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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 first quarter of financial year 2014 on its operations in Pakistan Assets and Liaohe EOR Projects in China highlight as follows:

#### First Quarter of Financial Year 2014

- The Company recorded an average daily net production of approximately 37,911 boed, 5.4% increase compared to the first quarter of Financial Year 2013
- The Pakistan assets recorded an average daily net production of approximately 36,167 boed, 5.2% increase compared to the first quarter of Financial Year 2013
- The Liaohe EOR Projects in China recorded an average daily net production of approximately 1,749 boed, 10.0% increase compared to the first quarter of Financial Year 2013

United Energy Group Limited (the “Company”) is pleased to provide a business update (Unaudited) for the first quarter of Financial Year 2014 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 first quarter of Financial Year 2014, the Pakistan assets achieved an average daily net production of approximately 36,167 barrels of oil equivalent (“boe”) per day (“boed”) (Badin: 22,303 boed, MKK: 13,864 boed), of which 33.8% is oil and liquids, representing an approximately 5.2% (Badin: -22.5%, MKK: +147.5%) increase compared to the first quarter of Financial Year 2013. Further, the Company successfully transferred its strategic focus of exploration and development activities to the enormous potential-rich MKK blocks and initials good results. The high production growth rate in MKK blocks is expecting to be continued in the future.

During the period, the Company installed an additional 40 mmcfd skid-mounted gas processing plant in MKK area to process the high CO<sub>2</sub> gas produced from Naimat West and Sutiari Deep gas fields. The gas processing plant was completed on 29 March 2014 and the second quarter production will ramp-up significantly.

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

Unit: boed

	Average daily net production for the first quarter of Financial Year 2014	Average daily net production for the first quarter of Financial Year 2013	+/-
<b>Pakistan Assets</b>	<b>~36,167</b>	<b>~34,374</b>	<b>+5.2%</b>
Badin	~22,303	~28,772	-22.5%
MKK	~13,864	~5,602	+147.5%

### *B. Exploration, Development and New Discoveries*

During the first quarter of Financial Year 2014, the Company drilled 9 exploration wells and 4 development wells in Badin and MKK area and has acquired 463 km<sup>2</sup> of 3D seismic data for its onshore area. Follow on data processing and interpretation work is in progress. In addition, the Company has made 7 new oil and gas discoveries in Badin and MKK areas.

The following table summarizes the new oil and gas discoveries in the first quarter of Financial Year 2014 (As of 31/3/2014):

<u>Area</u>	<u>Wells</u>	<u>Working interest (%)</u>	<u>Initial net production rate (boed)</u>
Badin	JHOK-1	100%	~170
MKK	THEBO-1	75.0%	~875
MKK	RAGNI DEEP-1	75.0%	~65
MKK	BAKSH DEEP-1	75.0%	~3,175
MKK	RAHIM-X2	75.0%	(main zone yet to be perforated)
MKK	SOHRAB DEEP-1	75.0%	~3,420
MKK	SUTIARI DEEP-1	75.0%	~5,000

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

For the first quarter of Financial Year 2014, the company’s operations in Gaosheng Block in Liaohe Oilfields of China achieved an average daily net production of approximately 1,749 boed, representing 10.0% increase compared to the first quarter of Financial Year 2013.

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

Unit: boed

	Average daily net production for the first quarter of Financial Year 2014	Average daily net production for the first quarter of Financial Year 2013	+/-
<b>Liaohe EOR Project</b>	<b>~1,749</b>	<b>~1,590</b>	<b>+10.0%</b>

As at 31 March 2014, a total of 282 production wells (representing ~45.0% of 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, 15 May 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. First Quarter of Financial Year 2014 Operation Highlights - Pakistan Assets:

	<b>First Quarter of Financial Year 2014 (Unaudited)</b>	<b>First Quarter of Financial Year 2013 (Unaudited)</b>
<b>Average Daily Net Production (boed)</b>	<b>~36,167</b>	~34,374
<b>Oil &amp; Liquids Ratio (%)</b>	<b>~33.8%</b>	~35.1%
<b>Exploration Wells (Gross)</b>	<b>9</b>	7
<b>Development Wells (Gross)</b>	<b>4</b>	2
<b>3D Seismic Data Acquisition (Gross)</b>	Onshore: 463 km <sup>2</sup>	Onshore: 1,484 km <sup>2</sup> Offshore: 8,43 km <sup>2</sup>

### 2. First Quarter of Financial Year 2014 Operation Highlights - Liaohe EOR Project, China:

	<b>First Quarter of Financial Year 2014 (Unaudited)</b>	<b>First Quarter of Financial Year 2013 (Unaudited)</b>
<b>Average Daily Net Production (boed)</b>	<b>~1,749</b>	~1,590
<b>Oil &amp; Liquids Ratio (%)</b>	<b>100%</b>	100%
<b>Development Wells (Gross)</b>	<b>-</b>	5
<b>Side-Track Wells (Gross)</b>	<b>12</b>	2
<b>Fireflood Producers Added (Gross)</b>	<b>25</b>	6
<b>Coverage of Fireflood Application (%)</b>	<b>~45.0%</b>	~38.0%