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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

The Group delivered satisfactory operating results in the second half of financial year 2012 from its operations in Sindh Province in Pakistan and Liaohe Oilfields in China as follows:

Summary

- Average daily net production of 27,273 boed (24.3% increase from the second half of Financial Year 2011)
- The Pakistan assets delivered an average daily net production of 25,818 boed (23.3 % increase from the Corresponding Period)
- The Liaohe assets delivered an average daily net production of 1,455 bbld (47.3% increase from the second half of Financial Year 2011)
- 8 exploration wells were successfully drilled in Pakistan, recording initial net production of 2,589 boed, and current net production of 2,142 boed, with estimated proved reserve add of approximately 2.1 million boe
- 28 production wells were successfully converted to fireflood producers at the Liaohe Oilfields
- On 31 December 2012, the Pakistan assets recorded a single day net production output of 31,532 boe (50.2% higher than that on 31 December 2011) of which 42% are liquid, while single day net production output of the Liaohe assets was 1,427 bbl (193% higher than that on 31 December 2011)

United Energy Group Limited (the “Company”) and its subsidiaries (the “Group”) is pleased to provide a business update of the Group for the second half of Financial Year 2012 (the “Period”) with the objective of informing our shareholders and potential investors of the Group’s operational progress and performance.

BUSINESS UPDATE

I. Pakistan Assets:

A. Production and Development

The Group is pleased to report that the Pakistan assets achieved an average net daily production of 25,818 barrels of oil equivalent (“boe”) per day (“boed”) in the Period, representing a 23.3% increase compared to the period from 16 September 2011, the

completion date of the acquisition of the Pakistan assets, to 31 December 2011 (the “Corresponding Period”). Unaudited composite realized sales price before government take amounted to US\$47.1 per boe for the Period, recording a 19.5% increase compared to that of the Corresponding Period mainly due to the increase in international energy price and oil production contribution in our portfolio.

The following table summarizes the average net daily production level for the asset:

Unit: boed

<u>Assets</u>	<u>Average for the period 16 September – 31 December 2011*</u>	<u>Average for the Second Half of Financial Year 2012</u>	<u>+/-</u>
Pakistan	<u>20,945</u>	<u>25,818</u>	<u>+23.3%</u>

*The Company acquired Pakistan assets on 16 September 2011

As at 31 December 2012, single day net production output recorded 31,532 boe (Badin: 26,147 boe, MKK: 5,385 boe), of which approximately 42% are liquid, representing 50.2% (Badin: 40.9%, MKK: 120.5%) increase compared to 31 December 2011. During the Period, 8 exploration wells and 11 development wells were drilled. At the end of the Period, 10 rigs were deployed in operation.

On 31 December 2012, the Group completed the acquisition of an additional 19.73% of working interest in MKK. The Group’s working interest in MKK has been increase from 51.32% to 71.05%.

B. Exploration

During the Period, 1,088 km² of 3D seismic data has been acquired, of which 588 km² were completed in MKK Area, 315 km² completed in Badin Area and 185 km² completed in DSS Area, while the follow on data processing and interpretation work is in progress.

Following Table summarize the new discoveries and exploratory drilling result in Badin and MKK Area throughout the Period (Current Net Production Rate as at 31 December 2012):

<u>Area</u>	<u>Well</u>	<u>Type of Product</u>	<u>Depth (feet)</u>	<u>Net Capex (US\$ million)</u>	<u>Initial Net Production Rate (boed)</u>	<u>Current Net Production Rate (boed)</u>
Badin	Pir Apan-1	Gas / Condensate	7,070	1.57	1064.5	11.6
Badin	Piario Deep-1	Gas	8,500	3.02	341.0	762.3
MKK	Bijoro-1	Oil / Condensate	10,800	3.50 (phased, total: 5.4)	Testing underway	
Badin	Mewa-1	Oil	6,762	3.1	225.0	410.0
MKK	Rahim North-1	Gas	10,800	5.63	959.0	959.0
MKK	Naimat West-1	To be confirmed	11,800	2.9 (phased, total: 5.7)	Testing Underway	
Badin	Shekhan o Deep-1	Gas	8,000	3.3	Put On Production underway	
MKK	Rajpari-1	To be confirmed	13,300	0.5 (phased, total: 10.1)	Drilling Underway	

II. Liaohe Oilfields, China:

The Company's operations in Gaosheng Block in Liaohe Oilfields of China, achieved an average daily net production of 1,455 barrels ("bbl") per day ("bbld") in the period representing a 47.3% increase compared to the second half of Financial Year 2011 with an unaudited realized sales price before government take of US\$101.3 per barrel for the period (US\$ 100.2 per barrel for the second half of Financial Year 2011).

Following Table Summarize the average net daily production level for the asset:

Unit: bbld

<u>Asset</u>	<u>Average for the second half of financial year 2011</u>	<u>Average for the second half of financial year 2012</u>	<u>+/-</u>
Liaohe	988	1,455	+47.3%

As at 31 December 2012, 46 fireflood air-injectors were installed and 232 (37%) out of 627 Wells, were converted into fireflood producer. Single day net production output recorded 1,427 bbl representing 193% increase compared to 31 December 2011. During the Period, 28 production wells were converted into fireflood producers.

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, 6 February 2013

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 Meiyong, and the independent non-executive directors are Mr. Chau Siu Wai, Mr. San Fung and Mr. Zhu Chengwu.

Appendix I

Operation Highlights - Pakistan Assets:

Net to the Group	<u>Second half of financial year 2012 (Unaudited)</u>	<u>16 September – 31 December 2011*</u>
Average Net Production (boed)	25,818	20,945
Liquid Ratio (%)	33.5%	26.5%
Composite Realized Sales Price Before Government Take	US\$ 47.1/boe	US\$ 39.4/boe
Capex	US\$ 95.7 million	US\$ 24.3 million
Exploration Well (No. of Wells Drilled)	8	2
Development Well (No. of Wells Drilled)	11	3
Rig Workovers (No. Performed)	15	1
Depth Drilled (Feet)	137,435	41,545
Facility Upgrades (No. Performed)	27	0
3D Seismic Data Acquisition	1,088 km ²	0
Change in interest	Completed acquisition of 19.73% stake in MKK on 31 December 2012	Completed acquisition of BP assets in Pakistan on 16 September 2011

*The Company acquired Pakistan assets on 16 September 2011

Appendix II:**Operation Highlights - Liaohe Oilfields, China:**

Net to the Group	<u>Second Half of the Financial Year 2012 (Unaudited)</u>	<u>Second Half of the Financial Year 2011</u>
Average Net EOR Production Share (bbld)	1,455	988
Realized Sales Price Before Government Take	US\$ 101.3/bbl	US\$ 100.2/bbl
Capex	US\$ 4.5 million	US\$ 17.3 million
Development Well (No. of Wells Drilled)	2	19
Rig Workovers (No. Performed)	3	12
Wells converted into Fireflood Producer (No. of Wells)	28	17