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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 quarter and the first half of Financial Year 2014 on its operations in Pakistan Assets and Liaohe EOR Projects in China, highlight as follows:

##### Second quarter of Financial Year 2014

- The Company recorded an average daily net production of approximately 46,226 boed, 32.2% increase compared to the second quarter of Financial Year 2013
- The Pakistan assets recorded an average daily net production of approximately 44,243 boed, 32.7% increase compared to the second quarter of Financial Year 2013
- Average daily net production in the MKK area ramped up significantly in the second quarter of Financial Year of 2014, representing an approximately 58.5% increase compared to the first quarter of Financial Year 2014
- The Liaohe EOR Projects in China recorded an average daily net production of approximately 1,983 boed, 21.7% increase compared to the second quarter of Financial Year 2013

##### First half of Financial Year 2014

- The Company recorded an average daily production of approximately 42,094 boed, 18.7% increase compared to the first half of Financial Year 2013
- The Pakistan assets recorded an average daily net production of approximately 40,227 boed, 18.8% increase compared to the first half of Financial Year 2013
- The Liaohe EOR Projects in China recorded an average daily net production of approximately 1,867 boed, 16.0% increase compared to the first half of Financial Year 2013

##### Others – Pakistan Assets

- On 17 July 2014, the Company received another provisional gas price notification from OGRA, Pakistan for all the fields attracting a 2012 petroleum policy price in MKK. The Company is currently working on the supplemental agreements with GoP for full implementation.
- Naimat Phase 5 Project Kick-off – an additional 160 mmcf/d Gas Processing Capacity expected to go on stream in 2015

United Energy Group Limited (the “Company”) is pleased to provide a business update (Unaudited) for the second quarter and the first half 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 second quarter of Financial Year 2014, the Pakistan assets achieved an average daily net production of approximately 44,243 barrels of oil equivalent (“boe”) per day (“boed”) (Badin: 22,266 boed, MKK: 21,977 boed), of which 33.5% is oil and liquids, representing an approximately 32.7% (Badin: -16.2%, MKK: +224.1%) increase compared to the second quarter of Financial Year 2013.

For the first half of Financial Year 2014, the Pakistan assets achieved an average daily net production of approximately 40,227 boed (Badin: 22,284 boed, MKK: 17,943 boed), of which 33.6% is oil and liquids, representing an approximately 18.8% (Badin: -19.5%, MKK: +189.6%) increase compared to the first half of Financial Year 2013.

Notably, after the installation of an additional 40 mmcf/d skid-mounted gas processing plant in MKK, average daily net production in the MKK area ramped up significantly in the second quarter of Financial Year of 2014, representing an approximately 58.5% increase compared to the first quarter of Financial Year 2014. The Company will continue its strategic focus on exploration and development activities of the enormously potential-rich MKK blocks and we expect the MKK blocks to become a major source of future organic growth.

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

Unit: boed

	<b>Average daily net production for the second quarter of Financial Year 2014</b>	<b>Average daily net production for the second quarter of Financial Year 2013</b>	<b>+/-</b>
<b>Pakistan Assets</b>	<b>~44,243</b>	<b>~33,343</b>	<b>+32.7%</b>
Badin	~22,266	~26,562	-16.2%
MKK	~21,977	~6,781	+224.1%

Unit: boed

	<b>Average daily net production for the first half of Financial Year 2014</b>	<b>Average daily net production for the first half of Financial Year 2013</b>	<b>+/-</b>
<b>Pakistan Assets</b>	<b>~40,227</b>	<b>~33,862</b>	<b>+18.8%</b>
Badin	~22,284	~27,667	-19.5%
MKK	~17,943	~6,195	+189.6%

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

During the first half of the Financial Year 2014, the Company completed 14 exploration wells and 9 development wells in Badin and MKK area, and 787km<sup>2</sup> of 3D seismic data has been acquired in DSS area. Follow on data processing and interpretation work is in progress

In addition, the Company has made 10 new oil and gas discoveries in Badin and MKK areas. The following table summarizes the new oil and gas discovery in the first half of Financial Year 2014 (As of 30/6/2014):

<u>Area</u>	<u>Wells</u>	<u>Working interest (%)</u>	<u>Initial net production rate (boed)</u>
Badin	JHOK-1	100%	~170
Badin	MURID-1	100%	~500
Badin	NANDO-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%	~275
MKK	SOHRAB DEEP-1	75.0%	~3,420
MKK	SUTIARI DEEP-1	75.0%	~5,000
MKK	SUMAR DEEP-2	75.0%	~2,075

*C. Implementation of Petroleum Policy 2012 in MKK and DSS*

Subsequent to the notification received on 21 January 2014, the Company received another provisional gas price notification on 17 July 2014 from Oil and Gas Regulatory (“OGRA”) for all the fields attracting a 2012 petroleum policy price. The company is currently working on the supplemental agreements with Government of Pakistan (“GoP”) for fully implementation. The company is expect that the full implementation of the 2012 Petroleum Policy in MKK and DSS concession will provide a positive financial impact on our assets in the long term.

*D. Naimat Phase 5 bidding process completed and preparatory work start – an additional 160 mmcf/d Gas Processing Capacity expected to go on stream in 2015*

In June 2014, the Company has completed the bidding process of the project and started the preparatory work of the 160 mmcf/d gas processing plant (“Naimat Phase 5”) in MKK. The final construction contract will be signed within the second half of 2014. The project consists of 2 phases:

Phase 5A: 60 mmcf/d skid-mounted gas processing plant (Targeted first gas by March 2015)  
Phase 5B: 100 mmcf/d gas processing plant (Targeted first gas by June 2015)

After the completion of the project, the Company is expected to add approximately 110 mmcf/d of sales gas from the Naimat West gas fields which were discovered in 2013. This is an important step for the Company to further ramp up the production in the year 2015.

*E. Condensate Export – Diversification on sales channel*

In June 2014, United Energy Pakistan Limited, a wholly owned subsidiary of the Company that operates the Pakistan Assets, delivers their first export shipment to the international oil market and target to export approximately 1,800,000 boe of condensate throughout the year. This represents another important milestone for our Pakistan operations and allows the Company to diversify its sales channel outside of Pakistan.

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

For the second quarter of Financial Year 2014, the company’s operations in Gaosheng Block in Liaohe Oilfields of China achieved an average daily net production of 1,983 boed representing a 21.7% increase compared to the second quarter of Financial Year 2013.

For the first half of Financial Year 2014, the company’s operations in Gaosheng Block in Liaohe Oilfields of China achieved an average daily net production of 1,867 boed representing a 16.0% increase compared to the first half of Financial Year 2013.

As at 30 June 2014, a total of 275 fireflood producers (representing ~45.0% of production wells) have been converted into fireflood producers.

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

Unit: boed

	<b>Average daily net production for the second quarter of Financial Year 2014</b>	<b>Average daily net production for the second quarter of Financial Year 2013</b>	<b>+/-</b>
Liaohe EOR Projects	~1,983	~1,630	+21.7%

Unit: boed

	<b>Average daily net production for the first half of Financial Year 2014</b>	<b>Average daily net production for the first half of Financial Year 2013</b>	<b>+/-</b>
Liaohe EOR Projects	~1,867	~1,610	+16.0%

## 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, 12 August 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 quarter of Financial Year 2014 Operation Highlights - Pakistan Assets:

	<b>Second quarter of Financial Year 2014 (Unaudited)</b>	<b>Second quarter of Financial Year 2013 (Unaudited)</b>
<b>Average Daily Net Production (boed)</b>	<b>~44,243</b>	~33,343
<b>Oil &amp; Liquids Ratio (%)</b>	<b>~33.5%</b>	~34.5%
<b>Exploration Well (Gross)</b>	<b>5</b>	8
<b>Development Well (Gross)</b>	<b>5</b>	11
<b>3D Seismic Data Acquisition (Gross)</b>	<b>Onshore: ~324 km<sup>2</sup></b>	Onshore: ~866 km <sup>2</sup>

### 2. Second quarter of Financial Year 2014 Operation Highlights - Liaohe EOR Projects, China:

	<b>Second quarter of Financial Year 2014 (Unaudited)</b>	<b>Second quarter of Financial Year 2013 (Unaudited)</b>
<b>Average Daily Net Production (boed)</b>	<b>~1,983</b>	~1,630
<b>Oil &amp; Liquids Ratio (%)</b>	<b>100%</b>	100%
<b>Development Wells (Gross)</b>	<b>Nil</b>	3
<b>Side-Track Wells (Gross)</b>	<b>4</b>	7
<b>Fireflood Producers Added (Gross)</b>	<b>-7</b>	13
<b>Coverage of Fireflood Application (%)</b>	<b>~45.0%</b>	~40.0%

3. First half of Financial Year 2014 Operation Highlights - Pakistan Assets:

	<b>First half of Financial Year 2014 (Unaudited)</b>	<b>First half of Financial Year 2013 (Unaudited)</b>
<b>Average Daily Net Production (boed)</b>	<b>~40,227</b>	~33,862
<b>Oil &amp; Liquids Ratio (%)</b>	<b>~33.6%</b>	~34.8%
<b>Exploration Well (Gross)</b>	<b>14</b>	15
<b>Development Well (Gross)</b>	<b>9</b>	13
<b>3D Seismic Data Acquisition (Gross)</b>	<b>Onshore: ~787 Km<sup>2</sup></b>	<b>Onshore: ~2,350 Km<sup>2</sup> Offshore: ~843 Km<sup>2</sup></b>

4. First half of Financial Year 2014 Operation Highlights - Liaohe EOR Projects, China:

	<b>First half of Financial Year 2014 (Unaudited)</b>	<b>First half of Financial Year 2013 (Unaudited)</b>
<b>Average Daily Net Production (boed)</b>	<b>~1,867</b>	~1,610
<b>Oil &amp; Liquids Ratio (%)</b>	<b>100%</b>	100%
<b>Development Wells (Gross)</b>	<b>Nil</b>	8
<b>Side-Track Wells (Gross)</b>	<b>16</b>	9
<b>Fireflood Producers Added (Gross)</b>	<b>18</b>	19
<b>Coverage of Fireflood Application (%)</b>	<b>~45.0%</b>	~40%