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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 Group is pleased to provide a business update (Unaudited) for the second half and the full year of Financial Year 2014 on its operations in the Pakistan Assets and Liaohe EOR Projects in China. The highlights are as follow:

#### Second half of Financial Year 2014

- The Company recorded an average daily net production of approximately 55,677 boed, representing a 57.2% increase compared to the second half of Financial Year 2013
- The Pakistan Assets recorded an average daily net production of approximately 53,843 boed, representing a 59.5% increase compared to the second half of Financial Year 2013
- Average daily net production in the MKK Blocks ramped up significantly in the second half of Financial Year of 2014 and reached approximately 31,030 boed, representing a 235.3% and 72.9% increase compared to the second half of Financial Year of 2013 and the first half of Financial Year 2014, respectively
- The Liaohe EOR Projects in China recorded an average daily net production of approximately 1,834 boed, representing a 10.6% increase compared to the second half of Financial Year 2013

#### Full year of Financial Year 2014

- The Company recorded an average daily production of approximately 48,911 boed, representing a 38.0% increase compared to the full year of Financial Year 2013
- The Pakistan Assets recorded an average daily net production of approximately 47,091 boed, representing a 39.3% increase compared to the full year of Financial Year 2013
- The Liaohe EOR Projects in China recorded an average daily net production of approximately 1,820 boed, representing a 11.4% increase compared to the full year of Financial Year 2013

#### Others – Pakistan Assets

- Naimat Phase 5 construction is in progress – an additional 160 mmcf/d Gas Processing Capacity expected to go on stream in year 2015
- Marked another milestone for UEPL exploration activities in Pakistan – with the first exploration well spudded in DSS Blocks after the completion of acquisition of the Pakistan Assets from BP in 2011

- Oil and Condensate Export – for the full year of Financial Year 2014, UEPL has successfully exported approximately 1,560,000 boe of oil and condensate to the international oil market.

United Energy Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are pleased to provide a business update (Unaudited) for the second half and the full year 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 half of Financial Year 2014, the Pakistan Assets achieved an average daily net production of approximately 53,843 barrels of oil equivalent (“boe”) per day (“boed”) (Badin Blocks: 22,813 boed, MKK Blocks: 31,030 boed), of which 31.4% is oil and liquids, representing an approximately 59.5% (Badin Blocks: -6.9%, MKK Blocks: +235.3%) increase compared to the second half of Financial Year 2013.

For the full year of Financial Year 2014, the Pakistan Assets achieved an average daily net production of approximately 47,091 boed (Badin Blocks: 22,551 boed, MKK Blocks: 24,540 boed), of which 32.2% is oil and liquids, representing an approximately 39.3% (Badin Blocks: -13.5%, MKK Blocks: 217.2%) increase compared to the full year of Financial Year 2013.

Average daily net production in the MKK Blocks ramped up significantly in the second half of Financial Year of 2014 and reached approximately 31,030 boed, representing an approximately 235.3% and 72.9% increase compared to the second half of Financial Year of 2013 and the first half of Financial Year 2014, respectively. The Group will continue its strategic focus on exploration and development activities in the enormously potential-rich MKK Blocks.

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

Unit: boed

	Average daily net production for the second half of Financial Year 2014 (Unaudited)	Average daily net production for the second half of Financial Year 2013	+/-
<b>Pakistan Assets</b>	<b>~53,843</b>	<b>~33,757</b>	<b>+59.5%</b>
Badin	~22,813	~24,503	-6.9%
MKK	~31,030	~9,254	+235.3%

Unit: boed

	Average daily net production for the full year of Financial Year 2014 (Unaudited)	Average daily net production for the full year of Financial Year 2013	+/-
<b>Pakistan Assets</b>	<b>~47,091</b>	<b>~33,809</b>	<b>+39.3%</b>
Badin	~22,551	~26,072	-13.5%
MKK	~24,540	~7,737	+217.2%

*B. Exploration, Development and New Discoveries*

During the full year of the Financial Year 2014, the Group completed 23 exploration wells and 15 development wells in the Badin Blocks and the MKK Blocks, and acquired 1,442km<sup>2</sup> of 3D seismic data in the MKK Blocks and the DSS Blocks. Furthermore, United Energy Pakistan Limited, a wholly owned subsidiary of the Company (“UEPL”), has spudded its first exploration well in the DSS Blocks after the completion of acquisition of the Pakistan Assets from BP in Year 2011. This marked another milestone for UEPL’s exploration activity in Pakistan.

In addition, the Group has made 20 new oil and gas discoveries in Badin and MKK Blocks. The following table summarizes the new oil and gas discoveries in the full year of Financial Year 2014 (As of 31/12/2014):

<b><u>Blocks</u></b>	<b><u>Wells</u></b>	<b><u>Working interest (%)</u></b>	<b><u>Initial net production rate (Unaudited) (boed)</u></b>
Badin	JHOK-1	100%	~170
Badin	MURID-1	100%	~500
Badin	NANDO-1	100%	~170
Badin	AASSU-2	100%	~250
Badin	AASSU DEEP-1	100%	~190
Badin	KARAM-1	100%	~550
Badin	SUHRAT-1	100%	~520
Badin	DHANI-1	100%	~280
Badin	KORAI-1	100%	~4,930
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
MKK	SOHRAB DEEP-2	75.0%	~5,770
MKK	SALEH-1	75.0%	~580
MKK	SOHRAB DEEP-3	75.0%	~6,655
MKK	KAMAL NORTH-3	75.0%	~310

*C. Naimat Phase 5 construction is in progress – an additional 160 mmcf/d Gas Processing Capacity expected to go on stream in 2015*

The project consists of 2 phases:

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

Phase 5B: 100 mmcf/d gas processing plant (expected first gas by June 2015)

After the completion of the project, the Group is expected to add approximately 110 mmcf/d of sales gas from the MKK Blocks. This is an important step for the Group to further ramp up the production in the year 2015.

#### D. Oil and condensate Export – Diversification of sales channels

For the full year of Financial Year 2014, UEPL has successfully exported approximately 1,560,000 boe of oil and condensate to the international oil market. This has also allowed the Group to diversify its sales channels outside of Pakistan.

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

For the second half of Financial Year 2014, the Group’s operations in Gaosheng Block in Liaohe Oilfields of China achieved an average daily net production of 1,834 boed, representing a 10.6% increase compared to the second half of Financial Year 2013.

For the full year of Financial Year 2014, the Group’s operations in Gaosheng Block in Liaohe Oilfields of China achieved an average daily net production of 1,820 boed, representing a 11.4% increase compared to the full year of Financial Year 2013.

As at 31 December 2014, a total 264 of the 606 oil producers (representing ~44.0% 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 half of Financial Year 2014 (Unaudited)</b>	<b>Average daily net production for the second half of Financial Year 2013</b>	<b>+/-</b>
Liaohe EOR Projects	~1,834	~1,658	+10.6%

Unit: boed

	<b>Average daily net production for the full year of Financial Year 2014 (Unaudited)</b>	<b>Average daily net production for the full year of Financial Year 2013</b>	<b>+/-</b>
Liaohe EOR Projects	~1,820	~1,634	+11.4%

## 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, 16 February 2015

*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

### 1. Second half of Financial Year 2014 Operation Highlights - Pakistan Assets:

	Second half of Financial Year 2014 (Unaudited)	Second half of Financial Year 2013
Average Daily Net Production (boed)	~53,843	~33,757
Oil & Liquids Ratio (%)	~31.4%	~34.6%
Exploration Well (Gross)	9	13
Development Well (Gross)	6	16
3D Seismic Data Acquisition (Gross)	Onshore: ~655 km <sup>2</sup>	Onshore: ~886 km <sup>2</sup>

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

	Second half of Financial Year 2014 (Unaudited)	Second half of Financial Year 2013
Average Daily Net Production (boed)	~1,834	~1,658
Oil & Liquids Ratio (%)	100%	100%
Development Wells (Gross)	0	0
Side-Track Wells (Gross)	4	12
Fireflood Producers Added (Gross)	-11	6
Coverage of Fireflood Application (%)	~44.0%	~41.0%

3. Full year of Financial Year 2014 Operation Highlights - Pakistan Assets:

	<b>Full year of Financial Year 2014 (Unaudited)</b>	<b>Full year of Financial Year 2013</b>
<b>Average Daily Net Production (boed)</b>	<b>~47,091</b>	~33,809
<b>Oil &amp; Liquids Ratio (%)</b>	<b>~32.2%</b>	~34.7%
<b>Exploration Well (Gross)</b>	<b>23</b>	28
<b>Development Well (Gross)</b>	<b>15</b>	29
<b>3D Seismic Data Acquisition (Gross)</b>	<b>Onshore: ~1,442Km<sup>2</sup></b>	<b>Onshore: ~ 3,236Km<sup>2</sup> Offshore: ~ 843Km<sup>2</sup></b>

4. Full year of Financial Year 2014 Operation Highlights - Liaohe EOR Projects, China:

	<b>Full year of Financial Year 2014 (Unaudited)</b>	<b>Full year of Financial Year 2013</b>
<b>Average Daily Net Production (boed)</b>	<b>~1,820</b>	~1,634
<b>Oil &amp; Liquids Ratio (%)</b>	<b>100%</b>	100%
<b>Development Wells (Gross)</b>	<b>0</b>	8
<b>Side-Track Wells (Gross)</b>	<b>20</b>	21
<b>Fireflood Producers Added (Gross)</b>	<b>7</b>	25
<b>Coverage of Fireflood Application (%)</b>	<b>~44.0%</b>	~41.0%