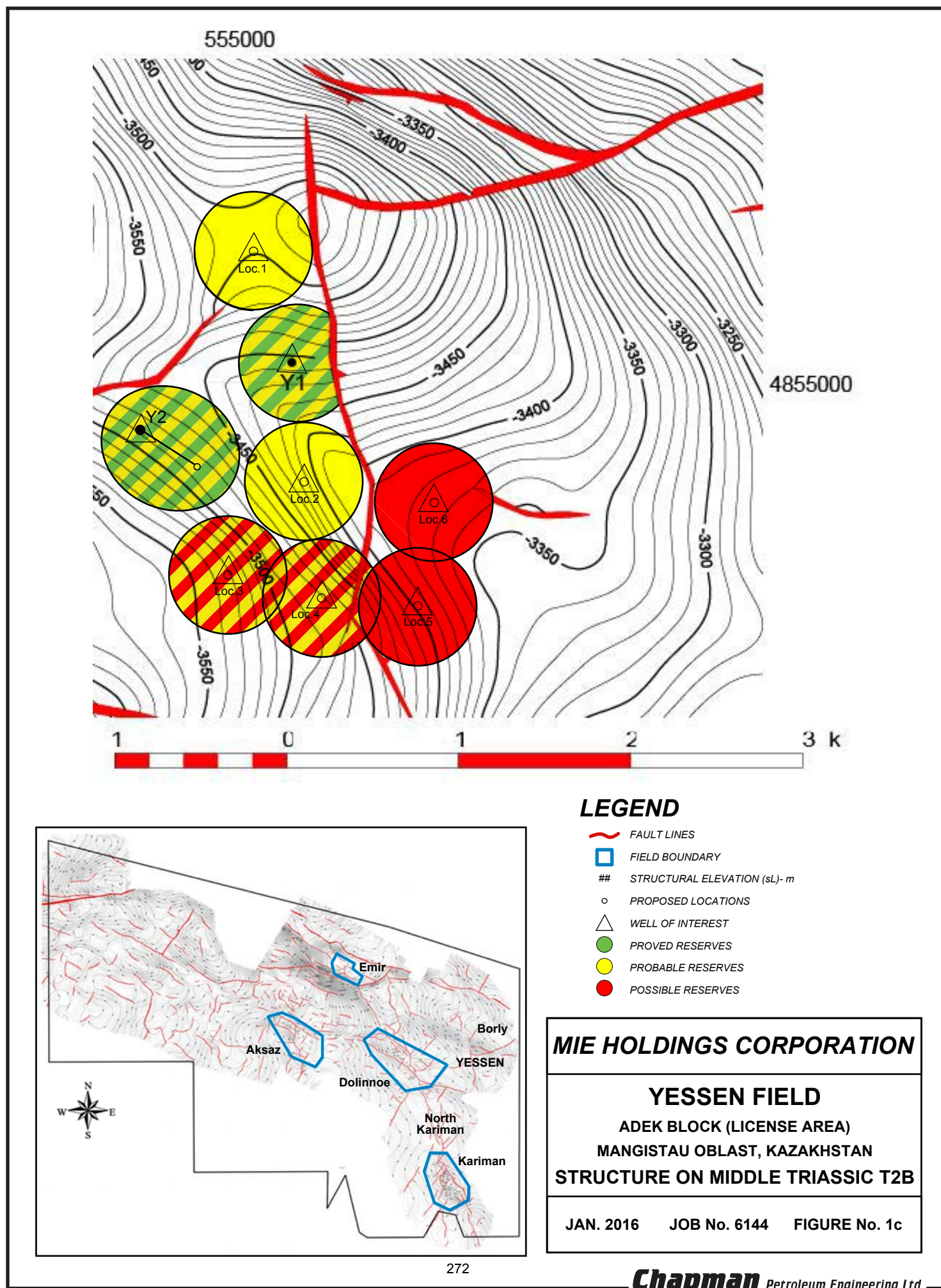
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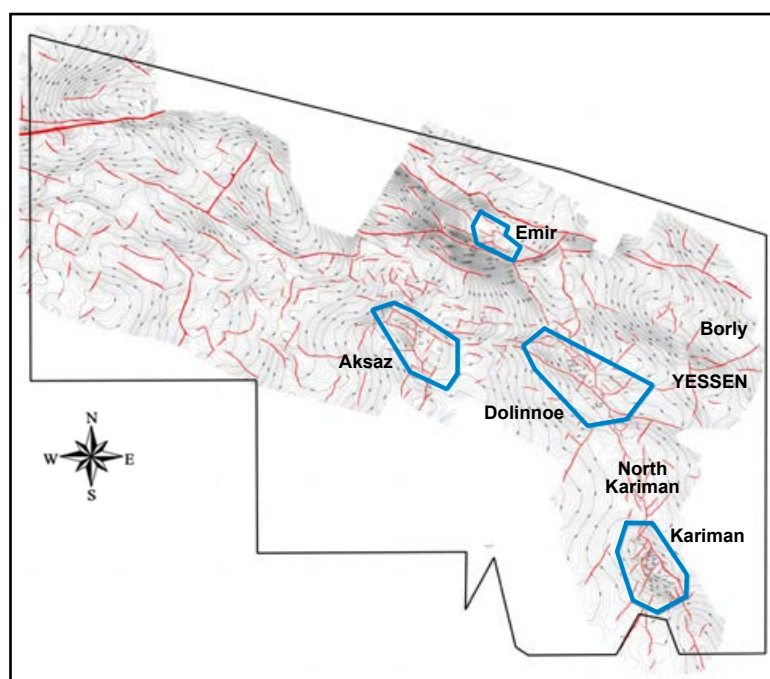
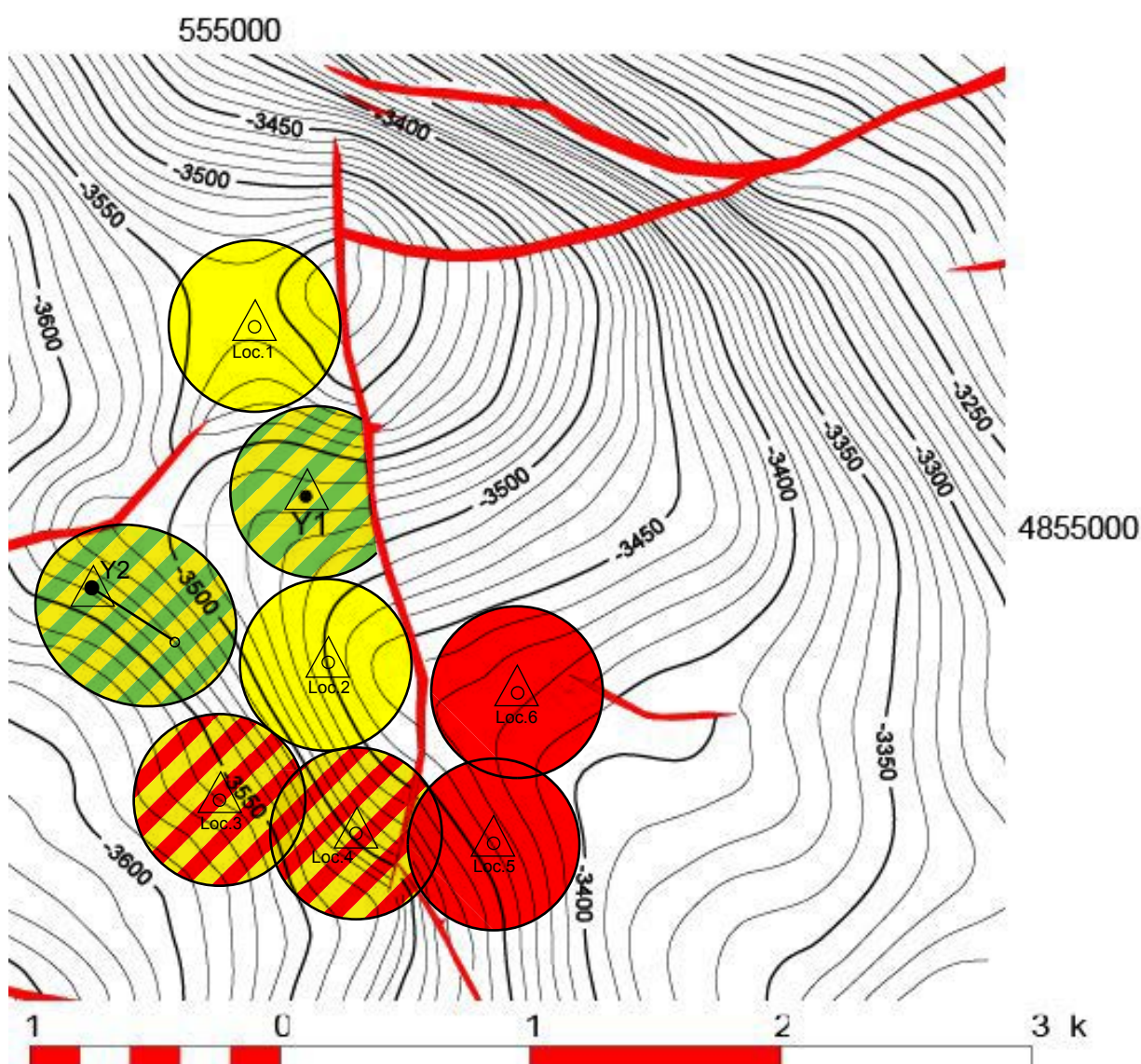
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FIGURE No. 1a

Chapman Petroleum Engineering Ltd.





**LEGEND**

- FAULT LINES
- FIELD BOUNDARY
- ## STRUCTURAL ELEVATION (sL)- m
- PROPOSED LOCATIONS
- △ WELL OF INTEREST
- PROVED RESERVES
- PROBABLE RESERVES
- POSSIBLE RESERVES

MIE HOLDINGS CORPORATION**YESSEN FIELD**

ADEK BLOCK (LICENSE AREA)

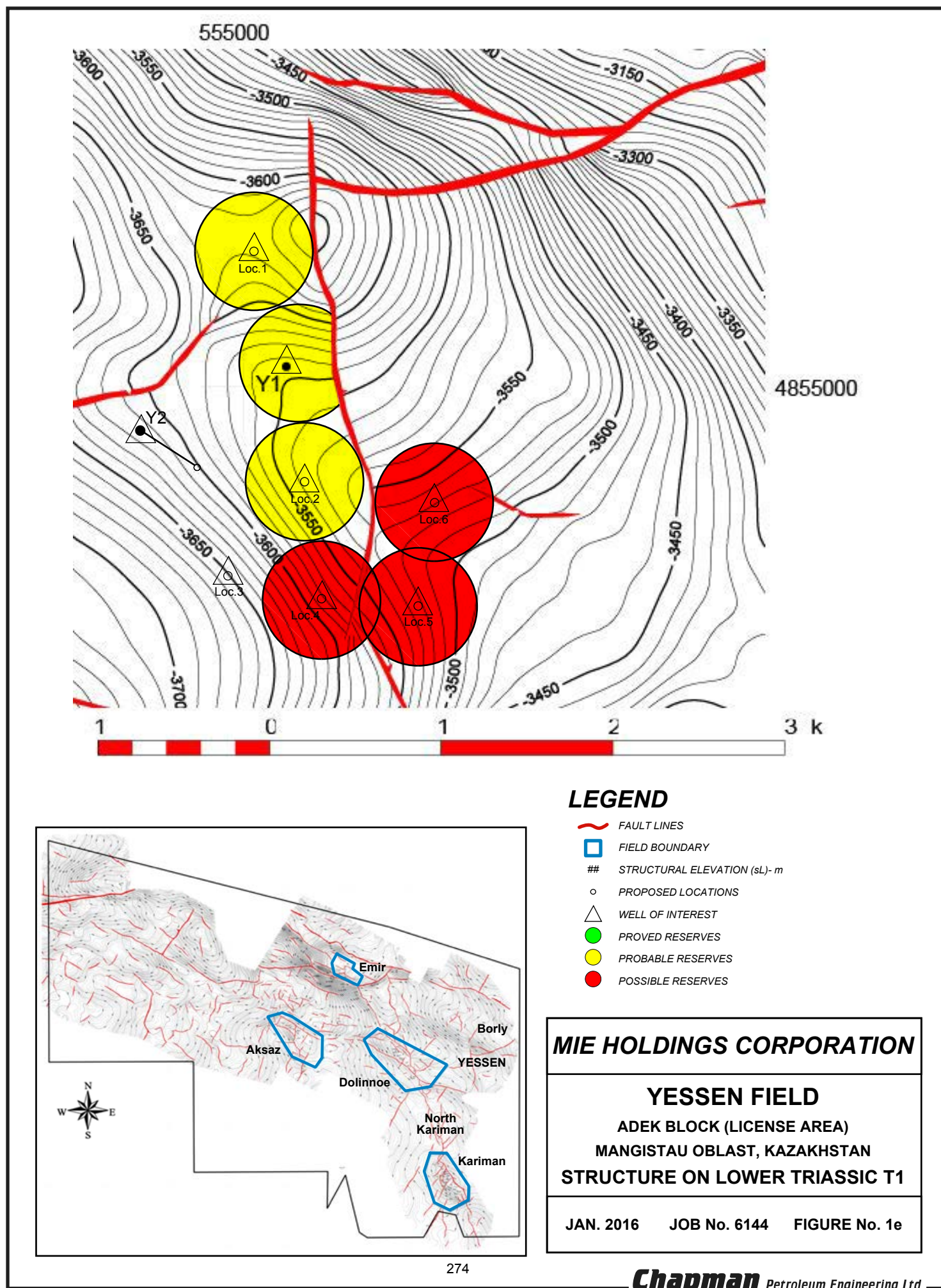
MANGISTAU OBLAST, KAZAKHSTAN

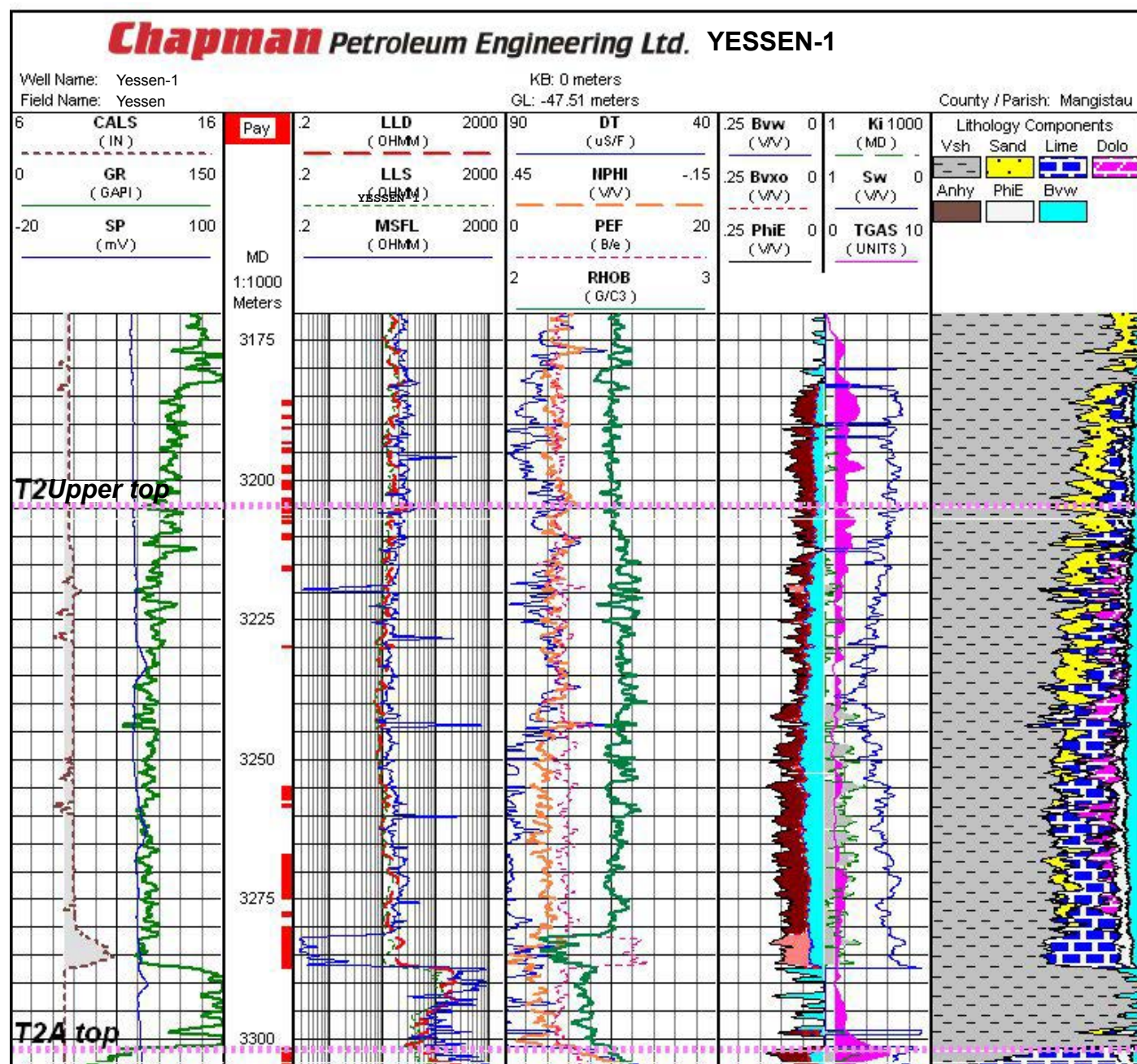
STRUCTURE ON MIDDLE TRIASSIC T2C

JAN. 2016

JOB No. 6144

FIGURE No. 1d





MIE HOLDINGS CORPORATION

ADEK BLOCK
OIL WELL LOG ANALYSIS
 MANGISTAU OBLAST, KAZAKHSTAN
YESSEN-1
 MIDDLE TRIASSIC T2 UPPER

JAN. 2016 JOB No. 6144 FIGURE No. 2a