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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 (UNAUDITED)

The Company is pleased to provide a business update (Unaudited) for the second half and the full year of financial year 2013 on its operations in Pakistan Assets and Liaohe EOR Projects in China highlight as follows:

Second half of Financial Year 2013

- The Company recorded an average daily net production of approximately 35,415 boed, 29.9% increase compared to the second half of Financial Year 2012;
- The Pakistan Assets recorded an average daily net production of approximately 33,757 boed, 30.7% increase compared to the second half of Financial Year 2012;
- The Liaohe EOR Projects in China recorded an average daily net production of approximately 1,658 bbld, 14.0% increase compared to the second half of Financial Year 2012.

Full Year of Financial Year 2013

- The Company recorded an average daily net production of approximately 35,443 boed, 36.2% increase compared to the full year of Financial Year 2012;
- The Pakistan Assets recorded an average daily net production of approximately 33,809 boed, 37.0% increase compared to the full year of Financial Year 2012;
- Significant gas discovery made led by Naimat West-1 exploration well in MKK area, which the unaudited first appraised net proved reserves based on SPE-PRMS standard prepared by third party reserve evaluation consultant, recorded approximately 37.2 million boe as at 31 December 2013;
- Average daily net production in MKK area ramping up significantly in the second half and the full year of financial year of 2013, recording 255.4% and 207.8% increase compared to the second half and the full year of financial year of 2012 respectively;
- The Liaohe EOR Projects in China recorded an average daily net production of approximately 1,634 bbld, 22.5% increase compared to the full year of Financial Year 2012.

United Energy Group Limited (the “Company”) is pleased to provide a business update (Unaudited) for the second half and the full year of Financial Year 2013 with the objective of informing its shareholders and potential investors of the Company’s operational progress and performance.

BUSINESS UPDATE

I. Pakistan Assets:

A. Production and Operation Overview

For the second half of financial year 2013, the Pakistan Assets achieved an average daily net production of approximately 33,757 barrels of oil equivalent (“boe”) per day (“boed”) (Badin: 24,503 boed, MKK: 9,254 boed), of which 34.6% is oil and liquids, representing an approximately 30.7% (Badin: +5.6%, MKK: +255.4%) increase compared to the second half of Financial Year 2012. Unaudited Composite Average Sales Price Before Government Take amounted to US\$ 49.8 per boe, representing an approximately 5.5% increase compared to the second half of Financial Year 2012, which was mainly due to an increase in oil and liquids ratio in its production mix.

For the full year of financial year 2013, the Pakistan Assets achieved an average daily net production of approximately 33,809 boed (Badin: 26,072 boed, MKK: 7,737 boed), of which 34.7% is oil and liquids, representing an approximately 37.0% (Badin: +17.6%, MKK: +207.8%) increase compared to the full year of Financial Year 2012. Unaudited Composite Average Sales Price Before Government Take amounted to US\$ 49.7 per boe, representing an approximately 10.9% increase compared to the full year of Financial Year 2012, which was mainly due to an increase in oil and liquids ratio in its production mix and partially off-set by the decrease in international crude oil price.

Following the major discovery at Naimat West, the Company carried out a major maintenance and upgrade of its oil & gas processing facility and optimizing the gas gathering system located in the MKK area. The work was completed in September 2013 as planned. Following the recommencement of processing with the upgraded capacity, the Pakistan Asset’s production levels are gradually ramping up to new heights.

Notably, average daily net production in MKK area ramping up significantly in the second half and the full year of financial year of 2013, representing an approximately 255.4% and 207.8% increase compared to the second half and the full year of financial year of 2012 respectively.

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

Unit: boed

	Average daily net production for the second half of Financial Year 2013	Average daily net production for the second half of Financial Year 2012	+/-
Pakistan Assets	~33,757	~25,818	+30.7 %
Badin	~24,503	~23,214	+5.6%
MKK	~9,254	~2,604	+255.4%

Unit: boed

	Average daily net production for the full year of Financial Year 2013	Average daily net production for the full year of Financial Year 2012	+/-
Pakistan Assets	~33,809	~24,681	+37.0 %
Badin	~26,072	~22,167	+17.6%
MKK	~7,737	~2,514	+207.8%

B. Exploration, Development and New Discoveries

During the financial year 2013, the Company remains as the most-active oil and gas upstream operator with 7 rigs in operation in Pakistan, of which completed 28 exploration wells and 29 development wells in Badin and MKK area, 3,236km² and 843km² of 3D seismic data has been acquired in onshore and offshore area respectively. Follow on data processing and interpretation work is in progress.

In addition, the Company has made 17 new oil and gas discoveries in Badin and MKK area, of which Naimat West is a significant gas discovery located in MKK area. The unaudited first appraised net proved reserves report of Naimat West gas field, which based on SPE-PRMS standard prepared by third party reserve evaluation consultant, reported at approximately 37.2 million boe as at 31 December 2013. The success at the Naimat West gas field is again reconfirming the exceptional exploration potential of our MKK concession acreage. The Company will increase our pace of exploration in MKK area aiming for further production growth and reserves addition.

The following table summarizes the new oil and gas discovery in the full year of financial year 2013 (As of 31/12/2013):

<u>Area</u>	<u>Wells</u>	<u>Working interest (%)</u>	<u>Initial net production rate (boed)</u>
Badin	Lodano-1	100%	~3,762
Badin	Khaskeli North-1	100%	~1,207
Badin	Malah-1	100%	~711
Badin	Shekhano Deep-1	100%	~1,807
Badin	Jarrar Deep-1	100%	~2,900
Badin	Lodano Deep-1	100%	~3,259
Badin	Gagani-1	100%	~560
Badin	Amdani-1	100%	~382
Badin	Aassu-1	100%	~732
MKK	Rajpari-1 ST	75%	~180
MKK	Sumar Deep-1	75%	~3,587
MKK	Naimat West-1	75%	~1,358
MKK	Qabul-1	75%	~50
MKK	Bijoro-1	75%	~213
MKK	Qasim Deep-1	75%	~3,103
MKK	Naimat Bas-2X	75%	~338
MKK	Rahim-1X	75%	~486

C. Impact of Petroleum Policy 2012 in MKK Development

The most favourable effect of the 2012 Petroleum Policy is a significant increase in the wellhead price of natural gas. Gas prices in Pakistan are regulated, and the price is determined by a prescribed formula based on the international crude oil price.

The implementation of the 2012 Petroleum Policy will result in increased gas prices for future discoveries and for fields not already on production. The estimated gas price (based on US\$100 Brent crude oil price) will potentially increase from US\$2.5/MMBtu under the former policy to US\$5.5/MMBtu.

On 21 January 2014, the Company received the provisional 2012 Petroleum Policy price notification for some of our fields in MKK area. Since the production in MKK area are highly gas-weighted, the Company is expecting the implementation of the 2012 Petroleum Policy will have a positive financial impact on our assets.

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

For the second half of financial year 2013, the Company’s operations in Gaosheng Block in Liaohe Oilfields of China achieved an average daily net production of 1,658 barrels (“bbl”) per day (“bbld”) representing 14.0% increase compared to the second half of Financial Year 2012.

For the full year of financial year 2013, the company’s operations in Gaosheng Block in Liaohe Oilfields of China achieved an average daily net production of 1,634 barrels (“bbl”) per day (“bbld”) representing 22.5% increase compared to the full year of Financial Year 2012.

In addition, the company installs the first air injector in Gao-246 block. This represents another milestone of the Company’s adoption of the fireflood technology in the projects. As at 31 December 2013, a total of 257 fireflood producers (representing ~41.0% of production wells) has been converted into fireflood producers.

The following table summarizes the comparison of average daily net production level for the projects:

Unit: bbld

	Average daily net production for the second half of Financial Year 2013	Average daily net production for the second half of Financial Year 2012	+/-
Liaohe EOR Projects	~1,658	~1,455	+14.0%

Unit: bbld

	Average daily net production for the full year of Financial Year 2013	Average daily net production for the full year of Financial Year 2012	+/-
Liaohe EOR Projects	~1,634	~1,334	+22.5%

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, 3 March 2014

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.

Appendix

1. Second half of financial year 2013 Operation Highlights - Pakistan Assets:

	Second Half of Financial Year 2013 (Unaudited)	Second Half of Financial Year 2012 (Unaudited)
Average Daily Net Production (boed)	~33,757	~25,818
Oil & Liquids Ratio (%)	~34.6%	~33.5%
Composite Average Sales Price Before Government Take (USD/boe)	~49.8	~47.2
Net Capex (US\$ million)	~122.0	~95.7
Exploration Well (No. of Wells Completed)	13	7
Development Well (No. of Wells Completed)	16	11
Rig Workovers (No. Performed)	8	15
3D Seismic Data Acquisition	Onshore: 886 km²	Onshore: 1,088 km ²

2. Second half of financial year 2013 Operation Highlights - Liaohe EOR Projects, China:

	Second Half of Financial Year 2013 (Unaudited)	Second Half of Financial Year 2012 (Unaudited)
Average Daily Net Production (bbl/d)	~1,658	~1,455
Development Well (No. of Wells Drilled/Completed)	0	2
Rig Workovers (No. Performed)	12	3
Wells converted into Fireflood Producers (No. of Wells)	6	28
Coverage of Fireflood Application (%)	~41.0%	~37.0%

3. Full Year of financial year 2013 Operation Highlights - Pakistan Assets:

	Full Year of Financial Year 2013 (Unaudited)	Full Year of Financial Year 2012
Average Daily Net Production (boed)	~33,809	~24,681
Oil & Liquids Ratio (%)	~34.7%	~29.2%
Composite Average Sales Price Before Government Take (USD/boe)	~49.7	~44.8
Net Capex (US\$ million)	~315.4	~151.3
Exploration Well (No. of Wells Completed)	28	11
Development Well (No. of Wells Completed)	29	20
Rig Workovers (No. Performed)	39	31
3D Seismic Data Acquisition	Onshore: 3,236 km² Offshore: 843 km²	Onshore: 2,277 km ²

4. Full Year of financial year 2013 Operation Highlights - Liaohe EOR Projects, China:

	Full Year of Financial Year 2013 (Unaudited)	Full Year of Financial Year 2012
Average Daily Net Production (bbl/d)	~1,634	~1,334
Development Well (No. of Wells Completed)	8	20
Rig Workovers (No. Performed)	21	9
Wells converted into Fireflood Producers (No. of Wells)	25	35
Coverage of Fireflood Application (%)	~41.0%	~37.0%