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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)

VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE

United Energy Group Limited (the “Company”) is pleased to provide a business update of the Company for the third quarter of financial year 2012 (“the Period”) with the objective of informing our shareholders and potential investors of the Company’s operational progress and performance.

GROUP HIGHLIGHTS

- September 2012 marked a year of completion of the acquisition of BP’s upstream oil and gas assets in Pakistan with continued production and excellent ramping-up progress
- On the day of 30 September 2012, the Pakistan assets recorded single day net daily production rate of 26,914 barrels of oil equivalent (“boe”) on a net working interest basis, representing a 28% increase compared to 16 September 2011 (completion date of the acquisition of the Pakistan assets)
- Production of both Pakistan and China assets are ramping up steadily on track to meet the production guidance previously announced

BUSINESS UPDATE

I. Pakistan Assets:

A. Exploration and Production Overview

The Company is pleased to report that the Pakistan assets achieved an average net daily production of 23,775 barrels of oil equivalent per day (“boe/d”) and unaudited composite realized sales price before government take amounted to US\$41.8 per boe for the 9 months ended 30 September 2012.

As at 30 September 2012, single day net daily production rate recorded 26,914 boe, of which approximately 30% are liquid. During the Period, 1 exploration well and 9 development wells were drilled and completed in target pay zone. At the end of the Period, 4 rigs were deployed in operation. We are planning to engage 4-6 extra rigs in coming quarter. We expect the average net daily production rate to meet the low end of the latest guidance provided for the full financial year.

Regarding the seismic data acquisition plan, 1,686 km² of 3D seismic data has been acquired, of which 1,577 km² completed in MKK Area and 109 km² completed in Badin Area, and follow on data processing and interpretation work is in progress.

B. *New Discoveries*

During the Period, the Company completed 2 exploration wells in Badin and MKK area:

Shekhano-1

| | |
|--------------------------------|---------------|
| Location: | Badin I |
| Working Interest: | 100% |
| Type of Product: | Oil & Gas |
| Initial Production Rate (Net): | ~ 2,000 boe/d |
| Current Production Rate (Net): | ~ 2,100 boe/d |

Nurpur Deep -1

| | |
|--------------------------------|-------------|
| Location: | MKK |
| Working Interest: | 51.3% |
| Type of Product: | Gas |
| Initial Production Rate (Net): | ~ 359 boe/d |
| Current Production Rate (Net): | ~ 323 boe/d |

II. Liaohe Enhanced Oil Recovery (“EOR”) Assets, China:

The Company’s EOR production in Gaosheng Block in Liaohe Province of China, achieved an average net daily production of 1,274 barrels per day (“bbl/d”) with an unaudited realized sales price before government take of US\$108.8 per barrel (“bbl”) for 9 months ended 30 September 2012.

As at 30 September 2012, 41 fireflood air-injectors were installed and 214 out of 630 production wells were converted into fireflood producer. During the period, 2 development wells were drilled and 10 production wells were converted into fireflood producer.

GENERAL

Shareholders and potential investors of the shares of the Company should note that the abovementioned voluntary announcement contains or will contain certain targets which may or may not materialize. Shareholders and potential investors of the shares of the Company should exercise caution when dealing in the shares of the Company.

By order of the Board
United Energy Group Limited
Zhang Hong Wei
Chairman

Hong Kong, 26 October 2012

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

Operation Highlights - Pakistan Asset :

| Net to UEG Ltd | <u>9 months ended 30 Sep 2012 (Unaudited)</u> |
|--|--|
| Average Net Production (boe/d) | 23,775 |
| Oil Ratio (%) | 27.6 |
| Composite Realized Sales Price Before Government Take | US\$41.8/boe |
| Capex | US\$92.4 million |
| Exploration Well (No. of Wells Drilled) | 4 |
| Development Well (No. of Wells Drilled) | 18 |
| Rig Workovers (No. Performed) | 19 |
| Facility Upgrades (No. Performed) | 2 |
| 3D Seismic Data Acquisition | Badin: 109 km ² MKK: 1,577 km ² Total: 1,686 km ² |
| No. of Rigs Engaged | 4 |

Operation Highlights - Liaohe EOR Asset:

| Net to UEG Ltd | <u>9 months ended 30 Sep 2012 (Unaudited)</u> |
|--|---|
| Average Net EOR Production Share (bbl/d) | 1,274 |
| Oil Ratio (%) | 100% |
| Realized Sales Price Before Government Take | US\$ 108.8/bbl |
| Capex | US\$ 19.94 million |
| Development Well (No. of Wells Drilled) | 20 |
| Rig Workovers (No. Performed) | 7 |
| Fireflood Air-Injector (No. of Wells) | 2 |
| Production Wells converted into Fireflood Producer (No. of Wells) | 17 |
| No. of Rigs Engaged | 5 |