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Share Price (UEN)

Date/Time: 17/02/2014 16:27

Share Price: 7.13 GBX

Change: ➔ 0.01 (0.1%)

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News Updates

01/11/2013

Operational Update

**Urals Energy Public Company Limited ("Urals Energy" or the "Company")
Operational Update**

Urals Energy (AIM:UEN), the independent exploration and production company with operations in Russia, is pleased to announce the following update on its operations at Petrosakh and Articneft assets as well as the Board's preliminary findings on the Alleged Debt Repayment Agreement.

Petrosakh

As outlined in the Circular posted to shareholders on 14 October 2013, the Company is pleased to report that drilling at Well #53 in the Petrosakh field has now been completed and it is currently undergoing preparation for production. Flow rates for Well #53 will be released once they have been established.

Articneft

The planned annual tanker shipment for export from Kolguyev Island is now underway. Weather permitting loading should be concluded by 10 November 2013 at which time the Company will announce the volume and value of the shipment. The shipment of this tanker ties in with the payment date for the remaining interest payment outstanding to Petraco Oil Company Limited which totals approximately US\$3.0 million together with US\$5.7 million repayable under the short term loan received from Petraco earlier this year. This remaining indebtedness is anticipated to be settled before the end of 2013 at which point the Company will be entirely debt free.

Urals Energy has now concluded its preliminary review of the results of the Passive Seismic Spectroscopy and a separate Micro-Seismic survey (together the "Surveys") which have been carried out recently over a selected area in the Western block of the Company's Arcticneft asset on Kolguyev Island. A link to a PDF copy of the summarised version of the Passive Seismic Spectroscopy survey is below.

www.rns-pdf.londonstockexchange.com/rns/9280R_-2013-10-31.pdf

The Board believes that the preliminary review of the results show the possibility of significantly increasing production at Arcticneft from the current horizons with limited capital and operational expenditure. This is based on five main trends of hydrocarbon potential as revealed by the results of the Surveys and is consistent with the Company's existing exploration strategy. The Company has issued requests for proposals to Miller & Lents and Degolyer MacNaughton for the reassessment of reserves to be conducted over the next few months at which point a further announcement will be made.

Carlo Brentari, senior geologist of GeoDynamics Worldwide S.r.l., who holds a degree in Geology from the University of Padova, Italy and a Masters in Energy and Environmental Management and Economics from Eni Corporate University, Milan, Italy, has reviewed the Surveys together with this announcement.

Alleged Debt Repayment Agreement ("ADRA")

Subsequent to the announcement made by the Company on 23 October 2013, the Board established an internal committee consisting of three non-executive directors to look into the ADRA.

The internal investigation, which has focused on legal, financial and procedural aspects of the ADRA, has concluded that the document is a forgery with no consequences for the Company.

The Company has asked its counsel Akin Gump Strauss Hauer & Feld LLP to perform an outside investigation of the nature of the ADRA, in particularly the circumstances of how the Board came to be made aware of it as well as its use by third parties. The Company is committed to exploring all means available to it in order to secure the prosecution of those parties who have attempted to use this document and its attempts to threaten the Board and also the Company.

The final results of the investigation and subsequent legal measures against those parties will be reported within the next two weeks.

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