

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

UNITED ENERGY GROUP LIMITED

聯合能源集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 467)

THE NATIONAL DEVELOPMENT AND REFORM COMMISSION HAS APPROVED THE EOR PLAN

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

On 28 July 2010, the Company was informed by CNPC that the National Development and Reform Commission has approved the EOR Plan regarding the cooperation between United Petroleum and CNPC in Gaosheng Block, Bohai Bay Basin of the PRC via the NDRC Energy Approval Document Number [2010]1558.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Reference is made to the circular issued by the Company on 17 September 2007 (the "Circular"), the announcement issued by the Company on 26 January 2010 (the "Announcement") and the Chairman's Statement in the annual report 2009 issued by the Company on 30 April 2010 (the "Chairman's Statement") in related to a wholly-owned subsidiary of the Company, United Petroleum & Natural Gas Investments Limited ("United Petroleum"), and China National Petroleum Corporation ("CNPC") entered into a cooperative contract for enhancing oil recovery ("EOR Contract") in Gaosheng Block, Bohai Bay Basin of the People's Republic of China (the "PRC"). Terms defined in the Circular, the Announcement and the Chairman's Statement shall have the same meanings herein unless the context requires otherwise.

EOR Contract

On 15 September 2006, United Petroleum and CNPC entered into the EOR Contract in Gaosheng Block, Bohai Bay Basin of the PRC. Pursuant to the EOR Contract, United Petroleum agreed to provide funds and apply its appropriate and advanced technology, equipment and managerial experience to enhance, with the cooperation of CNPC, the oil recovery of the reservoir(s) within the relevant contract area in contrast to the estimated oil recovery that CNPC would be able to reach by applying the original operation method ("EOR Project"). The maximum term of the EOR Contract is 25 years from the date of commencement of implementation of the EOR Contract, i.e. 1 February 2007, unless extended due to the production period.

CNPC and United Petroleum have appointed an equal number of representatives to form a joint management committee for proper performance of the EOR operations. The term of the EOR Contract consists of three phases, including: Phase 1 - Pilot Test Period, Phase 2 - Development Period and Phase 3 - Production Period.

EOR Plan

The key to the enhanced oil recovery project is to transform the exploitation method by employing advanced technology, and thus increasing oil recovery rate substantially. United Petroleum used fire flood technology for the first pilot testing stage. The result of the fire flood exploitation experiments show that current ignition and production technologies are able to meet the needs of fire flood exploitation. Complimentary technologies are also progressively maturing. Adoption of fire flood technology at this stage will provide security of technology. Direct cost of fire flood technology is also lower, therefore producing higher economic returns.

On 31 July 2009, United Petroleum has finished the pilot test on time according to the work schedule stated in the EOR Contract. In August 2009, United Petroleum formulated an “Enhancing Oil Recovery Development Plan for Gaosheng Block in Bohai Bay Basin of the PRC”(《渤海灣盆地高升區塊提高石油採收率方案》) (“EOR Plan”) based on the nature of the oil reservoirs in Gaosheng Block, existing development method and newly advanced oil recovery technology. The EOR Plan has been endorsed by CNPC which was an in-charge department authorized by the State Council. The Environmental Impact Report and the Safety Assessment Report, which were drafted according to and supplemental to the EOR Plan, were also approved by Liaoning Environmental Protection Bureau (遼寧省環保廳) and allowed by Safety Monitoring Bureau (安監局) respectively. On 28 July 2010, the Company was informed by CNPC that the National Development and Reform Commission (國家發展與改革委員會) has approved the EOR Plan via the NDRC Energy Approval Document Number [2010]1558.

The EOR Plan formulated by United Petroleum employs fire flood technology, and is the first onshore, industrialized and large-scale fire flood project in China. After almost two years pilot testing on the fire flood technology of the EOR Project in Gaosheng Block, expected positive results was obtained and a solid foundation was created for the comprehensive development of the EOR Project. The resources of heavy oil and asphalt in China are account for approximately more than 20% of China’s total oil resources. The fire flood technology uses approximately 10% of ultimately non-extracted crude oil that will be burnt underground in order to improve the pressure and properties and to enhance the oil recovery rate in turn. Since there is no additional energy expenditure, fire flood technology is considered to be highly cost effective among other thermal oil technologies. The success of the fire flood technology is not only bringing obvious economic benefits to United Petroleum but also huge social benefits to China oil industries.

After the EOR Plan approved by the National Development and Reform Commission, the Second Phase of the EOR Contract – Development Period has been commenced. United Petroleum and CNPC will start up the operation of developmental work according to the planning as stated in the EOR Contract. The Company believes when the EOR Plan is constantly moving forwards, United Petroleum should achieve the goal in enhancing oil recovery rate and should acquire an excellent economic benefits.

By Order of the Board
United Energy Group Limited
Zhang Hongwei
Chairman

Hong Kong, 29 July 2010

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Hongwei(chairman), Mr. Zhu Jun and Ms Zhang Meiyong, and independent non-executive directors are Mr. Chau Siu Wai, Mr. San Fung and Mr. Zhu Chengwu.