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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 first quarter of Financial Year 2015 on its operations in Pakistan Assets and Liaohe EOR Project in China highlight as follows:

First Quarter of Financial Year 2015

- The Group recorded an average daily net production of approximately 61,234 boed, 61.5% increase compared to the first quarter of Financial Year 2014
- The Pakistan assets recorded an average daily net production of approximately 59,737 boed, 65.2% increase compared to the first quarter of Financial Year 2014
- The Liaohe EOR Project in China recorded an average daily net production of approximately 1,497 boed, 14.4% decrease compared to the first quarter of Financial Year 2014

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 first quarter of Financial Year 2015 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 2015, the Pakistan Assets achieved an average daily net production of approximately 59,737 barrels of oil equivalent (“boe”) per day (“boed”) (Badin: 26,487 boed, MKK: 33,250 boed), of which 29.1% is oil and liquids, representing an approximately 65.2% (Badin: +18.8%, MKK: +139.8%) increase compared to production of 36,167 boed (Badin: 22,303 boed, MKK: 13,864 boed) in the first quarter of Financial Year 2014.

B. Exploration, Development and New Discoveries

During the first quarter of Financial Year 2015, the Group completed 11 exploration / appraisal wells and 1 development well in Badin and MKK area. 3D Seismic data processing and interpretation work is in progress, and 1,305 km² of data processing in SS block has been completed.

In addition, the Group has made 8 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 2015 (As of 31/3/2015):

<u>Area</u>	<u>Wells</u>	<u>Working interest (%)</u>	<u>Initial net production rate (boed)</u>
Badin	JAN-1	100%	~40
Badin	MUBAN SOUTH-1	51%	~5
Badin	LIMU-1	100%	~2,070
Badin	KORAI NORTH-1	100%	Testing in progress
MKK	UMAR-2	75%	~1,340
MKK	RAJANI-2	75%	~3,880
MKK	SAMAN-1	75%	~385
MKK	SALEH-2 ST	75%	~380

C. Naimat Phase 5 construction is almost completed – 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 (first gas was commenced on 1 May 2015)

Phase 5B: 100 mmcf/d gas processing plant (expected first gas by July 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.

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

For the first quarter of Financial Year 2015, the company’s operations in Gaosheng Block in Liaohe Oilfields of China achieved an average daily net production of approximately 1,497 boed, representing 14.4% decrease compared to production of 1,749 boed in the first quarter of Financial Year 2014.

As at 31 March 2015, a total of 265 oil producers (representing ~44% 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, 18 May 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 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 2015 Operation Highlights - Pakistan Assets:

	First Quarter of Financial Year 2015 (Unaudited)	First Quarter of Financial Year 2014 (Unaudited)
Average Daily Net Production (boed)	~59,737	~36,167
Badin	~26,487	~22,303
MKK	~33,250	~13,864
Oil & Liquids Ratio (%)	~29.1%	~33.8%
Exploration / Appraisal Wells (Gross)	11	9
Development Wells (Gross)	1	4
3D Seismic Data Acquisition (Gross)	-	Onshore: 463 km ²

2. First Quarter of Financial Year 2015 Operation Highlights - Liaohe EOR Project, China:

	First Quarter of Financial Year 2015 (Unaudited)	First Quarter of Financial Year 2014 (Unaudited)
Average Daily Net Production (boed)	~1,497	~1,749
Oil & Liquids Ratio (%)	100%	100%
Side-Track Wells (Gross)	6	12
Coverage of Fireflood Application (%)	~44%	~45%